



Consumer *Strategy Group*



Make Consumers Count:

A New Direction for Irish Consumers



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April 2005



Consumer Strategy Group

Mr Micheál Martin

Minister for Enterprise, Trade and Employment

Dear Minister

I have pleasure in introducing the report of the Consumer Strategy Group (CSG).

Over the past decade, it has become apparent that consumer power is weak in Ireland compared with other highly-developed countries. In many areas of commercial and public decision making, the consumer has no voice. In many areas of daily life, consumers feel that they have little power.

In March 2004, the Minister for Enterprise, Trade and Employment established this group and asked it to make proposals for the development of a national consumer strategy. The Group has commissioned the most extensive research ever carried out in Ireland on consumer issues.

It reveals that the majority of consumers believe that they are constantly being overcharged for goods and services. A very large number feel that they would not get satisfaction if they complained about poor quality or poor value in goods and services.

Our research shows considerable gaps in policy and in the State institutions that support consumers. Ireland lags behind other countries in recognising the important role which empowered and confident consumers can play. Bringing the consumer agenda to the forefront in government policy will require close integration of consumer concerns into the 'better regulation' agenda.

Also, we believe that the loss to the consumer is very high in Ireland. This loss includes that caused through poor quality of goods and services and the absence of a strong consumer voice.

The consumer agenda is huge. It runs across all aspects of our lives. It is so broad that a report such as this can only address certain aspects of it.

The CSG believes that a process needs to be kick-started to shift the balance of power towards consumers. Doing so will not penalise Irish businesses or grind them down. On the contrary, it should strengthen them. In short, more consumer power will be good for consumers, good for businesses and good for the Irish economy.

In carrying out our work, the Group received much helpful input and assistance from a very wide range of organisations and individuals. On behalf of the Group I would like to express my great appreciation of the enormous contribution that they made.

Finally, the Group and I would like to express our appreciation to the members of the secretariat, drawn from Forfás, for their unfailing helpfulness and commitment to our work.



Ann Fitzgerald

Chairperson

April 2005



Members of the Consumer Strategy Group

Chairperson

Ms Ann Fitzgerald CEO, Irish Association of Investment Managers

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Terms of Reference of the Consumer Strategy Group

The role of the Consumer Strategy Group (CSG) shall be to advise and make recommendations for the development of a national consumer policy strategy which will:

- ② Provide consumers with the knowledge, information and confidence to be demanding of quality, service and value
- ② Ensure consumers are well informed of their rights and have effective and speedy means of redress in the event that those rights are denied
- ② Give consumers a powerful voice and effective representation and input in the development of policy proposals at national and local level
- ② Ensure the views of consumers are heard and taken into account in national debate on relevant business, trade and social policy issues
- ② Promote among product and service providers best practice in the delivery of quality customer service and value for money and an appreciation of the contribution satisfied consumers make to the growth and development of business.

In performance of this role, the CSG shall be entitled to:

- ② Advise in regard to the impact on consumer interests of existing and proposed legislation and to make recommendations accordingly
- ② Examine best international practice in regard to the promotion and representation of consumer interests
- ② Initiate studies which demonstrate objectively whether or not Irish consumers are getting a fair deal
- ② Produce such interim reports to the Minister as it considers appropriate

The CSG shall produce a final report to the Minister for Enterprise, Trade and Employment within nine months of its establishment.



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Executive Summary

Consumers and Consumption in Ireland

Prices in Ireland have risen rapidly in recent years. In 1995, Ireland was the eighth most expensive country for consumer goods and services among the current eurozone members; by 2003, Ireland was virtually on a par with Finland as the most expensive.

In 2003, Ireland ranked as the most expensive country in the eurozone for food, retail non-alcoholic beverages, tobacco and housing rentals, and the second most expensive for alcoholic beverages (off-licence), restaurants and pubs. However, Ireland is cheaper than every other eurozone country for clothing and footwear.

Against the background of a clear lack of a national consumer strategy, the increasing international focus on consumer empowerment and the widespread perception among Irish consumers that they are being continually overcharged, the Minister for Enterprise, Trade and Employment set up the Consumer Strategy Group in March 2004. It was asked to examine how the consumer voice could be better heard and to make an assessment of the validity or otherwise of consumers' concerns.

Why Are Prices so High in Ireland?

The principal driver of Irish inflation since 2000 has been the services sector. In the year to January 2004, goods and services with the highest rates of inflation were those regulated by Government, such as water supply and refuse services, postal services, hospital services and outpatient services.

In other words, most inflation has been generated at home, and has not been directly sourced from abroad through rising costs for imported goods.

In large measure, the increase in prices has been due to Ireland's exceptionally buoyant economy over a number of years. Rapid increases in spending power have led to rapid increases in consumption and some of the price increases have therefore been driven by the relatively sudden increase in demand. Also, some part of the price increases may have been due to a 'catching up' with other countries, since price levels in wealthier countries tend to be higher than in poorer ones.

However, examination of product prices reveals a significant gap, especially in branded products, between the prices in Ireland and those elsewhere in the eurozone. This gap is difficult to explain by differences in business costs or tax rates.

The final price that a consumer pays for goods and services reflects many elements, including wages, office rents, electricity, insurance, waste and water charges, corporate taxation, import costs, wholesale and distribution costs, as well as a profit margin and VAT.

- ② Wages in Ireland are higher than the EU15 average (though not the highest), and they are growing faster here than in any other eurozone country²
- ② Between 2000 and 2003, Irish retail rents rose by 88 per cent
- ② Between 2001 and 2004, electricity prices for industry increased by approximately 40 per cent. (A typical industrial user pays up to 40 per cent more for electricity in Ireland than in the UK)



- ③ Waste management costs in Ireland are estimated to be 250 per cent higher than those in the UK³. Charges for water supply and refuse services rose by 25 per cent in 2003; waste charges rose by a further 14 per cent in 2004
- ③ As an island economy, Ireland suffers from the additional cost of importing most goods by air or sea. It is estimated that, on average, 15 per cent of the value of imports is the cost of transporting the goods from door to door⁴
- ③ Approximately 85 per cent of goods in Ireland are moved by road compared with only 45 per cent in Germany and 60 per cent in France⁵. As road transport is more labour intensive than other modes of transport, high labour costs affect the transport costs of most goods. The quality of the transport infrastructure also impacts on the effectiveness of the distribution system, and Ireland ranks lowest out of 8 countries in terms of the average speed of business deliveries in the capital and principal cities⁶
- ③ On the other hand, corporation tax is considerably lower in Ireland than in any other country in Western Europe.

While some of the factors outlined above may help explain the rise in prices in recent years, they do not adequately explain the current level of prices. Ireland ranks highest in the eurozone for many consumer prices, but it does not rank highest for many business costs. The price gap – which is particularly noticeable in the case of internationally branded products – is not easy to justify.

This price gap represents an immediate loss to consumers and, ultimately, a loss to the economy in terms of competitiveness, with a knock-on effect on employment and quality of life.

While the term ‘rip-off’ Ireland could be regarded as emotive language, our analysis of prices in Ireland leads us to conclude that Irish consumers are not getting a fair deal.

Government policy should be directed at redressing the imbalance which currently exists at empowering consumers and at delivering a better deal for consumers in the future. The Group’s recommendations, as set out in this Report, are designed to advance that process.

Consumer Issues

Poor Value for Money

Research commissioned by the Group shows that consumers feel overwhelmingly that they do not get value for money. Seven out of ten consumers think that the price they pay for goods and services is not fair. They are particularly dissatisfied with the value for money offered by pubs, financial services, doctors and dentists, and restaurants.

This perception of poor value for money extends beyond a simple measure of price, to quality, choice, level of service, expectation, efficiency and innovation. In each case, consumers feel that they are not getting benefit commensurate with their expenditure.

Some key sectors were considered by the Group for particular examination. Not all sectors could be examined in detail within a short timeframe. However, groceries (including beverages and fruit and vegetables) as a basic component of consumer spending were regarded as a priority, especially because of their significance for vulnerable consumers. Pharmaceuticals, because of known price disparities between Ireland and other countries, and transport and planning because of their influence on consumer access to other goods and services were among the other sectors considered.

3 Tesco at Joint Oireachtas Committee on Enterprise and Small Business.

4 Irish Marine Development Organisation (IMDO) 2004.

5 National Institute of Transport Logistics, Supply Chain Statistics & Indices Report, 2002/2003.

6 NCC, Competitiveness Report, 2004.

Groceries	<p>There is limited competition in Ireland's groceries retail industry as it is dominated by three main players. However, the arrival of discount stores in recent years has resulted in the lowering of grocery prices, and further competition from overseas retailers establishing in Ireland would continue that trend.</p> <p>Since 1987, the Groceries Order (GO) has prohibited selling many items at below the invoiced price. This measure was introduced in order to protect smaller independent stores who could not compete efficiently with large multiples directly on cost. The number of independent grocery retail outlets declined considerably between 1977 and 2002⁷.</p> <p>Many arguments have been put forward for both the retention and the abolition of the Groceries Order, but the current situation operates against the interests of consumers.</p>
Alcoholic and Non-Alcoholic Beverages	<p>Ireland is the most expensive country in the EU15 for alcoholic and non-alcoholic beverages. Several factors contribute to this – excise duty and VAT in particular – but the restrictions on market entry imposed by the liquor licensing laws inhibit competition and result in higher prices.</p>
Fruit and Vegetables	<p>The price of fruit and vegetables in Ireland is influenced by consumer tastes and demands as well as by production costs and population size.</p> <p>Ireland is unlike other European countries in that three quarters of fruit and vegetables are sold in the multiples⁸, and fruit and vegetable markets are not a significant channel for fresh produce sales.</p>
Pharmaceuticals	<p>Prescriptions in Ireland are predominantly for branded drugs, which are considerably more expensive than their generic equivalents. In some European Union (EU) countries, pharmacists may substitute a generic product when a branded one is prescribed, but this is not the case in Ireland.</p> <p>To reduce costs to the consumer and the State, doctors should be further incentivised to prescribe generic drugs, and consumers should be made aware of generic alternatives.</p>
Transport	<p>Transport-related consumer prices in Ireland (including motoring costs) are the second highest in the eurozone (being highest in Finland).</p> <p>While individual operators of public transport provide information and advice to the consumer, there is no independent source of structured information on the available transport options. Nor are the routes and schedules of the different modes of transport devised in an integrated way for optimum consumer benefit.</p> <p>The Department of Transport has a conflict of interest, in that it acts as both regulator and owner of most bus services and all rail services. These functions should be separated to provide the consumer with a greater choice of transport modes. However, there is already a multiplicity of sectoral regulators. In the transport area there are separate regulators for the aviation industry and for taxis. There is a strong case to be made for combining all the regulatory activities that deal with passenger transport into a single body.</p>

7 AC Nielson, *Retail Census*, 1988 and 2002.

8 A multiple has many outlets and has larger buying power.



Planning

Planning for the physical environment affects the consumer in a variety of ways – it affects the supply and choice of goods and services that are available, the level of competition, and, ultimately, the final price that the consumer pays. For example, planning decisions affect:

- ④ The location of housing
- ④ The location and scale of shopping facilities
- ④ The location and scale of consumer services, such as medical services and crèches
- ④ Other facilities on which the consumer is indirectly dependent, such as supply chain infrastructure.

The main themes currently in the planning system are sustainable development, public and private transport, pub licensing and the Retail Planning Guidelines (RPGs). The recent decision regarding the cap on floor space under the RPGs is welcomed by the Group. In each area above, groups representing manufacturers, retailers, small businesses and environmentalists are able to make themselves heard, but an organised consumer voice is missing from the process. As a result, consumer interests are not considered to the same extent as other relevant issues. If consumer issues are to be adequately taken into account and represented in the planning process Government must ensure that views of consumers are sought and taken into account and a consumer representative structure must be established to input into the planning process.

Utilities (Electricity and Telecommunications)

Until the mid 1990s, the cost of electricity to Irish domestic customers was one of the lowest in Europe. Since then however, they have increased rapidly due to rising global fuel costs and the significant under-investment in the electricity infrastructure during the 1980s. Irish costs are now above the EU15 and EU25 average.

Ireland's geographic location and its emphasis on high-technology industries means that it is more dependent than most on an efficient telecoms sector. Much has been done in recent years to foster competition in the telecoms sector, but the mobile market in particular is still highly concentrated with two suppliers accounting for 94 per cent of the market. Irish mobile operators' average revenue per user is estimated to be the second highest in the EU, and Irish consumers – particularly heavier users – pay considerably more for services than their counterparts in other countries.

Even though electricity and telecommunications impact greatly on the lives of consumers, there is a lack of consumer representation in both sectors in respect of provision of services and price setting. Both regulators have highlighted the need for a consumer voice. At present, the regulators themselves take on this role but they would welcome more direct consumer representation.

Summary of Current Consumer Issues

In summary, consumers in Ireland feel that they are being overcharged, perhaps systematically, in very many areas. Most react with passive acceptance believing that there is nothing they can do about it. Many don't know their rights and don't know how to complain effectively. Those that do lack an effective official channel through which they can voice their concerns and obtain redress.

Informed and empowered consumers are a powerful social and economic force. They can improve the overall standard of living in the country and drive innovation in the enterprise sector. Confident, well-informed consumers are not only more willing to spend their money, they are also more likely to favour progressive suppliers that offer more choice, better quality, superior service and innovative products and services at fair prices. These are also the businesses that are most likely to succeed on export markets.

Current Responses to these Issues

Key Elements of Consumer Policy

A policy framework that supports and empowers consumers must incorporate the functions of information, enforcement, research, advocacy and education and awareness. In Ireland, these functions have been addressed unevenly and by a wide range of Government Departments, State agencies, regulatory bodies and voluntary organisations.

Government Departments and State Agencies

The Competition and Consumer Policy Section in the Department of Enterprise, Trade and Employment (DETE) is responsible for consumer policy, for advancing the rights and interests of consumers and for generating confidence in purchasing goods and services.

The Office of the Director of Consumer Affairs (ODCA) is responsible for enforcing consumer-related legislation and for informing the public about consumer rights.

The Competition Authority (CA) is responsible for enforcing competition law and merger control. It also has a role as an advocate for competition.

Comhairle provides information and advice on public entitlements directly and through its network of Citizens Information Centres (CICs). The CICs also help consumers deal with complaints about goods and services although only in a minor capacity as most of these are referred on to the ODCA or the Consumers' Association of Ireland (CAI). Comhairle also funds the Money Advice and Budgeting Service (MABS) network which advises people in financial difficulties.

The Food Safety Authority of Ireland (FSAI) is responsible for promoting public health and consumer interests in the area of food safety and hygiene.

The National Standards Authority of Ireland (NSAI) is responsible for the development and promotion of product standards in Ireland. Its Legal Metrology Service is responsible for weights and measures in Ireland.

The European Consumer Centre (ECC) and the European Extra Judicial Network (EEJ-Net) provide information on consumer rights in the EU and assist consumers who have disputes with retailers or service providers in other EU countries.



Regulatory Bodies

The Irish Financial Services Regulatory Authority (IFSRA) is responsible for the prudential regulation of financial institutions and for consumer protection. IFSRA has established a Consultative Consumer Panel, on which the CAI is represented.

The Commission for Communications Regulation (ComReg) regulates the electronic communications and postal sectors. It provides consumer-related information on the main issues (complaints procedures, tariff options and codes of practice in these sectors) and operates a telephone helpline. The main consumer input to ComReg is through its processes of public consultation, but consumer input is neither consistent nor comprehensive.

The Commission for Energy Regulation (CER) is responsible for regulating the electricity and the natural gas markets and for protecting the interests of final customers of electricity and gas. The main consumer input to CER is through public consultation, although in practice this has been limited.

The Commission for Aviation Regulation regulates certain aspects of the aviation and travel trade sectors. It is statutorily obliged to conduct public consultation, but in practice there has been little consumer response.

Voluntary Organisations

The Consumers' Association of Ireland provides independently researched information and advice to its 8,500 members and in connection with its lobbying function. It also represents consumer interests on a wide variety of State-established and EU working groups, boards and committees.

The Advertising Standards Authority of Ireland (ASA) operates a self-regulatory Code of Advertising Standards and a Code of Sales Promotions Practice. It provides complaint mechanisms and has established enforcement and sanctions procedures for the advertising industry.

The State System and the Consumer

The State system is primarily focused on legal protection and enforcement and, unevenly, on the provision of information; limited effort has been made to provide information on the rights and responsibilities of consumers and there has been minimal consumer input into policy decisions that affect them. The State provides a minimum level of services in research, advocacy, or education and awareness. These are central pillars of consumer policy and their absence from State support to the consumer in Ireland reflects the low priority that has been given to consumer interests up to now.

A recent OECD review of regulation in Ireland noted a poorly developed consumer culture and a policy bias in favour of producer interests. It said that the consumer voice (and in particular the domestic consumer) has been weak relative to producer interests.

Voluntary organisations have not filled these gaps. In spite of the efforts of the CAI in particular, the Irish consumer lacks a strong, interested and well-resourced source of support.

Lessons from Other Countries

In other European countries, consumers behave differently and are supported differently. These countries spend less on protection and enforcement and more on championing the consumer's cause. The principle underlying their consumer policies is that empowered consumers can make better choices and hence drive the marketplace. Information and awareness is a priority and the State plays an important role in providing services for consumers.

Businesses in these countries play a greater role in consumer affairs and benefit from the improved relationship. The business sector recognises the importance of good consumer policy, works closely with consumer institutions and operates sectoral codes of practice and dispute resolution procedures. These countries have strong and influential consumers' associations which are also the main advocates for consumers. In some cases, these are privately funded; in others, they are subsidised by the state.

Building Consumer Policy

Building an effective consumer policy and practice requires a number of key policy principles to be addressed. These are as follows:

Access	Access centres on consumers' ability to acquire market information and make informed decisions based on that information, at a price point and quality level that meets their requirements. The Access principle can be broken down into the following components: market information, choice, price and quality.
Safeguards	<p>These are the safeguards that need to be put in place to protect consumers – they include:</p> <ul style="list-style-type: none"> ⊗ Health and safety ⊗ Terms and conditions ⊗ Advice and support on individual transactions
Advice and Support	<p>Advice and support is a critical issue in consumer policy because those most in need of it are least likely to be aware or avail of other sources of information.</p> <p>Advice and support relates to individual transactions: in making a purchase or other financial commitment, the consumer will benefit from full information and discussion of the implications or the relative merits of different options.</p>
Redress	<p>Redress is the degree to which consumers can enforce their rights in an individual transaction, either to get what was agreed or to get compensation if it cannot be delivered. Consumers can get redress in a number of ways:</p> <ul style="list-style-type: none"> ⊗ By legal remedies ⊗ By other redress institutions, such as IFSRA and ODCA ⊗ By Alternative Dispute Resolution (ADR) mechanisms
Consumer Voice	<p>Ideally consumer policy should strengthen and empower the consumer, enabling individuals to make better choices in future, and be better able to obtain their rights. Inputs include:</p> <ul style="list-style-type: none"> ⊗ Input into Terms, Conditions and Pricing ⊗ Input into Government Policies ⊗ Consumer Responsibilities



Following the principles outlined above a number of functions are required to ensure that effective and active consumer policy in Ireland is implemented. These functions are:

- ② Advocacy
- ② Information and advice
- ② Enforcement
- ② Education and awareness
- ② Research

Codes of Practice

Business has a self-regulatory role to play – especially by defining sectoral codes of practice to protect consumer interests, and where appropriate by including Alternative Dispute Resolution mechanisms. Internationally, codes of practice are widely used by businesses, particularly by larger organisations. If implemented by business in a consumer-oriented manner such codes have the capacity to function as an effective and more flexible alternative to regulation. In the United Kingdom, the Department of Trade and Industry (DTI) has produced comprehensive guidelines for the development of codes of practice.

Change is Needed

Given the lack of focus attached to consumer issues in Ireland, the relative weakness of the consumer voice, and the significant gaps in consumer policy, the Consumer Strategy Group makes a number of recommendations for institutional and regulatory reform. These have the objective of establishing a modern consumer policy in Ireland and of ensuring that the real needs of consumers – and of vulnerable consumers in particular – are met. Most of the recommendations can be implemented easily, with little or no cost to the State, but collectively they will have a significant beneficial effect on the treatment and behaviour of consumers.

A number of recommendations stand out as being particularly important.

“I am delighted that there is now an agency through which we can channel our frustrations on overcharging” (in reference to the establishment of the CSG)

Source: From a submission to the CSG



A New National Consumer Agency (subsuming ODCA)

An independent National Consumer Agency (NCA) subsuming ODCA should be established to raise the profile of consumer issues and provide consumers with a strong and effective voice. The new agency should assume the responsibilities and budget of the ODCA and these should be complemented and strengthened by additional responsibilities and resources. It would also act as host to the ECC/EEJ-Net within the terms of the guidelines of the European Commission for the operation and functioning of the Office. The NCA would be responsible for consumer research, advocacy, information, enforcement, and education and awareness. The agency would also develop a partnership approach with Government, regulators, business, consumer organisations and unions in promoting and safeguarding the interests of consumers.

- ② The NCA's research function should encompass all significant consumer issues, including EU and national legislation, comparative pricing, consumer vulnerability, etc. An early priority should be to examine the services sector (professional, trade and domestic services), which is a significant component of consumer expenditure and is an area of major concern to consumers
- ② As a consumer advocate, the NCA should provide a strong voice for consumers in public debate and in submissions to the EU, Government, State agencies, regulators and commercial organisations. It should co-operate with CAI and European consumer organisations in supporting or opposing proposals for legislation, as appropriate
- ② The NCA should become an important source of information for consumers, both on markets and on products. It should establish a national referral hotline and a web-based information portal for consumers
- ② The NCA should have considerable powers of enforcement. It should be able to impose on-the-spot fines for breaches of consumer law and to bring repeat offenders to court. It should work with businesses to raise awareness of legal requirements and help them to meet these requirements. It should also work with Department of Enterprise, Trade and Investment (DETI), Northern Ireland and DETE to foster cross-border cooperation on consumer issues
- ② The NCA should assess the adequacy and quality of consumer-related education and identify any necessary changes. It should work with the third-level education sector to introduce courses or modules on consumer protection and consumer law enforcement. It should work with business organisations and State bodies to improve staff training, in particular in the tourism, trades and retail sectors. It should promote and assist awareness initiatives which provide comparative price and quality information to consumers and give special attention to the needs of vulnerable consumers
- ② The NCA should establish formal relationships with relevant bodies such as the CA, IFSRA, FSAI, NSAI Standards, NSAI Legal Metrology, CER, ComReg, and the Commission for Aviation Regulation, to ensure that consumer interests are adequately represented
- ② The NCA should seek to partner with non-governmental independent consumer advocacy organisations, mostly notably the Consumers' Association of Ireland.

It is envisaged that the NCA will be an independent, statutory State agency, with a Board appointed by the Minister for Enterprise, Trade and Employment, and a Chief Executive appointed by the Board.

Key Recommendation

Structural Change

- ② Establish the National Consumer Agency which would be independent of the Department of Enterprise, Trade and Employment, have responsibility for a range of functions designed to research and respond to the needs of consumers and have the resources to carry out these functions effectively. These functions are advocacy, research, information, enforcement, education and awareness. The agency would also develop a partnership approach with Government, regulators, business, consumer organisations and unions in promoting and safeguarding the interests of consumers.

Responsibility: Department of Enterprise, Trade and Employment

Ref: p. 87



“It takes a lot of guts to go back and complain for some people with all the hassle some stores can give”

Source: From a submission to the CSG

The Groceries Order

The Groceries Order was designed to protect many desirable aspects of commercial and social life in Ireland by banning below invoice selling and thereby mitigating the advantage enjoyed by large supermarket chains over the smaller independent stores. However, in the interval since the introduction of the Order, the retail environment has changed beyond recognition, and many of the arguments for the retention of the Order are no longer valid.

- ⊕ Retailers can avail of off-invoice discounts – the Order prevents these from being directly reflected in retail prices and consumers are thus denied their benefit. The off-invoice discount system may also have the effect of placing upward pressure on grocery prices
- ⊕ As part of multinational groupings international players such as Tesco, Aldi and Lidl have considerably more scope than domestic retailers to engage in intra-company pricing which can negate the effects of the below invoice ban in the Order
- ⊕ The Competition Act 2002 has addressed many of the anti-competitive practices which the Groceries Order was designed to prevent, including abuse of a dominant position in relation to predatory pricing
- ⊕ The developments in the market since the introduction of the Order have rendered much of its provisions either unnecessary or inoperable.

The Consumer Strategy Group concludes that the Order is not in the best interest of consumers and recommends that it should be revoked immediately.

Key Recommendation

Groceries Order

- ⊕ Revoke the Groceries Order immediately
Responsibility: Department of Enterprise, Trade and Employment
Ref: p. 81

Other Key Recommendations

Page 21

Alcoholic and Non-Alcoholic Beverages

- ⌚ **Abolish the limit on the number of pub licences.**

Responsibility: Department of Justice, Equality and Law Reform

- ⌚ **Introduce new forms of licences (for example, for cafés) designed to cater for changing consumer tastes in the market place.**

Responsibility: Department of Justice, Equality and Law Reform

- ⌚ **Ensure that planning is not used as a barrier to entry in respect of pub and other forms of licence.**

Responsibility: Department of Environment, Heritage and Local Government

Page 25

Pharmaceuticals

- ⌚ **Change the current methodology for establishing manufacturers' prices of pharmaceuticals. Include a consumer impact assessment to ensure that all consumers are getting best value for money.**

Responsibility: Department of Health and Children

Page 30

Passenger Transport

- ⌚ **Separate the regulatory and ownership functions of the Department of Transport.**

Responsibility: Department of Transport

- ⌚ **Broaden the remit of the Aviation Regulator to include taxis, buses and other forms of passenger transport.**

Responsibility: Department of Transport

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Planning

- ⌚ **Oblige local authorities to demonstrate how needs of consumers have been explicitly taken into account at the forward planning level stage and in dealing with planning applications in relation to retail and other service provisions.**

Responsibility: Department of Environment, Heritage and Local Government

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Current Government Policy and Processes

- ⌚ **Increase resources of the Competition and Consumer Policy section in the Department of Enterprise, Trade and Employment, particularly to enhance legislative capability.**

Responsibility: Department of Enterprise, Trade and Employment

- ⌚ **Incorporate consumer considerations in regulatory impact analysis (RIA) procedures; consumer-proof all relevant Government decisions.**

Responsibility: Department of An Taoiseach, All Government Departments

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Organisations in Ireland with a Consumer Remit

- ⌚ **Review in three years' time the effectiveness of the Irish Financial Services Regulatory Authority in carrying out its consumer protection role.**

Responsibility: Department of Finance



- ② **Ensure that the Money, Advice and Budgeting Services is represented on the Consultative Consumer Panel of the Irish Financial Services Regulatory Authority.**

Responsibility: Department of Finance

Page 53

Consumer Legislation and Enforcement

- ② **Increase the limit of the maximum award to €3,000 in the small claims procedure in the District Court.**

Responsibility: Department of Justice, Equality and Law Reform

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Business and the Consumer: Codes of Practice

- ② **Promote the use of codes of practice by all businesses and encourage self-regulation schemes.**

Responsibility: Department of Enterprise, Trade and Employment

- ② **Establish private sectoral complaints boards as an alternative means of redress.**

Responsibility: Department of Enterprise, Trade and Employment

Page 94

Structural Change

- ② **Expand Social Partnership to include consumer representation on both the Government and voluntary sides.**

Responsibility: Department of An Taoiseach

Page 96

Structural Change

- ② **Continue support for the Consumers' Association of Ireland.**

Responsibility: Department of Enterprise, Trade and Employment

- ② **Reimburse the Consumers' Association of Ireland for their time spent on public sector committees.**

Responsibility: Relevant Government Departments and Agencies

Conclusion

The CSG believes that implementation of the recommendations in this report will create a new environment of consumer awareness, access, protection and influence that will enhance the quality of life for all in Ireland. It will lead to more empowered consumers who will act for themselves, who will insist on good value for money, who will expect to be treated fairly, and who will know where to go when they need support.

Section 1

Consumers and Consumption

This section focuses on consumers and consumption, asking why we need a consumer strategy and looking at prices in Ireland





1

The Need for a Consumer Strategy

The clear lack of a national consumer strategy, the increasing international focus on consumer empowerment and the widespread perception among Irish consumers that they are being continually overcharged – these issues framed the context in which the Minister for Enterprise, Trade and Employment set up the Consumer Strategy Group in March 2004.

The broadly-based *Terms of Reference* of the Consumer Strategy Group⁹, have enabled it to examine both how the consumer voice can be better heard over the longterm and also to make an assessment of the validity or otherwise of consumers' concerns – the first steps towards a national consumer strategy.

1.1 Climate for Consumer Issues

The climate for considering consumer issues in Ireland has changed radically with the rapid economic growth of recent years. Factors include:

Inflation	Ireland's ascent through the consumer pricing ranks has been rapid, and price levels in Ireland are now among the highest in the EU. In 1995, Ireland was the eighth most expensive country among the current eurozone members. By 2003 Ireland was almost level with Finland as the most expensive country in the eurozone for consumer goods and services. See Appendix D for more detail.
Unfair price increases	There is a perception that in some cases price increases are unjustified, that there is a culture of overcharging in place and that the prices charged are 'unfair' ¹⁰ .
Lifestyle changes	<p>Irish consumers have increased their spending and the pattern of expenditure has also changed¹¹.</p> <p>The working day has become longer, commuting times have increased and households are becoming smaller. In the context of busier lifestyles, consumers have less time to compare prices and to make the right choices and are becoming ever more passive.</p>
Different types of businesses	Consumers are now interacting with different types of businesses: these include small, locally-owned and large, foreign-owned firms.
Growth of e-business	The growth of e-business means that increasingly sales take place across national boundaries and national systems of consumer protection and sectoral regulation may have to be adjusted.

9 As presented on page v.

10 Precise definitions of these terms are not easy, because what is a reasonable return on investment to one person may seem excessive to another. Also, it is often pointed out by suppliers that the cost structure of inputs is very different in Ireland to that in other countries, since VAT, wage costs, insurance costs and other business costs are high in Ireland compared to other EU countries.

11 Table 21 in Appendix E shows the changing pattern of consumer expenditure between 2001 and 2004.

Work on Consumer Issues

Even in the absence of a comprehensive Government-led strategy, there has been considerable work done in the area of consumer issues in recent years. This includes:

- ② Continued development of a relatively advanced system of consumer protection in many areas, with an emphasis on enforcement through the ODCA
- ② Increased powers and resources for the CA which has ensured activity in an essential area for the advancement of consumer interests
- ② The important role of the CAI in sensitising both Government and public opinion generally to many key consumer issues.

1.2 The Importance of a Good Consumer Strategy

The effective implementation of a good consumer strategy will lead to more competitive markets, lower prices and better quality products and services for consumers.

Another important component of a good consumer strategy is consumer protection and redress in the event of complaint or dissatisfaction. Without good consumer protection systems consumers will suffer losses, particularly those consumers who lack the skills to make good buying decisions or those on low incomes who can least afford to make wrong decisions. Good consumer protection systems increase the likelihood of the right decisions being made and help to increase living standards overall. Successful and confident consumers feel more in control of their own lives and better able to articulate their service and quality needs.

Consumer protection involves an addition to the regulatory burden on business, but the benefits outweigh the costs when the regulations are well designed. The benefits to business of good consumer protection can be very substantial – in particular, if consumers have increased confidence and a sense that their rights are protected, they will spend their money more readily.

Consumer Strategy Group Activities

In carrying out its work, the Consumer Strategy Group focused on a number of different activities:

- ② Submissions were sought from the general public, from public and state sector bodies, and from Government Departments and regulators¹²
- ② A consumer attitudes survey was carried out to ascertain consumer perception and knowledge of consumer rights
- ② International best practice and experience in consumer policy and institutions were examined
- ② A number of key sectors were also researched from a consumer perspective¹³ – including the transport, planning and retail sectors. In looking at the outcome of these studies, the Group has paid particular attention to two main questions: Where is the consumer voice? What is its impact?

12 Selected quotations from submissions to the Consumer Strategy Group are used at various points in the Report to highlight particular issues.

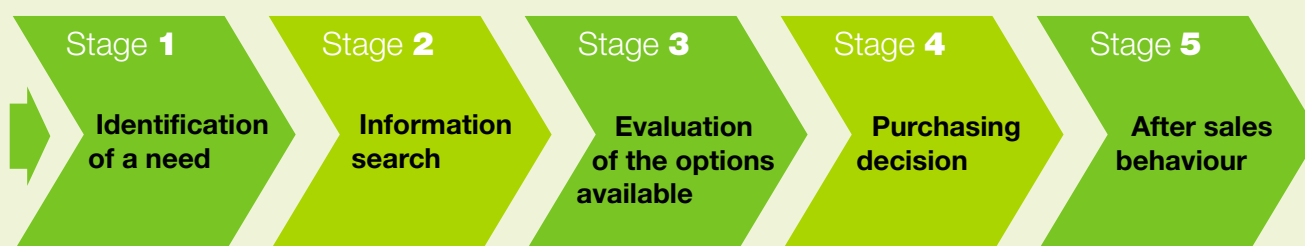
13 See Appendix C for further details.



1.3 Who are Consumers?

For the purposes of this report a consumer is someone who spends (or has the potential to spend) money on goods and services for private use. By this definition we are all consumers – in Ireland, we spent an estimated €63 billion on personal consumption of goods and services in 2003¹⁴.

Behind the visible act of making a purchase, a consumer potentially goes through a five-stage decision process¹⁵.



For each individual item or service that a consumer purchases, the time and energy spent on each stage will vary depending on the importance of the purchase and the real choice that is available. An understanding of these stages is useful in assessing the various dimensions of consumer policy that can help meet consumers' requirements.

The Vulnerable Consumer

A vulnerable consumer is one who is at risk of receiving less benefit from a transaction than average. Every consumer is a vulnerable consumer at some point; some are persistently vulnerable. Consumer vulnerability can derive from the personal characteristics of the individual or from features of the marketplace/product or both.

One of the main causes of vulnerability is the unavailability of the information the consumer needs to make an informed choice. The consumer must also have the capacity to understand and absorb this information and use it to reach a rational decision.

Skills deficiency, lack of access, advancing age and economic poverty are factors that make consumers more likely to be vulnerable in the marketplace. Certain socioeconomic groups are more likely to be vulnerable than others – these include:

- ⊗ Older people
- ⊗ Children and young people
- ⊗ People with disabilities
- ⊗ People with long-term illnesses
- ⊗ Unemployed people
- ⊗ Employed people on low incomes
- ⊗ People with no formal education/qualifications
- ⊗ People from ethnic minorities
- ⊗ The traveller community
- ⊗ Rural communities
- ⊗ Time-poor
- ⊗ Lone parents working in the home

The way the market operates can also make vulnerability more likely – for example, in cases where there is a shortage of suppliers or where the consumer has much less information than the seller.

14 CSO, 2004.

15 Well established market research theory.

“Vulnerable or busy consumers do not have sufficient consumer voice”

Source: From a submission to the CSG



The Tourist

The tourist is also an important ‘temporary consumer’ in our economy. In 2003, 6.2 million overseas tourists visited Ireland and spent an estimated €4.1 billion in the Irish economy, with tourism revenue accounting for 4.4 per cent of GNP in that year.

According to the most recent Fáilte Ireland survey almost one in four tourists who went shopping were not satisfied with prices, particularly those relating to food and alcohol. Furthermore, the rate of dissatisfaction appears to be increasing – for example, during 2003 only 34 per cent of tourists were very satisfied with the costs of eating out in a hotel compared with 43 per cent in 1999 while only 26 per cent were very satisfied with eating in a ‘budget’ restaurant compared with 45 per cent in 1999. Currently one in two tourists finds the cost of living in Ireland to be higher than expected.

1.4 Consumer Attitudes and Perceptions

What do consumers themselves think? A CSG survey¹⁶ of consumer attitudes and perceptions highlighted the following issues:

Knowledge of rights and redress

- ⊗ Consumers find the area of consumer rights both very complex and confusing – 60 per cent perceive that the area is bureaucratic, has lengthy redress procedures and high costs
- ⊗ Eighteen per cent of consumers know a lot about their rights while 9 out of 10 consumers feel that they need to be better educated about their rights
- ⊗ Awareness of consumer organisations is very low. Most people find the number of organisations and the lack of clarity about their roles very confusing
- ⊗ Consumers want to know what organisations can help them, what the redress process will entail and how much it will cost.

Choice and value for money

- ⊗ Most consumers perceive their choice of goods and services to be getting better (71 per cent)
- ⊗ Among those who believe that their choice of goods and services is getting worse, banks, insurance companies and medical fees are the most mentioned sectors



Chapter 1: The Need for a Consumer Strategy

- ② The majority perceive that they do not receive value for money when purchasing goods and services: 87 per cent believe that they are being over-charged, 75 per cent believe that the price they pay for goods is not fair and 71 per cent believe that the price they pay for services is not fair. In this context, however, consumers believe that they get best value for money in three areas – regularly bought items, (e.g. newsagents, groceries, clothes) telecom providers and holidays
- ② The sectors where consumers believe they get least value for money are auctioneers, motor vehicles, solicitors and pubs.

Shopping around

- ② Consumers shop around more for goods of major value than for services of major value – 78 per cent for goods and 62 per cent for services. But, shopping around is quite sporadic and depends on the value of the item
- ② Quality, value and prices (in that order) are the key influences in determining whether or not a consumer shops around.

Complaining

- ② The majority of consumers (83 per cent) believe that they should complain more but 67 per cent believe the complaint process to be so lengthy that they do not bother
- ② The areas most complained about are clothing and groceries, electrical items, restaurants and banks
- ② Although they lack direct knowledge, consumers believe that current legislation is reasonably effective except where it concerns banks, medical fees and insurance.

To summarise, consumers know very little about their rights and feel they are being overcharged. But they do not complain enough as they feel that the area of consumer rights is complex, confusing and bureaucratic.

1.5 Consumer Loss

The loss or damage experienced by consumers when purchasing goods or services that do not meet their requirements, are faulty, overpriced or sub-optimal in some way, is known as *consumer detriment* or *consumer loss*. In the UK, an attempt has been made to quantify consumer detriment for the economy as a whole. This has been based upon regular surveys of consumer perceptions of quality, value and the degree to which expectations have not been met. In the case of the UK, the initial estimate is of £8.7 billion per annum in total losses, or about £141 per person.

Given that Ireland has a less-developed consumer culture than the UK, it is expected that the equivalent loss for Ireland would be at least €810 million per year or €204 per person per year. The figure could be higher if unrevealed loss is also taken into account. Factors that can impact on unrevealed loss include lack of information, lack of competition, consumer income, impact and frequency of purchase, place of delivery, availability of dispute resolution procedures, vulnerability, time availability and feeling of insecurity. But it is very difficult to accurately calculate an exact figure for this type of loss.

Analysis undertaken in an effort to reflect some additional factors in consumer loss is given in Appendix I.

2

Prices in Ireland

This chapter looks at the evolution and breakdown of consumer prices in Ireland. It also examines consumer concerns in this regard, including the perception of continuous overcharging.

2.1 Inflation

Prices in Ireland have risen rapidly in recent years relative to other countries. In 1995, Ireland was the eighth most expensive country for consumer goods and services among the current eurozone members. By 2003, Ireland was virtually on a par with Finland as the most expensive – see Figure 1 below.

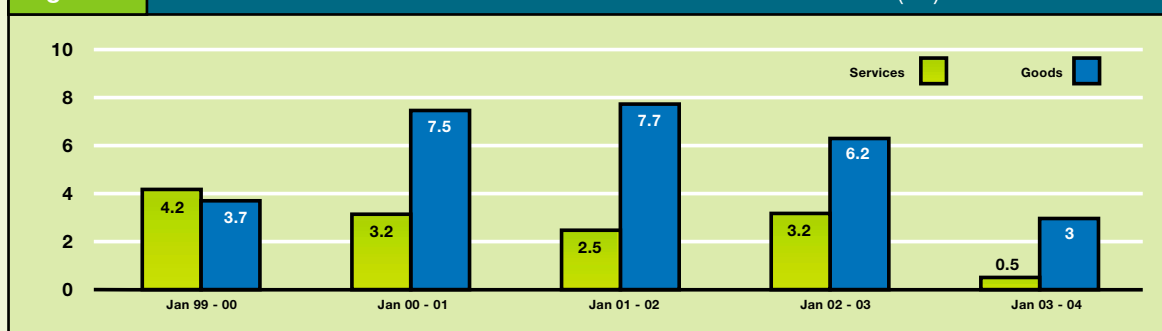


Source: NCC, *Statement on Prices and Costs*, 2004

According to the NCC's Statement on Prices and Costs, in 2003 Ireland ranked as the most expensive country in the eurozone for food, retail non-alcoholic beverages, tobacco and housing rentals, and the second most expensive for alcoholic beverages (off-licence), restaurants and pubs. However, Ireland is cheaper than every other eurozone country for clothing and footwear.

**Chapter 2: Prices in Ireland**

Ireland's inflation rate has exceeded the eurozone and wider EU15 average for the past seven years. Consumer prices in Ireland increased by a cumulative 17.5 per cent between December 1999 and December 2003, compared to the EU15 average of just 8.4 per cent¹⁷. The principal driver of Irish inflation since 2000 has been the services sector – see Figure 2. In the five years to January 2004, 68 per cent of inflation (the total increase in the price index) occurred in this sector¹⁸. In other words most inflation has been generated at home, and has not been directly sourced from abroad through rising costs for imported goods.

Figure 2: Rates of Consumer Goods and Services Inflation (%) 1999–2004

Source: NCC, *Statement on Prices and Costs*, 2004

In total, the six sectors outlined below in Table 1 accounted for 75 per cent of inflation during the period January 1999 – January 2004. These same sectors accounted for 93 per cent of inflation in the year January 2003 – 2004.

Table 1: Contribution to Inflation (%) by Spending Category

Category	Jan '03 – Jan '04	Jan '99 – Jan '04
Food and Non-Alcoholic Beverages	2%	10%
Alcoholic Beverages and Tobacco	20%	13%
Housing, Water and Fuels	7%	11%
Health	10%	5%
Recreation and Culture	15%	11%
Restaurants and Pubs	39%	25%
Total Contribution	93%	75%

Source: NCC, *Statement on Prices and Costs*, 2004

¹⁷ NCC, *Statement on Prices and Costs*, 2004.

¹⁸ NCC, *Statement on Prices and Costs*, 2004.

In the five years to January 2004, decisions by Government, its agencies and regulators have added 7.9 per cent to total inflation. This is accounted for by price increases in health and education services, and state-regulated goods and taxes. See Table 2 for details of the contribution of these increases to total inflation.

Table 2: Contribution to Inflation by Government, Agencies and Regulators		
	% added to total inflation	% of total inflation
Health and Education	1.4	6
State-Regulated Goods, including electricity and telecoms	2	9
Excise Duty and VAT	4.5	20
Total	7.9	35

Source: NCC, *Statement on Prices and Costs*, 2004

In the year to January 2004, goods and services with the highest rates of inflation were those regulated by Government, such as water supply and refuse services (25.4 per cent), postal services (13.5 per cent), hospital services (11.1 per cent), second level education (10.3 per cent) and outpatient services (7.2 per cent)¹⁹.

2.2 How do Product Prices Compare with Other Countries?

The price of 40 selected products in Ireland was compared to the price of the same products in other eurozone countries. Of these, 20 are internationally branded products that are available in at least five other eurozone countries, not necessarily the most popular sizes sold in all countries. The other 20 products are local brands. International brands are useful for comparisons because they are found in all countries and, although sometimes produced under licence, are usually imported into most countries. Costs associated with the importation of branded goods are not unique to Ireland. To take account of the different VAT rates applicable across the eurozone, the figures including and excluding VAT are examined. Key findings of this analysis included the following:

- ⊗ Of the 20 internationally branded products analysed, 65 per cent were more expensive in Ireland than in the eurozone, see Table 3



Chapter 2: Prices in Ireland

Table 3: Internationally Branded Products – Price Comparisons						
	Ireland € Incl. VAT	eurozone € Incl. VAT	Ireland € Excl. VAT	eurozone € Excl. VAT	Difference % Incl. VAT	Difference % Excl. VAT
Barilla Pasta, Penne Rigate, 500g	1.38	0.99	1.14	0.91	39.4	25.3
Colgate Shaving Cream - classic, normal skin, 200 ml	2.47	1.84	2.04	1.54	34.2	32.5
Colgate toothbrush, Actibrush adult, battery operated	17.90	13.21	14.79	11.05	35.5	33.8
Diet Coke, 330 ml can	0.64	0.47	0.53	0.42	36.2	26.2
Dove toilet soap, 100g	1.22	1.04	1.01	0.87	17.3	16.1
Duracell battery alkaline ultra, 1.5V LR06, 4-pack	4.93	4.91	4.07	4.11	0.4	-1.0
Evian Mineral Water, 1.5 l	1.30	1.03	1.07	0.91	26.2	17.6
Ferrero Rocher chocolates, 200g	4.25	3.34	3.51	2.95	27.2	19.0
Gillette Blades, Mach 3, 4-pack	9.26	7.78	7.65	6.52	19.0	17.3
Heinz Tomato Ketchup, 342g	1.00	1.30	0.83	1.17	-23.1	-29.1
Johnson baby skincare, 72 pop-up wipes	3.26	3.56	2.69	2.97	-8.4	-9.4
Knorr bouillon tablets, beef stock, 12 pieces	2.05	1.48	1.69	1.35	38.5	25.2
Magnum ice cream, almond, 120g	1.35	1.33	1.12	1.20	1.5	-6.7
Pampers New Born, unisex, 28-pack	5.42	6.11	4.48	5.09	-11.3	-12.0
Pantene Pro-V Classic, 200ml	2.82	2.70	2.33	2.29	4.4	1.7
Philadelphia cheese, 200g	2.07	1.64	1.71	1.47	26.2	16.3
Rum (Bacardi), 700 ml white	21.81	12.02	18.02	10.08	81.4	78.8
Sprite Regular, 330ml can	0.70	0.46	0.58	0.40	52.2	45.0
Sure/Rexona for men deodorant, 150ml aerosol	2.61	2.73	2.16	2.28	-4.4	-5.3
Uncle Ben's Rice, regular, 1kg	2.86	3.00	2.36	2.75	-4.7	-14.2
TOTAL	89.30	70.94	73.78	60.33	25.9	22.3

Source: AC Nielsen

Table 4: Locally Branded Products – Price Comparisons						
	Ireland € Incl. VAT	eurozone € Incl. VAT	Ireland € Excl. VAT	eurozone € Excl. VAT	Difference % Incl. VAT	Difference % Excl. VAT
Beer, 0.5 l can	1.90	1.00	1.57	0.85	90.0	84.7
Butter cookies 200g, standard block pack	1.13	1.18	0.93	1.04	-4.2	-10.6
Cheese brie, 200g	2.91	2.15	2.40	1.97	35.3	21.8
Chewing gum, 10 pieces	0.41	0.61	0.34	0.55	-32.8	-38.2
Chocolate, 100gm, whole milk, plain	1.16	1.11	0.96	1.00	4.5	-4.0
Cola, 1.5 l in PET bottle	1.44	1.36	1.19	1.17	5.9	1.7
Confiture/jam 450g-550g jar	1.29	1.59	1.07	1.44	-18.9	-25.7
Energy drinks, 250ml can	1.50	1.36	1.24	1.16	10.3	6.9
Honey, 450-550g jar	2.94	3.84	2.43	3.49	-23.4	-30.4
Margarine, 250g in plastic tray	0.95	0.95	0.79	0.86	0.0	-8.1
Mayonnaise tube, 200g-250g, 80% fat	1.35	1.40	1.12	1.25	-3.6	-10.4
Mozzarella, 200g in plastic pouch	2.27	2.09	1.88	1.91	8.6	-1.6
Olive oil, 1 l, glass bottle	7.31	5.28	6.04	4.81	38.4	25.6
Orange juice, 100% juice, 1 l, TETRA pack	1.46	1.15	1.21	1.03	27.0	17.5
Peanuts, 150g – 200g can	1.06	1.31	0.88	1.19	-19.1	-26.1
Rice 1kg, medium	1.42	2.13	1.17	1.97	-33.3	-40.6
Sparkling water, 1.5 l, PET bottle	1.24	0.77	1.02	0.67	61.0	52.2
Still water, 1.5 l, PET bottle	1.27	0.62	1.05	0.54	104.8	94.4
Sugar, granulated 1kg	1.10	2.02	0.91	1.84	-45.5	-50.5
Sunflower oil, 1 l	3.67	1.68	3.03	1.52	118.5	99.3
TOTAL	37.78	33.6	31.23	30.26	12.4	3.2

Source: AC Nielsen

- ⊗ Fifty per cent of local branded products analysed were more expensive in Ireland than in the eurozone, see Table 4.

Examination of product prices suggests a significant gap, especially in branded products, between the prices in Ireland and those in the eurozone. The full basket of products in the sample would cost €89.30 in Ireland and only €70.94 in the eurozone, a gap of 25.9 per cent. Even if the effects of different VAT rates are removed, there is still a gap of 22.3 per cent. The differences in price in local brands are not nearly as great: that basket would cost €37.78 in Ireland and €33.60 in the eurozone. Correcting for VAT almost eliminates the difference.



2.3 Why are Prices so High in Ireland?

Complaints about high prices in Ireland are often countered by the argument that business costs are high. In order to address the question of whether or not high prices in Ireland can be explained by higher business costs, the Group examined comparative input costs.

The final price that a consumer pays for an item is made up of many input costs including business costs (e.g. wages, office rents, insurance), import costs, wholesale and distribution costs as well as a profit margin.

The NCC's Competitiveness Report 2004 ranks business costs in Ireland relative to seven eurozone countries²⁰ as shown in Table 5.

Table 5: Ireland's Position in International Ranking of Business Costs (Higher Rank Implies Higher Comparative Costs)		
Category	No. of Countries Ranked	Ireland's Ranking 1= highest cost
Hourly costs per employee ²¹	7	5
Office rents	7	2
Industrial electricity prices	6	3
Industrial gas prices	6	5
National business calls	7	5
Composite national/international business calls	7	6
ADSL monthly rental	7	3
Non-life insurance	7	2
Landfill	7	2
Interest rate spread (lending minus deposit)	7	3

Source: Derived from NCC, Competitiveness Report, 2004 and US Bureau of Labour Statistics.

In the table above the ranking reflects the order of relative costs in the countries concerned. A high ranking means that costs are high compared to the other countries

²⁰ Seven eurozone countries are Finland, France, Germany, Ireland, Italy, Netherlands, Spain.

²¹ Data from US Bureau of Labour Statistics – this includes direct and indirect costs such as social charges, holidays etc.

Wages and Other Costs

Each business is different, so each input will have different weights in terms of overall importance to the cost of running the business. Wages are often the single largest business expense and are higher than average (though not the highest) in Ireland and are rising faster than in other countries. Nevertheless, because of differences in social insurance systems and other factors, the cost to employers of labour in Ireland is not high compared to other countries in the sample²².

Other costs have also grown rapidly. The NCC's 2004 Statement on Prices and Costs noted that by the end of 2003 Irish retail rents were 88 per cent higher than they were in 2000. It also noted that in the three years to September 2004, energy prices for industry increased by approximately 22 per cent. Of the six countries surveyed, Ireland is the second most expensive for electricity for industrial users – for example, a typical industrial user pays up to 40 per cent more for electricity in Ireland than in the UK.

Other non-pay costs that are higher in Ireland include insurance and waste management charges. One major retailer estimates that waste management costs in Ireland are 250 per cent higher than those in the UK²³. As noted earlier in this report the inflation rate during the year ending Jan 2004 for water supply and refuse services was 25.4 per cent.

Overall, business costs in Ireland do not appear to be the highest among the countries ranked, although they are growing at a faster rate.

Taxation

Taxation is another significant cost and here the picture is very different. The rate of corporation profits tax is lower in Ireland than in any other country in Western Europe. This might be expected to bring down Irish business costs relative to other countries.

At 12.5 per cent, the standard corporation tax rate is less than half that in the UK, where the rate is 30 per cent. Of other Western European countries, only Finland, Portugal, Austria and Sweden have standard corporation tax rates below 30 per cent, while in Germany and Italy rates are approaching 40 per cent. The 12.5 per cent in Ireland applies to all trading activities, which includes retailing and other service trades, while a higher rate of 25 per cent applies to non-traded activities – for example, 'passive' income such as investment and deposit income. While the gap in effective tax rates between Ireland and other countries may not be as high as the headline rates might suggest, it still represents a very significant advantage to Irish businesses.



22 See footnote 21.

23 Tesco at Joint Oireachtas Committee on Enterprise and Small Business.



Importing and Distribution

Two other, less tangible costs particular to Ireland, have an impact on the final price that a consumer has to pay.

Importing Costs

As an island economy, Ireland suffers from the additional cost of importing most consumers goods by air or sea.

Sixty two per cent of imports in 2003 came from outside the eurozone, bringing with them currency and hedging costs: 37 per cent of imports were GBP-denominated²⁴.

Internal Distribution Costs

Approximately 85 per cent of goods in Ireland are moved by road, compared with only 45 per cent in Germany and 60 per cent in France²⁵. Ireland ranks only 11 out of 12 countries for motorway density²⁶ and lowest for the average speed of business deliveries in the capital and principal cities.

2.4 What do Consumers Think?

As far back as 1999 there has been concern that consumer prices in Ireland were relatively high compared to other countries in Europe. This concern has persisted and has led to consumers asking the question ‘are we being continually overcharged?’ Since the introduction of the euro, price comparisons are now easier than before and consumers are returning from travel abroad dissatisfied with the prices being charged in Ireland. Improved access to Northern Ireland has focused particular attention on price disparities with the UK. Finally, many consumers use the Internet for comparative pricing and can quickly identify disparities.

The terms ‘bad value’, ‘rip off’ and ‘overcharging’ have different meanings for different people. They are essentially subjective terms. How significant they are for people depends on a number of factors such as the cost of the product or service, the financial circumstances of the consumer and the importance of the product or service to them. But what the term means in practice is that the purchase experience has been disappointing and this may have been because of the price, the quality or the service level. Most frequently the term ‘rip-off’ refers to the belief that the provider is engaged in ‘profiteering’, although this is not a very precise term in a free market economy.

Buying Goods and Services: CSG Survey Results

A CSG survey found that approximately seven out of every 10 consumers perceived that the price they pay for goods and services is not fair. The concept of a fair price can be as much to do with other factors such as quality, level of service, expectation and efficiency as the price itself. Other findings of this survey are summarised in Figure 3.

²⁴ CSO, 2003.

²⁵ National Institute of Transport Logistics, *Supply Chain Statistics and Indices Report, 2002/2003*.

²⁶ NCC, *Competitiveness Report 2004*.

Figure 3: Attitudes Towards Buying Goods & Services in Ireland

Q1 I am going to read out some things people might say if buying goods and services in Ireland. For each that I read out, please tell me if you agree or disagree?

	Agree	AGE					Class		
		15%-24%	25%-34%	35%-49%	50%-64%	65+%	ABC1 %	C@DE %	F %
People are frequently overcharged	87	92	95	84	83	82	82	91	91
Price of services are not clearly displayed	80	79	71	82	82	83	79	81	79
Price of goods are not clearly displayed	67	66	63	68	67	72	63	70	72
Insufficient information	78	73	80	82	81	73	74	81	81
Informed purchases of services & goods	73	72	73	73	75	73	67	76	82
Price you end up paying is often different	65	65	63	69	63	63	58	70	70
Price for service is fair	27	29	23	22	27	36	23	30	25
Price for goods is fair	23	23	12	21	28	33	22	25	19

Source: CSG Survey, Lansdowne Market Research.

Note: Circled items are those which show a statistically significant difference from the average figure.

Value for Money in Different Sectors: CSG Survey Results

The CSG survey presented consumers with a list of 22 sectors and asked them if they believed they were getting value for money in those sectors. Respondents' perception of obtaining value for money differed significantly across sectors, ranging from the highest of 66 per cent (local newsagents) to a low of only 15 per cent believing they receive value for money in pubs. An average of 1 in 2 respondents believe they get value for money from supermarkets, holidays and telecom providers. Figure 4 summarises the response of those interviewed for the survey.

Figure 4: Consumer Perceptions of Value for Money by Sector
Reasonable Value for Money or Not?

Q2 Do you think you currently get reasonable value for money with each of the following?

	Yes %	No %	Dont Know %		Yes %	No %	Dont Know %
Local Newsagents	66	30	4	Hotels	33	59	8
Telecom Providers	53	42	5	Financial Products	32	48	20
Holidays	56	35	9	Restaurants	32	63	5
Supermarkets	56	39	5	Banks	30	65	5
Clothing	50	46	4	Doctors	29	68	3
Local Shops	49	46	5	Dentists	29	65	5
Local Convenience Stores	44	53	3	Insurance	22	72	6
Utilities	43	54	3	Auctioneers	19	43	38
Hairdressers	41	49	10	Motor Vehicles	19	72	9
Trades People	39	55	6	Solicitors	18	60	22
Chemists	35	60	5	Pubs	15	74	11

Source: CSG Survey, Lansdowne Market Research.



2.5 Prices in Ireland: Conclusion

“... while some of the increase in Ireland’s relative price level represented convergence between Irish prices with other countries of a similar level of development, there is strong evidence to suggest that price levels here have over-shot.”

- NCC, Statement on Prices and Costs, 2004.

In large measure, the increase in prices has been due to Ireland’s exceptionally buoyant economy over recent years. Rapid increases in spending power have led to rapid increases in consumption and some of the price increases have been driven by the relatively sudden increase in demand. Also, some part of the price increases may have been due to a ‘catching up’ with other countries. As the NCC suggests, price levels in wealthier countries tend to be higher than in poorer ones. Nevertheless, consumers feel, overwhelmingly, that they do not get value for money in Ireland.

There is a significant gap, especially in branded products, between the prices in Ireland and those in the eurozone: the full basket of internationally branded products in the sample would cost €89.30 in Ireland and only €70.94 in the eurozone, a gap of 25.9 per cent. Even if the effects of different VAT rates are removed, there is still a gap of 22.3 per cent. The differences in price in local brands are not nearly as great: the basket of locally branded products would cost €37.78 in Ireland and €33.60 in the eurozone – correcting for VAT almost eliminates the difference.

Such comparisons are crude because the baskets used (one of each product) are arbitrary, but they point to a price gap in internationally branded products that is not easy to justify. After all, if the business costs argument were valid and Ireland’s high business costs outweighed the advantages of low corporation tax, then we would expect that the locally branded products would also be more expensive in Ireland than in most other countries. The perception of an unexplained gap is reinforced by the fact that Ireland does not rank highest for many business costs, while it does rank highest for many consumer prices.

Ever since the introduction of the Euro there has been growing concern at the development of what is often called a ‘rip-off’ culture in Ireland. While the term ‘rip-off Ireland’ could be regarded as emotive language, the fact is that it describes a very real perception on the part of consumers, and commentators in general, of high basic prices for consumer goods, unjustified prices increases, poor service and bad value for money.

The Group was asked, under its Terms of Reference to demonstrate objectively whether or not Irish consumers are getting a fair deal. Our analysis of prices in Ireland, as summarised in this chapter, leads us to conclude that Irish consumers are not getting a fair deal.

Government policy should be directed at redressing the imbalance which currently exists, at empowering consumers and at delivering a better deal for consumers in the future. The Group’s recommendations, as set out in this Report, are designed to advance that process.

Section 2

Consumer Issues

This section focuses on the issues that affect consumers within particular sectors of the economy: the retail sector (with particular reference to alcoholic and non-alcoholic beverages, fruit and vegetables, and pharmaceuticals); passenger transport, planning and utilities (electricity and telecoms)





3

The Retail Sector

Expenditure on personal consumption of goods and services is estimated to be in the region of €63 billion for 2003²⁷. This chapter examines key areas of the retail sector where there has been public perception of high prices. The Group carried out a number of research studies, looking at the retail sector as a whole as well as carrying out some specific analysis on alcoholic and non-alcoholic beverages, fruit and vegetables and pharmaceuticals.

3.1 Structure of the Retail Sector in Ireland

The structure and dynamics of the retail sector have changed dramatically over the past decade, with retail sales now accounting for 15.1 per cent of GDP, having grown by over 40 per cent in the period 1999–2003. Although there was little change in the number of food and non-food retail outlets, total retail floor space grew by 36.1 per cent from 7.2 million square metres to 9.8 million square metres. Table 6 gives summary data for the retail sector. See Appendix J for further details on the types of retail outlets and regional distribution.

Table 6:	Summary Data for the Retail Sector				
Year	1999	2000	2001	2002	2003
Retail sales (€ million)	14,596.4	16,119.2	17,719.0	18,828.7	20,568.2
Retail sales as a per cent of GDP	16.6	15.6	15.5	14.5	15.1
No. of food retailers	11,208	11,204	11,232	11,239	11,251
No. of non-food retailers	21,975	22,110	22,245	22,380	22,515
Total no. of outlets	33,183	33,314	33,477	33,619	33,766
Total floor space (million sq metres)	7.2	7.7	8.3	9	9.8
Growth % in Total floor space	–	6.9	7.8	8.4	8.9
Sq. metres per outlet	217	231.1	247.9	267.7	290.2

Source: Euromonitor and CSO.

Forty four per cent of retail outlets are in Leinster. Dublin, with 29 per cent of the population, has only 19.5 per cent of outlets, but these have higher average floor space.

Ireland is well served in terms of number of outlets per head of population and is above the EU average. In 2003 Ireland had 8.6 retail outlets for every 1,000 people compared to an EU average of 8²⁸.

²⁷ CSO, 2004.

²⁸ Euromonitor, 'Retail Outlets per 1,000 Population for a Selection of EU Member States, 2003.

The Irish retail sector exhibits some degree of concentration especially with regard to groceries. In terms of turnover the three largest players are Musgraves (Centra and Supervalu), Tesco and Dunnes Stores. In terms of outlets Musgraves has the highest number (513), followed by BWG (400), Londis (300), Dunnes Stores (87) and Tesco (80). More information on leading retailers and retail groups in Ireland by retail turnover is presented in Appendix J.

Independent specialist stores traditionally played an important role in Irish food retailing, particularly in rural areas, which generally are unable to sustain large supermarket outlets. However changes in lifestyles and different buying patterns have meant that specialist shops such as butchers, bakery shops and greengrocers have all lost market share. Food sales from convenience stores now represent 42.2 per cent of sales compared to 38.1 per cent in 1999 - see Appendix J.

Between 1999 and 2003 food sales at discount supermarkets such as Aldi and Lidl in Ireland rose some 469 per cent, from sales of 29 million to 165 million euro. This was driven by new store openings and consumers' growing acceptance of the new format. Aldi and Lidl together now account for 3 per cent of total retail grocery sales.

Sales through alternative selling channels (e.g. catalogue shopping, internet retailing, direct selling, vending machines and non-petrol sales at service stations) increased by an estimated 37 per cent during 1999–2003 to more than €1.1 billion²⁹.

Structure of the Retail Sector in Ireland: Conclusions

There is a relatively high level of concentration in Ireland's food retail industry. Apart from the main players discussed above, the introduction of discount stores such as Aldi and Lidl has had a considerable impact. The Group considers that increased competition in the Irish market by more overseas retailers establishing in Ireland would go some way to ensuring that consumers get better value for money.

“Businesses have all the clout and can more or less do as they wish in regard to the consumer”

Source: From a submission to the CSG





3.2 Alcoholic and Non-Alcoholic Beverages

In 2003, 80 per cent of alcohol consumed in Ireland was beer, followed by wine at eight per cent, cider at six per cent and spirits at three per cent. Eurostat 2003 index figures show that Ireland is the most expensive country in the EU15 for alcoholic drinks as outlined in Table 7 and the World Health Organisation (WHO) European drink price comparisons, 2003, confirms that Ireland is the most expensive country in the EU for beer and wine.

Table 7:	Index of Alcoholic Beverage Prices in the EU													
Ireland	Finland	Sweden	United Kingdom	Denmark	Portugal	Italy	Netherlands	Austria	Greece	Germany	Belgium	France	Luxembourg	Spain
182	181	152	150	131	105	102	98	92	92	88	87	87	83	78

Source: *Eating, Drinking, Smoking, Price Levels in EU, EFTA and Candidate Countries 2003, Eurostat.*

Irish consumption is the second highest in the EU15 one might reasonably expect that prices would be lower if supply were unconstrained and the market operated freely. The Group's research highlights four areas that may be contributing to these higher prices.

- ⊙ Excise duties combined with a 21 per cent VAT rate (EU15 average is 18.4 per cent) are a major component of the price of alcohol – up to 40 per cent for beer and 55 per cent for spirits, in 2003. Ireland has the highest excise duty rate for wine in the EU, the second highest for spirits and one of the highest for beer. Table 8 shows a Euromonitor breakdown of the selling margins of popular beer and spirit brands sold in off-licences in Ireland in 2003

Table 8: Share of Total Price of Typical Beer and Spirit Brand in Off-Licences, 2003		
	Beer	Spirits
VAT	17.4	17.4
Excise	22.0	38.4
Retailer	20.0	12.6
Distributor	11.3	12.6
Manufacturer	29.3	19.0
TOTAL	100.0	100.0

Based on: Heineken 500ml, €1.89; Jameson 350ml, €14.30 Source: Euromonitor, May 2004

- ⊙ The Liquor Licensing Laws, in place since 1902, control retailer entry into the market and at present no licence can be issued without another being extinguished. Licences are issued through the courts and by the Revenue Commissioners. With almost 80 per cent of alcohol being sold on-trade this restrictive practice has done little to encourage innovation in the pub sector which in turn places little pressure on the supply chain
- ⊙ Additionally, the current alcohol licensing system specifies that to transfer a licence to a new pub, the owner must make a case that the new pub will not affect the viability of existing pubs in the area. There has been much discussion recently regarding the possible deregulation of pub licences, and it is clear that planning regulations will have a determining influence on future public house proposals. Proposals for new or extended public houses give rise to planning issues similar to those associated with retailing, with additional concerns over possible anti-social behaviour
- ⊙ There is at present a concentration in the draught beer supply market with three large suppliers dominating (Diageo, Heineken and Beamish & Crawford). An increase in competition at retail level would in turn lead to increased competition amongst suppliers. The recent reduction in duty on micro-breweries announced in the 2004 budget may have some positive impact in this sector.

Soft Drinks

Ireland was also the most expensive country in the eurozone for soft drinks (mineral waters, soft drinks, fruit and vegetable juices) in 2003, with carbonated drinks accounting for almost 80 per cent of the sector³⁰. Table 9 shows comparative price level indices for Ireland and other eurozone countries.

Table 9:	Comparative Price Level Indices for the Soft Drinks in the Eurozone Countries 2003, EU25=100											
	Ireland	Finland	Belgium	Greece	Denmark	Netherlands	Italy	Luxembourg	France	Portugal	Austria	Spain
Soft drinks (retail)	143	141	110	102	101	101	100	99	98	93	89	74

Source: Eurostat, *Statistics in Focus, eating, drinking, smoking, comparative price levels in the EU, EFTA and Candidate countries for 2003*

The soft drinks market in Ireland is dominated by two suppliers, Coca-Cola Bottlers (Ireland) Ltd. and C&C (Ireland) Ltd., which together control over 70 per cent of all distribution to retail and on-trade shops. This high concentration at supplier level may be driving the higher prices in the soft drinks market.

Excessive on-trade prices for non-alcoholic and soft drinks are driven by the fact that a soft drink consumed in an on-trade environment is not the same as a soft drink purchased for consumption on the go or in the home. Publicans can charge a high rate for these drinks as they provide an extra service in the form of accommodation and ambience. A soft drink can be consumed as a mixer. Where this is the case, the soft drink becomes a part of the overall alcoholic drink, changing its value and allowing it to command a premium.

As noted above, a lack of competition in the retail on-trade sector, particularly in Dublin, has facilitated publicans in charging higher prices.

Alcoholic and Non-Alcoholic Beverages: Conclusions

Ireland is the most expensive country in the EU15 for alcoholic and non-alcoholic beverages. Indirect taxes such as excise duty and VAT are major components of the final price of an alcoholic product and are comparatively high in the EU. Entry into the on-trade market place is restricted by the Liquor Licensing Laws. While the aim of this law was to safeguard the public interest, it now limits competition and this is not in the consumers' interests.

Key Recommendations

Alcoholic and Non-Alcoholic Beverages

- ② Abolish the limit on the numbers of pub licences.
Responsibility: Department of Justice, Equality and Law Reform
- ② Introduce new forms of licences (for example, for cafes) designed to cater for changing consumer tastes in the market place.
Responsibility: Department of Justice, Equality and Law Reform
- ② Ensure that planning is not used as a barrier to entry in respect of pub and other forms of licence.
Responsibility: Department of Environment, Heritage and Local Government



3.3 Fruit and Vegetables

Ireland is the most expensive country in the eurozone for fruit, vegetables and potatoes. However, equal price comparisons are complicated by differing local consumer tastes and factors such as the different grades or quality of produce available on the shop shelves and whether the produce is loose or pre-packed.

Bord Bia monitors the retail value of the fresh produce market through the TNS-MRBI household panel³¹ which in 2003 valued the fruit and vegetable market at €843.7m, up 4.5 per cent on 2002. According to Forfás estimates (based on industry sources), Ireland is approximately 80 per cent self-sufficient in the fruit and vegetables that can be grown here.

Higher Production Costs

It costs more to produce fruit, vegetables and potatoes in Ireland than in other European countries for the following reasons:

Scale	Smaller farm sizes in Ireland contribute to lower unit areas resulting in higher overheads and variable costs per hectare
Seasonality/Yield	As well as determining the times of year when outdoor growing can take place, climate also impacts on the yield per hectare. Other European countries have climatic advantages over Ireland providing them with higher yields and therefore lower costs
Availability of Crop Protection Products	Because of the small size of the Irish production market, many crop protection products are not licensed in Ireland because it is too expensive for the agro-chemical companies to do so. A consequence of this is that there are fewer such products for sale here and those that are available are more expensive than elsewhere.

Fresh produce is a low margin, high volume business. Ireland's relatively small population, combined with the low density of population contributes to the relatively higher cost per kilo of fruit and vegetables.

Consumer Demands and Tastes

Irish consumers want fruit and vegetables that are blemish free and of a similar size, colour and shape. Consequently up to 40 per cent of fresh produce grown in Ireland can be discarded, so adding to the price paid by the consumer³².

National tastes also affect prices. For example, Irish consumers prefer 'floury' potatoes which tend to achieve a lower crop yield, sometimes up to 20 per cent lower, making the potatoes we eat relatively more expensive³³.

Changing lifestyles are also a factor – Irish consumers purchase more pre-packed and pre-prepared fruit and vegetables than countries such as France and Spain. These tend to be more expensive per unit cost than fresh produce.

³¹ The TNS household panel continuously tracks the spend of a representative sample of 1,350 households in Ireland on a range of consumer products, including fresh produce.

³² Forfás, Study Interviews, 2004.

³³ Bord Bia, 2004.

Unlike other European countries, fruit and vegetable markets are not a significant channel for fresh produce sales. The operation of such markets is governed by the Casual Trading Act, 1995³⁴. In 2002, the Competition Authority undertook a study to investigate how the Act had been implemented by local authorities and to examine its effects on competition in local markets. It found a lack of consistency in the implementation of the Act, notably large variations in fees, differences in the levels of facilities being provided and the provision of pitches that were too small for traders' stalls.

Fruit and Vegetables: Conclusions

Irish consumers do not just want low cost produce; they also want choice and quality. Consumer tastes and demands as well as production costs and population size are all determining factors in the final price that consumers pay for fruit and vegetables. The Irish retail fruit and vegetable market is moderately concentrated with three quarters of produce sold in the multiples. Unlike other European countries, fruit and vegetable markets are not a significant channel for fresh produce sales.

Key Recommendations

Fruit and Vegetables

- ② Increase the number of licences granted to traders.

Responsibility: Department of Enterprise, Trade and Employment

- ② Apply a consistent approach to casual trading regulations across all local authorities by means of statutory based guidelines. This may require an amendment to the Casual Trading Act of 1995.

Responsibility: Department of Enterprise, Trade and Employment

3.4 Pharmaceuticals

Cost of living data from 2001³⁵ shows Ireland to be the fourth most expensive country in the eurozone for medicinal/pharmaceutical products (below Germany, Italy and Austria). The price index for pharmaceutical products in Ireland and its components – prescribed drugs and other medicines – shows that recent price inflation in pharmaceutical products has been consistently higher in prescription drugs than in other medicines. At present, the process of setting the price of prescription drugs in Ireland is regulated by the Department of Health and Children.

How Pharmaceutical Prices are Set

The price of pharmaceuticals in Ireland is set on a five year basis under the terms of a process negotiated between the Department of Health and Children and the Irish Pharmaceutical Healthcare Association (IPHA). Under the terms of this process (first agreed in 1972), the Department of Health and Children sets the price of each individual drug by comparing the UK price and the price in a basket of five countries (the UK, Denmark, France, Germany and the Netherlands) – adopting the lower of these two. Since 1992, such a price may not subsequently

34 New regulations, effective from 1 May 2004, remove certain perishable fruits and vegetables goods (strawberries, raspberries, blueberries, gooseberries, blackberries, loganberries, currants and potatoes having loose skins) from the scope of the Casual Trading Act 1995. The exemption covers a specific period in any given year (1st May to 30th September) and is restricted to growers, their agents and employees.

35 Mercer Human Resources, Cost of Living Survey, 2001.



be increased. This means that any inflation in the prescription drugs market arises principally from new, more expensive drugs entering the market.

Wholesalers purchase drugs at the set price under the pricing process outlined above and add a 15 per cent mark-up to form the ingredient cost that pharmacies pay.

State Refund Scheme

The State distinguishes two categories of consumer for prescription drugs:

GMS (Medical Card) patients

Approximately one third of the population are GMS patients and, typically, they visit their doctor and pharmacist more frequently than other types of patient.

GMS patients receive both prescribed drugs and doctors visits free of charge.

DPS and other patients

Under the Drugs Payment Scheme (DPS), individuals and families who are not part of the GMS Scheme do not have to pay more than €85 in any calendar month for approved prescribed drugs.

Table 10 sets out the price of prescription drugs charged by pharmacists. The pharmacist is reimbursed by the Government for all prescriptions drugs dispensed to GMS patients and for those to DPS patients above the €85 per month threshold.

Table 10: Reimbursement for Pharmacists	
GMS Patients	DPS and other Patients
<ul style="list-style-type: none">⊙ The ingredient cost of the drug⊙ A dispensing fee of €2.98⊙ VAT where appropriate	<ul style="list-style-type: none">⊙ The ingredient cost of the drug⊙ A 33 per cent margin (50 per cent mark-up) on the ingredient cost of the drug⊙ A dispensing fee of €2.59⊙ VAT where appropriate

Branded versus Generic Drugs

Approximately 85–95 per cent of prescriptions in Ireland are for branded drugs³⁶. The potential savings that could be made by substituting generic drugs for branded drugs in 11 of the top 30 drugs dispensed has been estimated at €5.65 million³⁷. In some EU countries, pharmacists may substitute a prescribed branded drug with a cheaper generic equivalent. In Ireland pharmacists, at present, are not allowed to substitute. While there is in place a government scheme to incentivise doctors to prescribe generically, at present it is optional and the take-up is low.

36 Both patented and generics may be branded.

37 Irish Medical Journal, June 2003, Volume 96, No 6.

Pharmaceuticals: Conclusions

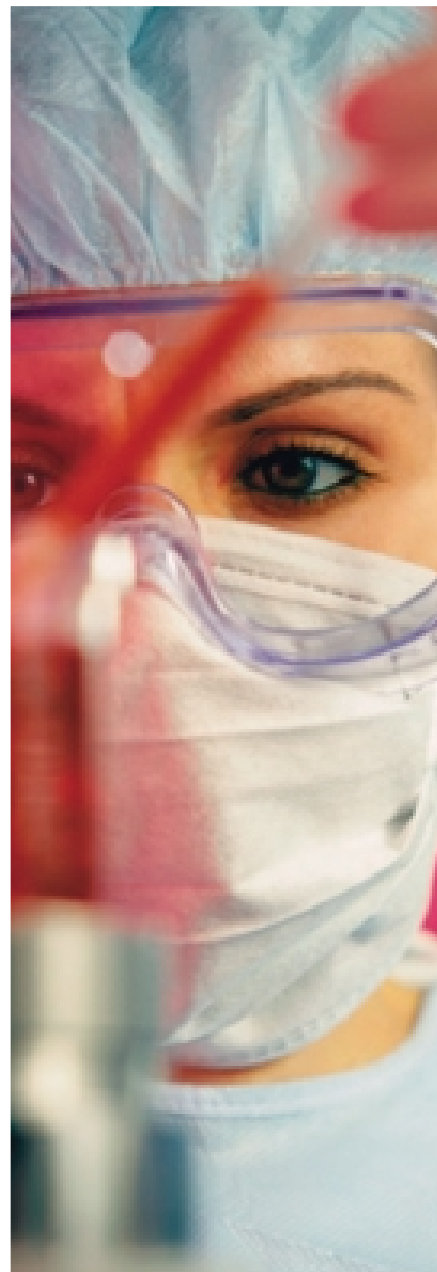
The process of setting the price of prescription drugs in Ireland is regulated by the Department of Health and Children and the next round of negotiations is due to take place in July 2005. Historically, there has not been a consumer representative involved in these negotiations. The present high prices immediately affect all DPS patients, whether they reach the monthly limit of €85 or not.

Prescriptions issued in Ireland are predominantly for branded drugs which are much more expensive than their generic equivalents. In some EU countries, pharmacists may substitute a cheaper generic equivalent for a prescribed branded drug – this is not allowed in Ireland. To reduce costs to the consumer and to the State there is a need to strengthen and broaden the incentive scheme for doctors to prescribe generic drugs and consumers need to become more aware of generic alternatives.

Key Recommendations

Pharmaceuticals

- ④ Change the current methodology for establishing manufacturers' prices of pharmaceuticals. Include a consumer impact assessment to ensure that all consumers are getting best value for money.
Responsibility: Department of Health and Children
- ④ Review mark-ups in the DPS and other schemes.
Responsibility: Department of Health and Children
- ④ Strengthen and broaden the current optional incentive scheme for GPs to encourage generic prescribing.
Responsibility: Department of Health and Children
- ④ Display prices for branded and generic drugs in pharmacies at point of purchase.
Responsibility: Department of Health and Children; Department of Enterprise, Trade and Employment
- ④ Allow pharmacists to provide generic substitution for branded drugs.
Responsibility: Department of Health and Children





4

Passenger Transport

4.1 Transport in Ireland

Transport is a key enabler that allows consumers to access other goods and services – for example, by providing access to retail outlets. It is also an important public policy issue with broader concern than purely consumer issues.

In Ireland, the State plays a very strong role in transport provision generally. This includes basic infrastructure provision, regulation of most transport services, and in some cases direct ownership and control of service providers in rail and bus. This combination of regulation and restricted provision means that consumer issues are even more important in transport than in sectors with open competitive service provision. In this regard it should be noted that the Department of Transport acts as regulator of all bus and rail services. But it is also (through CIE) the owner of the majority of bus services and all rail services. There is thus an inherent conflict of interest.

There are a number of key factors that have been involved in the evolution of Ireland's current transportation system including:

- ⊗ Lack of competition in bus services
- ⊗ Deregulation of the taxi and hackney market
- ⊗ Continued preference for private cars
- ⊗ Lack of infrastructure in rail services during the 1980s and 1990s
- ⊗ Growth of new low cost air carriers
- ⊗ Decline in the number of people travelling by sea.

4.2 Consumer Efficiency and Effectiveness

Despite recent investment, Ireland is still playing catch-up after years of under-investment. The NCC's Annual Competitiveness Report for 2003 cited data from the World Economic Forum which found that Irish transport infrastructure was 'poorly developed and inefficient' relative to most other developed countries. Its assessment of overall infrastructure quality in a number of developed countries ranked Ireland 15th out of 16. A survey by the International Institute for Management Development (IMD) reached similar findings. Furthermore recently published figures from the NCC indicate that transport-related consumer prices in Ireland (including motoring costs) are the second highest in the eurozone, with only Finland having higher costs.

Table 11 provides an overall rating of different types of transport/service according to a series of consumer-oriented criteria.

Consumer choice varies widely by mode, by type of service and by location. Choice is generally lower in the bus and rail sectors than for air and sea. This is particularly so for choice of provider and for price competition, while less so for choice of route, frequency of service and available pricing options. Choice for local and rural bus services is also limited.

Choice tends to be best where some form of competition exists. This is most evident for air and sea travel. Choice on major inter-urban bus routes between the larger cities and towns is improving due to the increase in competition in the more commercial parts of the bus sector.

Table 11: Consumer Efficiency and Effectiveness of Passenger Transport Services							
	Choice of Provider	Choice of Routes	Service Frequency	Price Competition	Pricing Options	Availability Information and Advice	Access to Safeguard Redress
Private Car							
vehicles servicing, fuel	●	●	n/a	●	●	▲	▲
related services	▲	n/a	n/a	▲	▲	▲	▲
Bus Services							
major inter-urban	▲	▲	●	▲	▲	▲	▲
other inter-urban	■	▲	▲	■	▲	▲	▲
urban/commuter	■	▲	●	■	▲	▲	▲
other local and rural	■	▲	■	■	■	▲	▲
non-scheduled services	●	●	n/a	●	●	▲	▲
Taxis and Hackneys							
urban areas	●	●	n/a	■	■	▲	■
rural areas	■	●	n/a	▲	▲	▲	■
Rail Services							
inter-urban	■	▲	▲	■	▲	▲	▲
Dublin urban/commuter	■	■	●	■	▲	▲	▲
other urban/commuter	■	■	■	■	▲	▲	▲
Air Services							
international	●	●	●	●	●	●	●
domestic	■	■	▲	■	▲	●	●
Sea Services							
international	●	▲	▲	●	●	●	●
island ferries	■	▲	▲	■	▲	▲	▲

Key to Symbols

● = High

▲ = Medium

■ = Low

n/a = not applicable

Source: CSG Research



Consumer Information

Levels of information, advice and support available to the consumer generally appear quite good and relatively accessible through a variety of channels such as printed media, telephone services and the Internet. While the Internet has improved consumers' access to information it should be remembered that not all consumers have access to the Internet and not all consumers are able to use the Internet. This is particularly the case for vulnerable groups in society, such as older people, people on low incomes or the mobility impaired³⁸. These groups will therefore continue to need access to more traditional forms of information provision, such as telephone-based services.

Much of this information is provided by the operators themselves or by transport agencies and there is not a structured, impartial source of information, advice and support on services available to consumers. Market research studies indicate that consumers are unsatisfied with how well transport companies inform them about service alterations – for example, where these are caused by infrastructural works or unforeseen circumstances.

For most passenger transport services, mechanisms for safeguard and redress appear reasonable and are in place, at least in principle. However, from a consumer perspective, a key issue with regard to safeguards is the extent to which they are enforced. There are also other areas where consumer interests are inadequately considered – for example, Dublin Bus's refund policy.

Integration of Passenger Transport

Another important issue for consumers is the integration or lack of integration of passenger transport services. Better integration of services could help to enhance the transport choices available to consumers and is particularly important given the small and spatially dispersed population in Ireland. Research conducted by the Group indicates that while there is some integration in passenger transport, both within and between modes, the overall level of service integration needs to be improved further and the different modes have traditionally been planned largely in isolation from each other. There is therefore a need for a much more integrated approach to transport planning in the future by further integration of infrastructure, timetables, fares, ticketing and information.

38 It should be noted that the websites for the three CIE companies all have versions that are suitable for use by the visually impaired.

4.3 Consideration of Consumer Issues

At national and regional levels, transport policy is becoming more consumer-oriented in terms of its intended outputs. However, organised, structured or evident consumer inputs into the planning of transport policy and legislation at a national level are still very limited. An exception to this is the National Taxi Advisory Council which has two consumer representatives on its eighteen-member council. The Taxi Regulation Act, 2003, allows for the Commission for Taxi Regulation to have a consumer remit, which includes the establishment of a complaints procedure for consumers and the power to seek consumer views on the sector.

Consultation, where it exists, is also largely focused on public consultation rather than seeking specific consumer inputs. There is no statutory consultee representing consumer interests in the planning of transport or in the setting of prices. The level of direct actual consumer input into planning transport is mainly restricted to the efforts of operators seeking the views of their customers, as outlined in Table 12.

Table 12:	Dedicated consumer input into transport planning processes		
	Operator Planning	National Planning	Regional and Local Planning
Private car usage	n/a	■	■
Bus infrastructure and services	▲	■	■
Taxis and hackneys	▲	▲	■
Rail infrastructure and services	▲	■	■
Air infrastructure and services	▲	■	■
Sea infrastructure and services	▲	■	■

Key to Symbols ● = High ▲ = Medium ■ = Low n/a = not applicable

Source: CSG Research

Organised consumer representation in the transport sector in Ireland is quite weak. A few organised lobby groups have emerged in the rail sector and have proved capable of making an input into planning at a national level. Such groups include the West-on-Track lobby³⁹ group and Platform 11⁴⁰.

4.4 Passenger Transport: Conclusions

Direct consumer input into the transport planning in Ireland is very weak. Public consultation is the main input channel available to consumers.

While the information and advice available to the consumer is quite good, it is provided by the individual operators. There is a lack of structured, impartial sources of information, advice and support on transport options. This could be delivered through an independent, centralised information system.

The Group considers that the Department of Transport has a conflict of interest in that it acts as both regulator and owner of the majority of bus services and all rail services and considers that these functions should be separated to provide the consumer with a greater choice of transport modes. However, the Group does not wish to add further to the multiplicity of sectoral regulators that already exist. In the transport area, there are separate regulators for the aviation industry and for taxis. The Group considers that there is a strong case to be made for combining all the regulatory activities which impact on transport into a single body.

39 www.westontrack.com

40 www.platform11.org



Key Recommendations

Passenger Transport

- ④ Separate the regulatory and ownership functions of the Department of Transport.
Responsibility: Department of Transport
- ④ Broaden the remit of the Aviation Regulator to include taxis, buses and other forms of passenger transport.
Responsibility: Department of Transport
- ④ Undertake an independent pilot study to evaluate the introduction of a centralised information system, which would also include integrated route planning.
Responsibility: Department of Transport

“There is a lack of structured, impartial sources of information advice and support on transport options”

Source: From a submission to the CSG



5

Planning

Planning in Ireland is now a central policy issue. The population has grown and economic development has been rapid. As well as raising issues for the environment, there are growing concerns about the location of economic activity, dwellings, leisure space, and the infrastructural implications of particular patterns of development. Since land is a finite resource, its allocation is a matter of major public concern. The National Spatial Strategy (NSS) has been an important step forward in providing guidelines for development in the future. However, given the commitment in economic policy to a strong role for the market, the main means of resolving issues in terms of consumer access to goods and services in the future will be the planning process. This means that it will not be enough to have a consumer input: the needs of consumers will have to be a central focus of planning strategy.

Every planning decision affects the consumer in one way or another. Whether it involves the zoning of land in a development plan or the granting or refusal of a development proposal, planning has considerable impact on the choices and services available to us, on the level of competition in particular sectors, and on the final price we pay for certain commodities. Specifically, planning decisions affect:

- ② The location of housing and thus where consumers live
- ② The location and scale of shopping facilities
- ② The location and scale of many consumer services, such as medical services and crèches
- ② Other facilities on which the consumer is indirectly dependent, such as supply chain infrastructure.

The main themes in current planning that have an impact on consumers are in the areas of sustainable development, the review of the deregulation of pub licences, developments in transport and the retail planning guidelines.

5.1 The Planning System

The planning system in Ireland is designed to be transparent and to allow for interaction through public consultation between the planning authorities and interest groups and individuals. The principal means of redress is through appeals to An Bord Pleanála. In Ireland, there is a universal right of appeal for all citizens – this is unusual in Europe.

All planning decisions are taken on the basis of balancing complex sets of issues and interests, including environmental matters, traffic and amenity concerns. The planning system is structured, through statutory requirements for public consultation, to accommodate and consider representations. The level of representation made by interest groups may influence the balance achieved in any particular case. Many interests are represented by well-structured and organised groups – for example, manufacturers, retailers, small businesses and environmentalists. However, there is no organised consumer voice in the planning process.



5.2 Consideration of Consumer Issues

In practice, how much consideration is given to consumer issues during the planning process? An examination of a range of forward planning documents was undertaken on behalf of the Group – these included Development Plans and over 80 case studies of planning decisions made by An Bord Pleanála on applications relating to retail outlets, medical facilities and leisure centres. This study revealed little evidence of direct consideration of consumer issues such as competition and choice and no consideration of other consumer-related issues such as the impact of planning on prices. The study further revealed that:

- ⊗ For many planners, the interests of consumers are assumed to be the same as those of the public in general. Thus considerations of consumer interest are taken into account only indirectly or through the actions of other representative groups. The main concerns and arguments tend to be based on compliance with Development Plans, Retail Planning Guidelines (RPGs) and other policy documents as well as technical issues regarding the proposed development. This is the case with first and third party appeals and appeals by observers
- ⊗ References to both communities and community and local benefits were made, but often there was little direct consultation with the communities in question as to what they needed or wanted in their area. Very few if any of the submissions to the case studies were from consumer representative bodies.

Retail Planning Issues

The RPGs issued by the Department of the Environment, Heritage and Local Government (DoEHLG) are guidelines for local authorities in relation to retail development in their area, covering both the location of sites and retail floor space. They are not mandatory but have strongly influenced the formulation of retail strategies in each local authority area.

The guidelines suggest a quantitative methodology to assist planning authorities in determining the appropriate level of future floor space needed. Results are extremely sensitive to the variations in the inputs used in terms of estimated expenditure per capita, population projections and turnover rates. Some planning authorities view the calculated estimated requirements in a prescriptive manner, using them as targets. The result is that they become floor space caps rather than minimum levels of provision. This may result in planning authorities under-estimating future retail floor space requirements of an area and responding negatively to planning applications that are seen to exceed the quantitative guidelines. The result of this is likely to restrict competition and choice, and is hence clearly against the interests of consumers.

In Scotland retail capacity is not a requirement for policy formulation. Each application is instead considered in terms of its potential impact. There is thus flexibility in the Scottish system that enables each application to be assessed on its own merits.

The RPGs also provide guidance on floor space caps for convenience shops and retail warehouses. For convenience shops the cap is 3,500 sq. metres for the greater Dublin area and 3,000 sq. metres for the rest of the country. A recent Government decision has removed the 6,000 sq. metres cap on non-food retail warehouses, in the functional areas of the four Dublin local authorities and in the other NSS Gateways. The Group welcomes this announcement and believes that it will lead to a greater choice and lower prices for consumers.

5.3 Planning: Conclusions

The planning process is currently accessible to all members of the public and incorporates a redress mechanism, unique in Europe, through An Bord Pleanála. However, consumer interests are not considered in the planning process to the same extent as other relevant interests and there is no effective consumer voice in the planning area. If consumer issues are to be adequately taken into account and represented in the planning process the following actions must be taken:

- ② The Government must ensure that the views of consumers are sought and taken into account
- ② A consumer representative structure must have input into the planning process.

The most important focus for achieving consumer influence in the planning process is at the forward planning level - in the formulation of objectives and policies in the national, regional and local plans. This ensures that consumer interests are considered at the highest level.

Key Recommendations

Planning

- ② Oblige local authorities to demonstrate how needs of consumers have been explicitly taken into account at the forward planning level stage and in dealing with planning applications in relation to retail and other service provisions.

Responsibility: Department of Environment, Heritage and Local Government

- ② Interpret the Retail Planning Guidelines in a manner that promotes competition and which is consistent across all local authorities.

Responsibility: Department of Environment, Heritage and Local Government



6

Utilities

6.1 Electricity

Every day we use electricity in countless ways without giving it much thought. From a consumer perspective we have to pay for the electricity that we use and in addition the price of electricity impacts on the prices of goods and services generally.

The electricity market in Ireland is the second smallest of the EU15, and even an all-island market would be only a fraction of the size of most other EU electricity markets. Until 2000 the ESB was the primary provider for electricity and therefore the consumer had no choice of supplier. The liberalisation of the market began in February 2000, with a 28 per cent market opening, allowing major industrial consumers of electricity to choose a supplier of their choice. The market has been fully liberalised to all consumers since February 2005, in principle allowing consumers to choose their supplier of electricity.

Plans to bolster competition in the market include the following:

- ⌚ Enhanced cooperation between the markets north and south of the border, with a long-term view of creating an all-island energy market
- ⌚ The development of two 500MW electrical interconnections between Ireland and Wales, which would facilitate trade with the UK.

Security of supply and high price levels are the two principal problems facing the electricity market in Ireland over the short to medium term. The security of supply problem is:

- ⌚ Under-investment in infrastructure
- ⌚ Rapid increases in demand
- ⌚ The failure to attract new entrants to the market.

“There is no choice in gas or electricity and one has to accept the service they provide, and pay whatever charges they levy”

Source: From a submission to the CSG



Electricity Tariffs

Electricity tariffs for domestic customers were among the lowest in Europe through the mid 1990s. However they have increased rapidly since 2000, resulting in tariffs above the EU15 and EU25 average. The CER approved two rounds of price increases in September and October 2004 giving a net price increase for domestic customers of 16.6 per cent. The key factors feeding the changes in electricity tariffs are increases in global fuel costs and the significant underinvestment in the electricity infrastructure in the 1980s.

Up to now, consumers have not had any formal representation in the CER, and this issue was highlighted in discussions with the Commissioner of Energy Regulation. By contrast, in Northern Ireland, the General Consumer Council of Northern Ireland (GCCNI) has statutory powers and an obligation to review and comment on any proposed changes in the price of energy by suppliers.

6.2 Telecommunications

The telecommunications market has been liberalised for several years but true competition has only been apparent in the last couple of years.

Ireland's geographical location and the emphasis on high-technology industries means that Ireland is more dependent than other countries on an efficient telecoms sector. Ireland currently offers competitive voice calls and the lowest international leased line costs in the OECD.

The market for mobile phones is highly concentrated with two suppliers accounting for 94 per cent of market share. In terms of cost, Ireland ranks poorly for medium and high-volume mobile phone users. Irish mobile operators' average revenue per user (ARPU) at €47 per month is estimated to be the second highest in the EU. Forty six per cent of all adults with a fixed line telephone also have Internet access at home.

Broadband

Increasingly, consumers have been moving to broadband services to improve the speed and quality of their Internet access. There are, however, some issues relating to broadband usage:

Availability	Ireland has improved in terms of Digital Subscriber Line (DSL) coverage and it is estimated that coverage has increased to 81 per cent of the country.
Quality/Speed	There remain issues regarding the quality and speed of broadband services and the level of choice available. In particular the definition of broadband in Ireland refers to a level of service that is far behind what is available to consumers in Japan or Korea.
Price	The cost of basic broadband services has dramatically improved and Ireland is now competitive for residential and small business customers. The entry of wireless and satellite technologies now offers competitive alternative routes to broadband access.
Information	Information on the options available – there is a lack of customer awareness about the benefits that broadband offers and there is also a lack of understanding of the choices available.



6.3 Utilities: Conclusions

Despite their importance to people's everyday lives and to the functioning of the economy, there is a lack of consumer representation in the electricity and telecoms sectors in respect of the provision of services and price setting. Both regulators (CER and ComReg) have highlighted the need for a consumer voice.

Key Recommendation

Utilities

- ② Provide a strong consumer voice in the regulated sector to complement the regulators, especially in energy and telecommunications, in order to ensure full consideration of consumer issues in the regulatory process.

*Responsibility: Department of Communications, Marine and Natural Resources;
Department of Enterprise, Trade and Employment*

Section 3

Current Responses

This section looks at how consumer issues have been dealt with up to now: what is current Government policy?
What organisations in Ireland have a consumer remit?
What legislation governs consumer affairs in Ireland?

And finally, what has been the response in other countries?





7

Current Government Policy and Processes

7.1 What is Consumer Policy?

Consumer policy is primarily the responsibility of the state, both because it includes issues of consumer protection in its broadest sense and also because of the state's concern with issues of national competitiveness – to which informed and active consumers make a key contribution.

Consumer policy covers a number of fields, including the legal framework, institutional support to consumers and consumer protection and it also overlaps with competition policy. In addition, consumer policy expresses Government targets and strategies for consumer welfare:

- ② What should be the ideal conditions for the consumer?
- ② What measures should the state put in place to help achieve these?

There has been no formal statement of consumer policy in Ireland to date. However, in practice a wide variety of activities take place that collectively represent the implementation of an active agenda in support of the consumer. These are spread across a variety of institutions.

The Legal Framework

The legal framework includes all the laws that affect the consumer in buying goods or services. These define the rights and responsibilities of the consumer in the transaction. But the legal framework also includes the mechanisms to settle disputes, such as the courts and other redress institutions. The institutional support to consumers includes all the agencies that act on behalf of the consumer in ensuring that specific laws and regulations are enforced and that health and safety and other measures that are part of consumer protection are implemented. See chapter 9 for more information on Irish and European legislation on consumer issues.

The Role of More Informed and Empowered Consumers

As consumers become better informed and more empowered, they will contribute to the development of a strong consumer culture which will have less need for state provision of advice and support. In this context, the Government needs to kick-start this process and be mindful of the need to prepare for a reducing role in the years to come.

As a strong consumer culture grows, businesses will become further sensitised to the importance of consumer issues and will themselves move towards higher levels of consumer information, service and redress. Such voluntary action in the consumer sphere can be greatly encouraged by a clear prioritisation of consumer interests by government.

7.2 Department of Enterprise, Trade and Employment (DETE)

The Competition and Consumer Policy Section in DETE is primarily responsible for consumer welfare, with its main role being the development and administration of consumer policy and legislation at EU and national level.

Current work in this area includes a critical review of a voluminous body of existing legislation with the aim of creating a clearer, more effective and more easily understood framework of consumer law. The consumer and the legal system will not benefit from increased certainty and clarity until this review is completed. The timetable for the project is critical and in view of the importance of this area, should be accelerated as far as possible. The review should be broadened to include any legislative changes necessitated by the Group's recommendations.

The Department is also overseeing the creation of a new web-based consumer portal which will be a single point of access to information on consumer rights and support in Ireland.

The growing importance of EU legislation in the consumer field and the need for increased focus within Government on consumer issues point to a need for increased resources within DETE in the consumer area.

7.3 Other Government Departments

In a survey of Government departments, the Group found that twelve of the fifteen Government departments view themselves as having customers. The Department of Community, Rural and Gaeltacht Affairs, the Department of Defence and the Department of Education and Science do not consider themselves to have a direct customer base. Nevertheless, these Government departments have customer charters in place. The non-profit nature of the public sector means that these charters focus on quality of service, equal access and complaints procedures.

In relation to mechanisms of public consultation currently in place, only three of the fifteen Government departments operate established customer panels – these are the Department of Agriculture and Food, the Department of Health and Children and the Department of Social and Family Affairs. Five departments consult with customers on specific areas/projects via public meetings, surveys and consultation documents, while the remainder do not currently operate any formal consultation mechanisms.

Of those that chose to comment on the effectiveness of their consultation mechanisms, the use of public feedback was noted as valuable in enabling consideration of a variety of views in policy development and implementation.



“We need a national consumer forum or council where the views of consumers can be assembled and analysed”

Source: From a submission to the CSG



7.4 Regulation and the Consumer

Regulation is a term used to cover not only laws but also other rules such as Ministerial Orders, by-laws and decisions of regulators. Clearly regulation is a key policy instrument and it affects consumers across all areas of their lives from the quality of food they eat to the information they get when they take out a loan. Regulations also affect the availability, quality and price of all kinds of goods and services and they have a significant impact on the level of competition in consumer markets. There is increased attention internationally on the process of how regulations are made, how carefully the likely effects of regulations are considered and how different interests are taken into account before a decision is taken.

In 2001, the OECD carried out a review of regulation in Ireland⁴¹. It noted a poorly developed consumer culture and a policy bias in favour of producer interests. It said that, historically in Ireland, the consumer voice (and in particular the domestic consumer) has been weak relative to producer interests.

In January 2004, the Government issued a White Paper on better regulation⁴², implementation of which is being coordinated by the Department of the Taoiseach. There is now a focus on improving the quality of regulation – including new and existing laws and subsidiary rules. A systematic approach to this is currently under development for Ireland following the Regulatory Impact Analysis model (RIA).

7.5 Regulatory Impact Analysis

Regulatory Impact Analysis is a systemised approach to making regulations which ensures that the full impact of any proposed new regulation is taken into account. RIA is extensively used in other EU and OECD countries and has two key components:

Enhanced consultation	A structured, documented consultation process with all interested parties, not just those who are most vocal or best resourced
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Better quantification of impacts	A cost/benefit analysis or other assessment of the actual cost – for example, costs to the exchequer in terms of enforcement, costs to business in terms of compliance and costs to the consumer in terms of competition.
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The incorporation of the consumer viewpoint into the RIA approach is particularly important. Where a piece of legislation or a change in the rules for regulating a particular sector is under consideration, it is essential that the consumer effects are explicitly taken into account. In other words, it is not enough to look at the impact of regulation on prices or on employment alone – the impact on consumers must be assessed specifically. This means looking not just at changes in prices, for example, but at what they mean to household budgets; not just at the environmental impact, but at what it means for families, vulnerable consumers and other consumer groups; not just at safety issues in general, but at how consumers can get the information they need to secure their own protection. Regulations on the display of information, for instance, should include assessment of what consumers need. Similarly, those involved in regulating markets for products or services should take into account consumer access to those markets and examine the extent to which it is affected.

41 www.oecd.org/dataoecd/48/35/2475450.pdf

42 Government White Paper on Regulation, *Regulating Better*, January 2004.

7.6 Current Government Policy and Processes: Conclusions

Bringing the consumer agenda to the forefront in Government policy will require close integration of consumer concerns into the 'better regulation' agenda. If more systematic processes of developing regulations are adopted, it is important that the consumer aspects receive full consideration. Another aspect is that of advocacy: given the fact that consumers are currently not always considered in other Government policy areas, there is a need for renewed emphasis on consumers throughout the system. When Government decisions are being taken, whether on new regulations or other expressions of policy, such as investment decisions, it is just as important that some form of 'consumer proofing' takes place, so that attached to the decision is a clear summary of how it will affect consumers.

Key Recommendations

Current Government Policy and Processes

- ③ Increase resources of the Competition and Consumer Policy section in the Department of Enterprise, Trade and Employment, particularly to enhance legislative capability.
Responsibility: Department of Enterprise, Trade and Employment
- ③ Accelerate the legislative review currently being undertaken by the Department of Enterprise, Trade and Employment and include any legislative changes necessitated by the Group's recommendations.
Responsibility: Department of Enterprise, Trade and Employment
- ③ Incorporate consumer considerations in regulatory impact analysis (RIA) procedures; consumer-proof all relevant Government decisions.
Responsibility: Department of An Taoiseach; All Government Departments



8

Organisations in Ireland with a Consumer Remit

Although consumer policy has not played a very prominent role to date in Ireland, there are a range of consumer-related activities carried out by State and European agencies, by regulators and by voluntary organisations.

State Organisations

Within the State sector, the Office of the Director of Consumer Affairs, the Competition Authority, the European Consumer Centre and the European Extra Judicial Network are the main players in the consumer field. The role of these and other organisations is discussed in 8.1 in this chapter.

Regulators

The role of the regulatory bodies varies – 8.2 deals with regulators whose work impacts consumers in one way or another. Typically, these are regulators whose primary responsibility is to ensure equal access to resources – for example, to established networks in the area of energy or telecoms – and this benefits the consumer by encouraging competition. The Irish Financial Services Regulatory Authority, by contrast, has a specific consumer protection mandate.

The Voluntary Sector

Ideally, consumer services should as far as possible be provided by consumers themselves. In Ireland, a number of voluntary organisations exist to help consumers perform this role – the more active of these are discussed in 8.3 in this chapter.



“Presently, consumer representation is almost in the category of a voluntary service and that is patently inadequate in the face of all the resources available to business interests”

Source: From a submission to the CSG

8.1 State Organisations

The Office of the Director of Consumer Affairs (ODCA)

The Office of the Director of Consumer Affairs is the main agency for Government action in relation to the consumer and its key responsibility is the enforcement of the 71 pieces of consumer-related legislation currently in force. The ODCA has the power to enforce legislation by referring prosecutions to the Director of Public Prosecutions and by seeking High Court orders.

The ODCA is also responsible for informing the public about consumer rights, which it does through advertising campaigns and via an information hotline. The ODCA has a dedicated help line which received 39,000 calls in 2003 on a wide variety of issues including clothing, credit notes/refunds/deposits, electrical goods, motor vehicles and prices generally. About 4,600 complaints are received each year. The ODCA also holds clinics in Citizens Information Centres (CICs) around the country.

The ODCA is keen to develop a role in the area of consumer advocacy, but work here is presently at a low level due to staff shortages. The ODCA has a full-time staff of 62, of whom 42 are involved in enforcement. The Agency's budget for 2004 was €3.933 million.

Competition Authority (CA)

The Competition Authority (CA) is an independent statutory body with responsibility for the enforcement of competition law and merger control. It also has a role as an advocate for competition, which gives it a remit to comment on the competition implications of proposed legislation. This role frequently sees the CA intervening in public debate on both competition and consumer-related issues. The CA currently has a staff of 41, but it is envisaged that this will increase as the Authority undertakes additional work in the field of merger control. The Authority's budget for 2004 was €3.969 million.

The European Consumer Centre (ECC)

The European Consumer Centre provides information on consumer rights in the EU and assists consumers who have disputes with retailers or service providers in other EU countries. Its concern is exclusively with cross-border private transactions. The European Commission has the goal of operating a centre in each Member State. The ECC cooperates informally with ODCA and its inspectors and is jointly funded by the ODCA and the European Commission. In Ireland, the ECC is a private limited company with registered charitable status, unlike other Member States where ECCs are located within mainstream Government structures. The Irish ECC currently has a full-time staff of five and three part-time staff. Its annual budget is €400,000.

European Extra Judicial Network (EEJ-Net)

The European Extra Judicial Network helps consumers resolve cross-border disputes through Alternative Dispute Resolution (ADR) approaches. It maintains a clearing house in each Member State: in Ireland the clearing house has one staff member. The European Commission has recommended a merger of ECC and EEJ-Net in each country and this step seems logical.



Comhairle

Under the aegis of the Department of Social and Family Affairs, Comhairle's main activities are in the provision of information, advice and advocacy on social services. It maintains a network of CICs, which play a role in consumer-related issues insofar as enquiries occur in this area. However, the number of enquiries is small, with only three per cent of phoneline enquiries being consumer complaints about goods and services.

Money Advice and Budgeting Service (MABS)

Comhairle also funds the Money Advice and Budgeting Service network which has a large number of centres around the country providing practical advice to people in financial difficulties and 'as-needed' support in reaching accommodation with financial services providers.

The Food Safety Authority of Ireland (FSAI)

The Food Safety Authority of Ireland comes under the aegis of the Minister for Health and Children and is an independent statutory body responsible for promoting public health and consumer interest in the area of food safety and hygiene. FSAI delegates its legal responsibilities to a number of agencies.

The enforcement of food labelling legislation (at both national and EU level) is carried out by ODCA under a service contract.

Consumer complaints are referred to Environmental Health Officers (EHOs) attached to the Health Boards. The food safety system is dependent upon the Health Boards allocating enough environmental health officers to undertake inspection and enforcement.

National Standards Authority of Ireland (NSAI)

The National Standards Authority of Ireland is responsible for the development and promotion of product standards in Ireland.

Development of specific Irish standards in consumer-related products is sometimes required when an international standard is inappropriate – for example, a special standard has been developed for hurling helmets. There is very limited consumer input into standards, although the NSAI would like to see this increased.

NSAI – Legal Metrology Service

The Legal Metrology Service was established in 1997 as a statutory body within the NSAI and is responsible for weights and measures in Ireland. The Legal Metrology Service receives between 100 and 120 complaints each year, mostly in relation to petrol. Pre-packed goods are rarely a subject of complaint, but sometimes complaints are received from other EU countries about Irish packaged products.

8.2 Regulators

The Irish Financial Services Regulatory Authority (IFSRA)

The Irish Financial Services Regulatory Authority (IFSRA) was established in 2003 as the single regulator for all financial services in Ireland. It has two main functions:

- ⊗ The prudential regulation of financial institutions – ensuring the stability and sustainability of the financial system as a whole and its component institutions
- ⊗ Consumer protection.

The establishment of IFSRA was the subject of lengthy consideration. Now that it is in operation, the consumer interest has a well-resourced organisation that can work on its behalf. There is, however, potential for conflict between these two aims of IFSRA. Some time is therefore needed to determine whether this is an issue in practice and accordingly the Group believes that this arrangement should be reviewed in three years time.

IFSRA's consumer protection strategy includes advocacy, education and information and the development, implementation and policing of industry codes. It produces fact sheets and comparative price lists, maintains a consumer help line and has introduced consumer protection codes to cover all regulated financial services businesses – new versions of these will be issued early in 2005.

IFSRA is also obliged to report any suspected contravention of the Competition Act 2002. As required, IFSRA has established two consultative panels - an Industry Panel and a Consumer Panel (with representation from the Consumers' Association of Ireland). The Group considers that MABS should also be a member of this panel.

Jurisdiction of Financial Services Regulators

By EU agreement, prudential regulation⁴³ of financial services companies operating in overseas markets is conducted on a 'home country' regulator basis. For example, a UK bank operating in Ireland is regulated by the UK Financial Services Authority. However, consumer protection regulation remains the responsibility of the host country, so a UK bank in Ireland is bound by the provisions of the Irish Consumer Credit Act.

Commission for Communications Regulation (ComReg)

The Commission for Communications Regulation (ComReg) is the statutory body responsible for the regulation of the electronic communications⁴⁴ and the postal sectors. Established in 2002, its activities include authorising the provision of networks and services and of regulating access to networks. The focus of regulation for the postal service is on the maintenance of the Universal Service Obligation (USO) and in ensuring that An Post prices are proportionate to the costs of providing the service. ComReg also manages and develops Irish regulatory input into European and international policy, standards and legislation governing these sectors.

The main consumer input to ComReg is through its processes of public consultation, including its consumer website⁴⁵ which provides information on the main issues of concern to consumers (complaints procedures, tariff options and codes of practice) and its telephone help line. To date, however, consumer input into ComReg is minimal in practice.

⁴³ Prudential regulation refers to regulation which is designed to monitor the solvency of regulated firms.

⁴⁴ Telecommunications, radio communications and broadcasting transmission.

⁴⁵ www.askcomreg.ie



Commission for Energy Regulation (CER)

The Commission for Energy Regulation (CER) is the regulator of the electricity and natural gas markets. CER authorises infrastructural proposals such as the construction of new electricity generating plants and gas pipelines and also licenses companies to supply electricity and gas. CER has the power to regulate the prices charged to certain gas and electricity customers. CER has a remit to protect the interests of the final customers of electricity or gas.

- ⦿ In relation to electricity, CER is required not to discriminate unfairly between the Electricity Supply Board and holders of licences and authorisations
- ⦿ In relation to gas, CER is required not to discriminate unfairly between Bord Gáis Éireann and holders of licences and consents.

The main consumer input to CER is through public consultation, although in practice consumer input is very small and CER is not satisfied that consumers have a voice. To address this issue, CER is currently establishing a new Retail and Consumer division.

Commission for Aviation Regulation

The Commission for Aviation Regulation, established in February 2001, regulates certain aspects of the aviation and travel trade sectors in Ireland. In particular, it is responsible for setting the maximum level of airport and aviation terminal service charges – in this way, the Authority's decisions indirectly affect all air passengers in Ireland. The Commission for Aviation Regulation is also responsible for licensing tour operators, travel agents and airlines operating in Ireland.

While the Commission does not have a direct or explicit consumer interest role, it is statutorily obliged to seek the views of all interested parties via public consultation – however, in practice there has been no consumer response to consultation.

8.3 The Voluntary Sector

The Consumers' Association of Ireland (CAI)

The Consumers' Association of Ireland (CAI) is the best known and strongest independent consumer organisation in Ireland. Its magazine *Consumer Choice* provides information and advice to its 8,500 members. The CAI also represents consumer interests on a wide variety of State-established and EU working groups, boards and committees. The CAI operates a volunteer-staffed advice and information line which handled over 8,000 calls in 2004, many of which were referred by the ODCA and the ECC. The CAI is a registered charity, with an annually appointed Board (elected by its members) and a staff of nine. Its main sources of funding are membership subscriptions and since 2001 a government subsidy of €63,000 per annum. The CAI is also a member of Bureau Européen des Unions de Consommateurs (BEUC), the European umbrella body for consumer associations.

Advertising Standards Authority of Ireland (ASAI)

The Advertising Standards Authority of Ireland (ASAI) is an independent self-regulating body established and financed by the advertising industry. It operates a *Code of Advertising Standards*, a *Code of Sales Promotions Practice* and a mechanism for dealing with complaints and has well-established enforcement and sanctions procedures. Almost all its budget is derived from membership subscriptions and it has a staff of four. ASAI's board does not include a specifically-appointed consumer representative; however, four members of its Complaints Committee are nominated by the Director of Consumer Affairs.

8.4 Organisations in Ireland with a Consumer Remit: Conclusions

There is a large emphasis on consumer protection in the current State system to the exclusion of planned regular information campaigns for consumers and of advocacy on their behalf. The FSAI is a notable exception in the area of consumer information.

Similarly in enforcement, no sustained effort seems to have been made to involve consumers themselves in the process of protection.

A strong consumer voice in Ireland could help the regulators by giving them independent consumer-focused assessment, not only of the markets but also of products and services available and the degree to which consumers get value for money.

The CAI has for many years provided information and advice to its members and has provided representation on a variety of committees. However, a voluntary organisation, with limited resources, cannot fill the existing gaps in consumer policy in Ireland.

Key Recommendations

Organisations in Ireland with a Consumer Remit

- ② Review in three years' time, the effectiveness of the Irish Financial Services Regulatory Authority in carrying out its consumer protection role.
Responsibility: Department of Finance
- ② Ensure that the Money, Advice and Budgeting Services is represented on the Consultative Consumer Panel of the Irish Financial Services Regulatory Authority.
Responsibility: Department of Finance



9

Consumer Legislation and Enforcement

9.1 The Irish Legal Framework for Consumer Legislation

Until three decades ago consumer protection was not a priority for legislators in Ireland. Sales transactions were regulated by the Sale of Goods Act 1893, which was not equipped to deal with the increasingly sophisticated selling techniques that included mass-marketing and multimedia advertising campaigns. Subsequent legislation did make some attempt to regulate consumer credit transactions, but this was fragmentary. Consumer protection in the supply of services field was minimal and there was no accessible code of law to which the consumer could turn for a clear indication of his or her legal rights.

Recent times have seen the momentum towards greater consumer protection gaining legislative force. In 1980 the Sale of Goods and Supply of Services Act made far-reaching reforms. Under the terms of this Act, dissatisfied consumers acquired a range of legislative rights and remedies. One of the criticisms of the 1980 Act however, was that it did not lay down any comprehensive code to regulate consumer credit contracts.

More recently, the Consumer Credit Act, 1995, facilitated the regulation of credit transactions in a systematic, uniform manner and established a comprehensive system of licensing in the credit field. In 2003, with the coming into force of the Central Bank and Financial Services Authority of Ireland Act in May 2003, the regulatory landscape has been changed. IFRSA is now the main regulator of the financial services sector.

The Consumer Information Act 1978

Although the 1980 Act is the principal repository of the civil rights and remedies available to Irish consumers, it complements the Consumer Information Act, 1978. Essentially the 1978 Act is an extension of the various 19th century Merchandise Marks Acts – this might seem cumbersome, but the combination of old and new legislation has worked well to encourage higher standards of truthfulness in describing goods and services.

In particular, the 1978 Act defined a set of criminal offences with a view to curbing deceptive advertisements and specific marketing and promotional practices that were deemed detrimental to consumers' interests. The 1978 Act also directly affects the character and substantive content of consumer contracts by obliging businesses to be truthful both in their advertisements and during the course of pre-contractual negotiations with consumers⁴⁶.

⁴⁶ It should however be borne in mind that contracts for the supply of goods or the provision of services shall not be void or unenforceable solely on account of a contravention of either the Merchandise Marks Act or the 1978 legislation.

ODCA

The 1978 Act created the independent statutory office of Director of Consumer Affairs with a range of powers aimed at ensuring truthfulness in advertising. The Director may:

- ② Scrutinise advertisements and information supplied to the public in relation to the descriptions of goods, services, accommodation and facilities
- ② Draw the attention of the offending trader to the specific provisions of the 1978 Act
- ② Formally request the offending trader to discontinue or refrain from engaging in misleading trade practices
- ② Request the Minister for Enterprise, Trade and Employment - or in more serious cases, the Director of Public Prosecutions - to initiate criminal proceedings in relation to alleged offences under the Merchandise Marks Acts 1887–1970 and the Consumer Information Act, 1978
- ② Apply to the High Court for an injunction prohibiting the publication or preventing the further publication of an advertisement which is 'likely to mislead'.

Since then, the portfolio of legislation enforced by the Director of Consumer Affairs has increased substantially beyond the traditional parameters of trade descriptions, consumer information and advertising. Areas falling within the Director's remit now include:

- ② Food labelling⁴⁷ and food safety legislation⁴⁸
- ② Labelling of non-food products⁴⁹
- ② Prices and price display
- ② Safety of products
- ② Sale of goods
- ② A number of miscellaneous pieces of legislation including the Occasional Trading Act, 1979, the Liability for Defective Products Act, 1991 and the Freedom of Information Act, 1997.

The Director's remit also takes in most of the consumer protection legislation emanating from the European Union – including the EC Directives on Package Travel, Holidays and Tours, Unfair Terms in Consumer Contracts, Consumer Sales and Guarantees, Distance Selling and Electronic Commerce, all of which have been implemented into Irish law.

The consumer credit related functions of the Director were transferred to the newly-established IFSRA in May 2003 under the terms of the Consumer Credit Act 1995. The Director retains responsibility for the licensing of pawn brokers and the authorisation of credit intermediaries.

⁴⁷ Enforcement under a contract with the Food Safety Authority of Ireland.

⁴⁸ The Director has an enforcement role under a small number of food regulations.

⁴⁹ Enforcement of two regulations: the European Communities (labelling of footwear) Regulations 1996 and the European Communities (names and labelling of textile products) Regulations 1998.



9.2 European Union Consumer Legislation

Most of the consumer protection legislation currently in force in Ireland originates from the European Union where consumer interests are represented primarily by the Health and Consumer Protection Directorate General. The recent history of European consumer legislation began in 1975 when a preliminary programme for a consumer protection and information policy was drawn up. Since then a large number of legislative measures and initiatives have been adopted, primarily designed to encourage the opening up of the Single European Marketplace to traders and consumers alike.

The legislation emanating from the Health and Consumer Protection Directorate General is concerned with both the economic interests and the safety of consumers. It is exceptionally broad-ranging, covering areas such as:

- ⊗ Price indications for foodstuffs/consumer products in general
- ⊗ Misleading and comparative advertising
- ⊗ Safety requirements to be met by cosmetic products
- ⊗ Dangerous imitation products
- ⊗ Textile names
- ⊗ Doorstep selling
- ⊗ Cross-border credit transfers
- ⊗ Consumer credit
- ⊗ Toy safety
- ⊗ Package holidays
- ⊗ General product safety
- ⊗ Unfair terms in consumer contracts
- ⊗ Timeshare contracts
- ⊗ Distance contracts
- ⊗ Injunctions for the protection of the collective interests of consumers
- ⊗ Sale of goods and associated guarantees
- ⊗ Labelling, presentation and advertising of foodstuffs
- ⊗ Electronic commerce.

The Health and Consumer Protection Directorate General also established the European Food Safety Authority and has developed general principles of food law and introduced procedures to be applied on a Community-wide basis in relation to food safety.

“Consumers who complain are generally treated as cranks”

Source: From a submission to the CSG



Proposed European Legislation

The Commission's Work Programme 2005 includes two major pieces of consumer protection legislation, both of which originated in the Health and Consumer Protection Directorate General:

- ⊗ A proposal for a new Directive on Consumer Credit (2002/0222/COD)
- ⊗ A proposal for a Directive on Unfair Commercial Practices (2003/0134/COD)

In addition, the Internal Market, Industry and Research Directorate is championing the Proposal for a Directive on Services in the Internal Market (2004/0227/COD) which is designed to encourage the opening up of the Single European Marketplace in Services. Of these three draft pieces of legislation, the Unfair Commercial Practices Directive is arguably the most important from a consumer law perspective insofar as it is designed to prohibit unfair marketing practices and to establish European-wide standards for advertising and sales promotion.

If these proposals are successful, they should lead consumers to feel more at ease shopping in other Member States, whether in person or online.

9.3 The Enforcement of Consumer Rights

Although the Sale of Goods and Supply of Services Act 1980 equipped Irish consumers with a comprehensive armoury of rights, it failed to provide them with effective redress procedures. The legal procedure for securing redress seemed irrelevant to the vast majority of Irish consumers. Consumers were often ignorant of both the existence and extent of their legal rights. Even when they were aware of the legal rules, their appreciation of the legal position often did not extend to the different forms of legal and extra-legal redress which were available to them.

Another deterrent to court action, common to some consumers, was their lack of confidence in both lawyers and the legal process. Apathy also prevented many consumers from even contemplating the initiation of legal proceedings.

In addition to these obstacles, the process of 'going to court' in the District Court (which has always been considered a small claims court) was too expensive whenever the claim involved relatively small amounts of money.

There were also protracted delays in obtaining judgment against either retailers or manufacturers in the District Court and these acted as a deterrent to the bringing or maintenance of small consumer claims and as an indirect incentive to the retailer or manufacturer to refuse to settle a claim. In cases where retailers or manufacturers failed to pay up promptly on foot of judgments against them, consumers were often subjected to the additional expense of attempting to enforce the judgments by means of antiquated enforcement procedures which carried no guarantee of success.

The Small Claims Procedure

To enable consumers to enforce their legal rights more effectively, a pilot procedure for the resolution of small claims was introduced in the District Court in 1991. A small claim can be brought by an individual who has purchased goods or services for private use from someone selling them in the course of a business. The pilot procedure proved successful and it was established on a nationwide basis in 1993. It was designed to facilitate the ordinary consumer in seeking redress through the courts system in small civil cases without the fear of incurring legal costs if they lost. The 'no costs' rule – which is a central pillar of the small claims procedure – acts as a powerful disincentive to the use of lawyers in relation to small claims. However, the main advantage of the procedure from the consumer perspective is that their only liability in terms of costs is the €9 fee which is payable in respect of the processing of their claim. The procedure covers the vast majority of consumer claims not exceeding €1,269.74 in value (IR £1,000).



This process has proven to be more consumer-friendly insofar as the Small Claims Registrar usually exercises an inquisitor's role in relation to small claims and this helps to create a level playing field between the parties, especially in cases in which the retailer is represented by a lawyer.

In 2003, the District Court dealt with 3,097 cases initiated under the small claims procedure, a slight rise on the 3,020 claims initiated in 2002⁵⁰. Of the cases which were dealt with in 2003, more than 50 per cent were settled by the District Court Registrar. In about 25 per cent of the cases, the Registrar involved was unable to procure a settlement between the parties and referred them to the District Court for a full hearing, (the no-costs rule also obtains in relation to full hearings of small claims before the District Court). Of the remaining cases dealt with under the small claims procedure in 2003, around one per cent were not covered by the procedure, in excess of 10 per cent of cases were not proceeded with by their instigators and, in a further 10 per cent of the cases, the consumer litigant obtained judgment by default when the defendant failed to either enter an appearance or defend the claim.

In his book on the small claims procedure, Damian McHugh⁵¹ argues that the small claims limit of €1,269.74 should be increased, pointing to the fact that the limit in Northern Ireland is £2,000, while in England it is £5,000 and the average in the United States is \$5,000.

If the limit is raised, there is a possibility that retailers will increasingly engage lawyers to defend small claims initiated against them. It is more likely, however, that the no-costs rule will continue to act as a powerful disincentive against the use of lawyers.

Enforcement Procedures

Consumers who obtain decrees against traders who fail to pay up in response to judgments against them often find it difficult to collect the monies awarded to them. If the trader does not pay, the consumer can usually apply to the District Court Registrar in order to have the order of the District Court forwarded to the Sheriff for execution.

At this point, however, disputes can arise between the trader and the Sheriff as to the precise ownership of goods and frequently the Sheriff will make a return to the Small Claims Registrar in which he/she declares that he/she was unable to take goods in execution of the District Court judgment. This can effectively make it impossible for the claimant to exact appropriate compensation from the recalcitrant traders involved.

There are different legal procedures⁵² available to consumers experiencing difficulties in enforcing their District Court judgments against traders. One of the most effective is for the claimant to apply to the District Court to direct the trader to pay the sum due by instalment. Before the Court makes an instalment order however, the debtor is brought before it and examined as to his or her means. Often the threat of such an examination encourages the trader to make immediate payment of the monies owed. There is also a procedure under which a recalcitrant trader can be imprisoned for failing to obey a court order, and this can act as a strong incentive to pay up. However, not all consumers will be prepared to go to these lengths to secure monetary redress in respect of their small claims.

50 See Courts Service Annual Report 2003, p.102.

51 Damian McHugh, *The Small Claims Court in Ireland – A Consumer's Guide* (First Law, Dublin, 2003).

52 See 51.

Key Recommendations

Consumer Legislation and Enforcement

- ③ Commission research into small claims enforcement procedures currently available to consumers with a view to establishing whether a more streamlined and effective process can be put in place.
Responsibility: Department of Enterprise, Trade and Employment
- ③ Increase the limit of the maximum award to €3,000 in the small claims procedure in the District Court.
Responsibility: Department of Justice, Equality and Law Reform
- ③ Review the small claims award limit every two years and adjust by means of Ministerial Order, if appropriate.
Responsibility: Department of Justice, Equality & Law Reform



“Legal redress is expensive, risky, troublesome and generally slow”

Source: From a submission to the CSG



10

The International Experience

The work of developing a consumer policy can benefit a great deal from an examination of what other countries have done in this area.

This chapter examines consumer policy and institutions in Denmark, the Netherlands and the United Kingdom. Northern Ireland, because of the increasing integration of the two markets on the island of Ireland, has also been closely examined.

Apart from policies at a national level, consumers in Ireland are also affected by consumer policies in the wider international arena. In particular, the work on consumer policy at European level is important to Irish consumers – for example, the European Commission plays a key role in encouraging the incorporation of consumer interests into EU legalisation, which is in turn incorporated into Irish law. The EU Consumer Policy Strategy for the five-year period from 2002–2006 has the following objectives:

- ② A high common level of consumer protection
- ② Effective enforcement of consumer protection rules
- ② Proper involvement of consumer organisations in EU policies.

Another international aspect is that of World Trade Organisation (WTO) negotiations which affect the whole area of international trade in goods and services. As far as Irish consumers are concerned, these negotiations have an important influence in determining the price and availability of goods and services on the Irish market.

10.1 Overview: Confident Empowered Consumers

The underlying principle of consumer policy in the countries reviewed is that of a consumer who is confident and empowered to make better choices and hence to drive the marketplace. This principle has been embedded in the policy-making process in Denmark and the Netherlands for many years and it has been taken up more recently in the United Kingdom.

The empowered/confident consumer principle is coupled with an emphasis on consumer-driven regulation, much of which is based on EU directives, as well as self-regulation by business, especially in Denmark and the Netherlands. The strength of self-regulation in Denmark and the Netherlands means that there is a lower emphasis on enforcement. In the UK, enforcement is still important and is conducted at local government level. In Northern Ireland enforcement is carried out by the Department of Trade and Industry (DTI), which operates a public help line.

Policy Structures

In the countries examined, consumer policy at government level is mainly under the remit of the business and economic ministry, with the exception of Denmark where it is now under a newly established Ministry of Consumer and Family Affairs. The day-to-day policy work is undertaken by the State-funded Danish Consumer Agency. Denmark has in fact integrated all state-operated services, including a consumer ombudsman, within a single structure known as the 'Consumer House'.

The core of consumer policy regimes has been modelled around the needs of the average consumer. In the UK there is a particular policy focus on vulnerable and disadvantaged consumers under the remit of the National Consumer Council (NCC), a policy think-tank that is fully funded by the Government. There is no such similar focus in Denmark or the Netherlands. The General Consumers Council in Northern Ireland (GCCNI) integrates a number of functions, including information, awareness and advocacy, while also having a strong statutory right of intervention with regard to the regulated industries.

In Denmark and the Netherlands, competition policy and consumer policy are dealt with by separate authorities, while in the UK they are combined in the Office of Fair Trading (OFT). In the UK the National Consumer Council and the Consumers Association each have the right to make so called "Super Complaints", in other words the right to require the OFT to investigate a particular market; in Northern Ireland, the GCCNI has the same right.

Information and Awareness

Information and awareness are important aspects of consumer policy in the countries reviewed. In each case, a one-stop-shop under the Ministry responsible for consumer affairs is responsible for providing consumer information and advice. In the UK, Citizens Advice, a registered charity, has a consumer affairs function and runs over 3,000 advice centres all over the country.

Consumers associations are also an important source of information and advice, but this is often restricted to members and not available to the general public.

10.2 Consumers' Associations

All countries reviewed have strong and influential consumers' associations which are highly regarded by Government and are all involved in influencing policy. The structure and funding arrangements of the consumer associations in the UK and the Netherlands is very similar in that both are totally privately funded organisations with revenues generated from membership subscriptions. They tend not to accept project work from Government, although this is not against their mandate.

In Denmark about 50 per cent of the revenues of the Danish Consumer Council comes from Government subsidy; but they still maintain independence and are a very active consumer advocate. Their membership is made up of 27 national organisations representing a large proportion of the Danish population, including 11 trade unions.

Table 13: Consumer Associations	
Country	Consumers' Associations
Denmark	Danish Consumer Council
The Netherlands	Consumentenbond
United Kingdom	Consumers' Association



10.3 Advocacy Roles

The main consumers' associations provide a strong and influential consumer voice in the countries reviewed. Because these organisations are membership-based, their campaigns tend to be centred on consumer issues relevant to their members rather than consumer issues at large. In the UK, the National Consumer Council (NCC) is a Government-sponsored body with a mission to 'help everyone get a better deal by making the consumer voice heard' and it sees itself as an advocate, especially for the vulnerable and more disadvantaged. In the Netherlands, the Committee for Consumer Affairs in the Social and Economic Council (financed by industry), also plays an advocacy role. The GCCNI in Northern Ireland has achieved a strong public profile through intervention in the fields of gas prices, bank charges and other issues.

10.4 Redress Mechanisms

In situations where consumers seek redress, consumer complaint boards (both public and private) are the preferred option in Denmark and the Netherlands.

Denmark

Denmark has a National Consumer Complaints Board which deals with over 4,800 consumer complaints each year, and there are also 11 authorised private consumer complaints boards which deal with and finance the complaints process. These private complaints boards cover sectors such as insurance, banking and investments, travel and construction. Sectors not covered by the private complaints boards have their complaints processed free of charge by the National Consumer Complaints Board.

The Netherlands

In the Netherlands, the Foundation for Consumer Complaints Boards was established to resolve disputes relating to all goods and services and currently deals with 31 alternative dispute resolution boards – these are funded half and half by the Ministry for Justice and the sectors themselves.

The Foundation itself receives a subsidy from the Ministry of Justice – the amount it receives depends on the number of boards under its auspices. Consumers in the Netherlands can also use the services of a Small Claims Court to seek redress.

UK

In the UK, the Small Claims Court is the main avenue of redress – consumer complaint boards do not feature in the UK's redress structure.

Ombudsman schemes are an alternative means of redress, mainly in the financial sectors in the Netherlands and the UK. In Denmark, the role of the Consumer Ombudsman is to monitor commercial activity in the broadest sense and individual complaints are not usually dealt with.

The Role of Business in Redress

In many countries, the role of business in consumer policy is at an advanced level. In Denmark for instance business organisations are very supportive of consumer policy and work closely with the consumer organisations, usually through the authorised private consumer complaints boards. Cooperation through consultative structures is also characteristic of the system in the Netherlands. Business also plays a role in redress mechanisms in these countries, where many complaints boards are operated at sectoral level on a voluntary basis, allowing for non-bureaucratic dispute resolution.

In the UK there has recently been emphasis on the development of voluntary codes at national level, for example, the Office of Fair Trading's new Consumer Codes Approval Scheme.

10.5 The International Experience: Conclusions

The experience of Denmark, the Netherlands, the UK and Northern Ireland leads to a number of conclusions relating to the development of consumer policy in those countries:

- ② The underlying principle of consumer policy is that empowered consumers can make better choices and hence drive a more efficient market place
- ② Consumer policy regimes are based on the needs of the average consumer
- ② The degree of separation of consumer and competition policy and the institutions that serve these varies from country to country
- ② Information and awareness is a priority in all countries – all four countries have a one-stop shop model for consumer information and advice
- ② Although the countries surveyed have a range of social partnership models, the state plays a pivotal role in providing key services for consumers
- ② All countries reviewed have strong and influential consumers' associations which are also the main advocates for consumers. These are either entirely privately funded or are subsidised by the State
- ② The business sector recognises the importance of good consumer policy, works closely with consumer institutions and operates sectoral codes of practice and dispute resolution procedures
- ② Redress mechanisms vary from country to country and depend on the nature of the complaint – they include private and public sectoral complaint boards and Small Claims Courts.



Chapter 10: *The International Experience*

Section 4

Building Consumer Policy

This section reviews the ingredients that are necessary to build a robust and effective consumer policy. These include the principles on which consumer policy should be built and the codes of practice that business needs to adopt.





11

Key Principles of a Good Consumer Policy

The key principles of a good consumer policy⁵³ can be summarised as follows:

Principle	What it Affects
<ul style="list-style-type: none">⊗ Access⊗ Safeguards⊗ Advice and Support⊗ Redress	} The consumer making a purchase
⊗ Consumer Voice	
	The consumer affecting policy

Each of these principles is discussed in this section in turn.

11.1 Access

The Access principle centres on consumers' ability to acquire market information, and make informed decisions based on that information, at a price point and quality level that meets their requirements. The Access principle can be broken down into the following components:

Principle	Description
Market Information	Market information covers the provision of easily accessible market information – for example, on prices, availability, sales outlets and quality. Such information can be time-consuming and difficult for individual consumers to collect, particularly where it relates to professional services. People on low incomes, those with disabilities and learning difficulties are less likely to be able to find all the information that they would need to make an informed decision.
Choice	<p>The more choice: the more individual freedom – if consumers have a wider range of goods and services to choose from, they are more likely to be able to meet their requirements. Consumer choice is affected by other policy areas such as transport, planning and sectoral regulation.</p> <p>Having a greater choice of goods and services highlights the importance of information in a context of limited free time for consumers.</p>

⁵³ Consumer Strategy Group, 'Components of consumer policy: background paper to the public consultation on a national consumer strategy', 2004.

Principle	Description
Price	<p>Price is only one of the factors of concern to consumers when making purchasing decisions. Overcharging can occur where there is insufficient competition in a particular market, or where there is collusion between firms to keep prices high.</p> <p>Sometimes prices are high not from collusion but because companies make individual decisions that they can all do better by not competing on price.</p>
Quality	<p>Consumers in Ireland have quality as their primary consideration in making a purchase as indicated in the CSG survey, with value for money in second place and price in third place.</p> <p>Quality can relate to the design, the materials used, the innovative character, the simplicity of use, the means of production (for example, environmentally-friendly or organic products), multi-functionality and so on, but quality can be a price question if it is related to durability or maintenance costs.</p> <p>The quality of goods and services on the market strongly influences the degree of satisfaction of the consumer, and thus underlines the importance of consumer policy for improving standards of living.</p>

11.2 Safeguards

A good consumer strategy needs to look at the safeguards that must be put in place to protect consumers – these are set out below:

Principle	Description
Health and Safety	<p>Health and Safety issues include health regulations in the preparation and sale of foods, electrical safety regulations relating to appliances and pharmaceutical regulations that specify the medicines that can be used.</p>
Terms and Conditions	<p>Terms and conditions relate to specific aspects of the transaction itself: examples include the 'cooling-off period' required for larger financial transactions, the information requirements in advertisements and agreements such as Annual Percentage Rate (APR), general conditions of sale, (such as suitability for the purpose) that are enforced by legislation, and other terms and conditions for different transactions that are specified by law.</p>



11.3 Advice and Support

Advice and support is a critical issue in consumer policy because those most in need of it are least likely to be aware or avail of other sources of information.

Principle	Description
Advice and Support	Advice and support relates to individual transactions: in making a purchase or other financial commitment, the consumer will benefit from full information and discussion of the implications or the relative merits of different options.

11.4 Redress

Redress is the degree to which consumers can enforce their rights in an individual transaction, either to get what was agreed or to get compensation if it cannot be delivered.

Principle	Description
Legal Remedies	<p>Taking a civil action in the courts is the traditional route for suing for damages, and/or seeking the return of the purchase price, or in rare instances, the delivery of the goods or services ordered. Many people are reluctant to go to court in the case of a dispute because of the high costs, or because the amount in dispute is small in relation to the potential costs of losing the action.</p> <p>The disproportionate costs and time involved in legal action have been alleviated to some degree by the introduction of the Small Claims Court, whose procedures are simpler and whose costs are low, but the threshold for claims is also low.</p>
Other Redress Institutions	<p>The State provides several institutions that have a role in arbitrating or adjudicating certain sectors and the aggrieved consumer can appeal to them in cases of dispute. The most obvious examples are the sectoral regulators. In particular, IFSRA has a specific consumer protection mandate, and since it licenses all the firms in the sector, it has (in principle) a powerful instrument to enforce its decisions.</p> <p>The Competition Authority has a mandate to enforce competition, but control of individual transactions is outside its remit.</p>
Alternative Dispute Resolution	Other dispute resolution mechanisms, such as arbitration or mediation, may be used to resolve disputes between a buyer and a seller. In some cases, contracts define the means of arbitration to be used in the event of a disagreement. In international contracts, the International Chamber of Commerce (ICC) is often specified as the arbitrator.

11.5 Consumer Voice

Ideally consumer policy should strengthen and empower the consumer, enabling individuals to make better choices in future, and be better able to obtain their rights.

Principle	Description
Input into Terms, Conditions and Pricing	Some purchases are necessary, not discretionary; and some of these relate to sectors where there is little or no competition or choice. The conventional way for the consumer to comment or give feedback is by buying or not buying. But in the case of monopolies there is effectively no way for the consumer to have an input into terms and conditions or pricing.
Input into Government Policies	<p>In principle everyone has an input into Government policies, through voting or through personal representations. The individual consumer, however, is weak by comparison with large companies, business organisations and the major financial institutions. Ireland's social partnership model does provide an additional channel through which different groups can influence a programme for economic and social development, but there is no direct consumer input into the social partnership process. Government therefore needs to take steps to ensure that consumers have an input into policy formulation and into decisions that have a major consumer impact.</p> <p>Decisions taken at international level can have great significance for consumers, yet here there may be even less consumer input than at national level.</p>
Consumer Responsibilities	The object of consumer power is to increase the ability of the consumer to behave freely and responsibly. This means at a minimum that the same standards of honesty and fair dealing should apply to both buyer and seller, even if their economic weight is different. It means also that Irish consumers while exercising their choices freely should be aware of the consequences of their actions – not just for Irish society and the Irish environment but, in an increasingly interlinked world economy, for other countries and societies also – and make their choices in this light ⁵⁴ .

54 A definition of consumer responsibilities from the United States includes the following:

- The responsibility to get information: before buying the consumer should collect and assess the available information
- The responsibility to choose: the consumer should analyse their needs and resources and make a decision accordingly, assuming the expense themselves when they make a mistake
- The responsibility to use products carefully, as intended, following instructions
- The responsibility to complain if necessary and also to signal satisfaction, dissatisfaction and concerns through appropriate channels.



11.6 What is Needed to Support these Principles?

In the context of the principles of good consumer policy outlined above, and drawing on insights gleaned from consumer policy and institutions in other countries, a number of functions are required for an effective and active consumer policy in Ireland. These are:

- ⊗ Advocacy
- ⊗ Information and Advice
- ⊗ Enforcement
- ⊗ Education and Awareness
- ⊗ Research

Advocacy

A strong and consistent voice for Irish consumers is needed at many levels in public debate in the State system and by way of influencing legislation. Intervention at policy level, or as necessary in the media, is particularly important to support the needs of disadvantaged consumers. Support is also needed for organisations that provide advice and information to consumers. The promotion of codes of conduct and redress procedures is another part of the advocacy function.

Information and Advice

To make the right choices, and even to know what is available, consumers need information targeted to their specific needs in terms that are readily understood. There are a number of sources of such information, including the media, advertising, consumer groups and voluntary organisations. Some businesses have customer charters that deal with principles and complaints procedures. Recently, websites have begun to appear providing comparative information on prices of goods in a particular region or sector. However, there is still a deficit: more targeted information is needed to focus both on consumer rights and protection and also on price and quality. The availability of more and better comparative information for consumers will stimulate sharper competition among suppliers. The information and advice function also includes advisory services to individual consumers. The current evidence is that many consumers do not know where to turn to for information on their rights.

Enforcement

Currently, there are many laws and other regulations in place to protect consumers. These range from rules on the quality and safety of products such as food, toys and electrical equipment to rules on the display of prices. Improved systems of enforcement are necessary to ensure that such rules are observed – including prosecution of offenders as appropriate. Where dangerous products are identified, preventive action is necessary under the EU Product Safety regime – for example, by securing the withdrawal of the unsafe product from the market place. Most importantly, however, consumers themselves can be encouraged to play a key role in enforcement.

Education and Awareness

Developing consumer thinking is an essential step in fostering a consumer culture, where consumer rights and obligations matter and are well understood by business and consumers themselves. The education and awareness function covers important areas of activity such as the encouragement of basic consumer education in schools, teaching and research on consumer issues in third-level institutions and the development of more general consumer consciousness through awareness campaigns. Interpreting and publicising consumer-related issues that arise from legislative and regulatory changes at national and EU level is also an important aspect of this function.

Research

Underpinning all the other functions, well-founded and well-integrated research is an essential activity – this needs to cover the following areas:

- ② Monitoring levels of consumer awareness and satisfaction, and maintaining a continuous overview of the concerns of consumers themselves as a guide to identifying policy priorities
- ② Analysis of the consumer implications of proposed regulatory and legislative change
- ② Preparation of inputs into national policy formation in key sectors and areas that are related to consumer interests
- ② Analysis of key markets in order to identify areas of particular consumer concern.





12

Business and the Consumer: Codes of Practice

Businesses have many reasons to support the development of a strong consumer culture. Consumers who discriminate on the basis of price and quality increase competitive pressures in the marketplace and create opportunities for new and improved goods and services. In a competitive market, businesses can compete on the basis of consumer service as well as on price and quality. A strong consumer voice provides better and more specific feedback on the degree of satisfaction with goods and services.

Quicker and cheaper redress procedures for consumers can also help to reduce business costs. Businesses can make a major contribution to this by taking their own initiatives for protection and redress – in particular, they can adopt codes of practice that set out clearly the way they will deal with consumers and their rights.

12.1 What a Code of Practice should Entail

A code of practice is a voluntary form of self-regulation entered into by business or trade associations with a view to committing its members to high professional standards in their dealings with suppliers and consumers. Business codes of practice can play an important part in protecting the rights of consumers and in ensuring consistent, high quality goods or services. They are of most benefit at the level of individual transactions where they can give clear guidelines as to what is expected of the supplier and what can be expected by the consumer.

The OECD argues that firms can achieve a variety of goals through adopting a code of practice⁵⁵. These include protecting corporate reputation, improving employee morale, enhancing consumer and client loyalty, and avoiding costly criminal and civil proceedings. Businesses that adopt a code of practice can position themselves as responsible corporate citizens and gain a competitive advantage.

Internationally, codes of practice are used by businesses, particularly by larger organisations, and, if implemented by business in a consumer-oriented manner, such codes have the capacity to function as an effective and more flexible alternative to regulation. In the UK, the Department of Trade and Industry (DTI) suggest that codes of practice should be based on the following principles⁵⁶:

- ⦿ Truthful adverts
- ⦿ Clear, helpful and adequate pre-contractual information
- ⦿ Clear and fair contracts
- ⦿ Trained staff who meet the terms of the code
- ⦿ An effective complaints handling system run by the business

55 www.oecdobserver.org/news/fullstory.php/aid/549/Better_business_behaviour.html

56 UK Department of Trade and Industry, *Modern Markets: Confident Consumers*, 1999.

- ② An effective, alternative and low cost redress mechanism for use when problems cannot be resolved in-house
- ② An effective system to underpin compliance
- ② Publicity about the code, including a report on the operation of the code.

12.2 Codes of Practice in Ireland

As part of its call for submissions in June 2004, the Group requested copies of codes of practice from over 2,000 companies, trade associations and other organisations across the public and private sectors. The response to this call was poor. Only two codes of practice were returned by the private sector, while 35 organisations within the public sector included copies of their customer charters with their submissions.

As part of a study into the retail sector undertaken on behalf of the Group, 21 organisations/firms were approached with only two confirming that they currently operate a code of practice. In light of the low response, the Group circulated a questionnaire to 103 trade and professional bodies in September 2004 requesting specific information with regard to their codes of practice/conduct/ethics, complaints procedures and quality stamps/seals (see Appendix G for the full questionnaire). The Group received 21 responses. In total this constitutes 64 responses to 2,124 requests for codes of practice from both the public and private sectors.

Private Sector

Of the 21 private sector companies who responded to the questionnaire, 13 currently operate a code of practice, 12 operate a complaints procedure, and six a quality stamp, or seal of approval from their professional association or trade body – the details of these are outlined in Table 14.



“A strong consumer voice provides better and more specific feedback on the degree of satisfaction with goods and services”

Source: From a submission to the CSG



Chapter 12: Business and the Consumer: Codes of Practice

Table 14: Codes of Practice among Professional and Trade Bodies who responded to the Consumer Strategy Group

Professional/Trade Body which responded	Sector	Code of Practice	Complaints Procedure	Quality Stamp
Advertising Standards Association of Ireland	Advertising	Yes	Yes	No
Association of Advertising in Ireland	Advertising	No	Yes	No
Association of Chartered Certified Accountants	Accountants	Yes	Yes	Yes
Chartered Institute of Building in Ireland	Construction	Yes	Yes	Yes
Dublin City Business Association	Other	No	No	No
EAN Ireland	Retail	Yes	Yes	Yes
Excellence Ireland	Other	No	No	Yes
Institute of Chartered Accountants	Accountants	No	Yes	No
Institute of Designers	Design	Yes	No	No
Institute of Geologists	Geologists	Yes	Yes	No
Institute of Professional Auctioneers and Valuers	Auctioneers	Yes	Yes	No
Irish Bankers Federation	Financial Services	Yes	Yes	No
Irish Franchise Association	Franchising	Yes	No	No
Irish Home Builders Association	Construction	No ⁵⁷	Yes	No
Irish League of Credit Unions	Financial Services	Draft	Yes	No
The Law Society	Legal	Yes	No	Yes
Marketing Institute of Ireland	Marketing	Yes	No	No
National Off-Licence Association	Retail	No	No	Yes
Restaurants Association of Ireland	Service	Yes	No	No
Retail, Grocery, Dairy and Allied Trades' Association	Retail	No	No	No
Society of the Irish Motor Industry	Motor	Yes	Yes	No

The organisations were asked if their codes of practice/conduct/ethics promote the use of the following:

- ② Truthful advertisements
- ② Clear, helpful and adequate pre-contractual information
- ② Clear and fair contracts.

Just under half of the codes received encourage their members to use all three. However, the vast majority require that their members use truthful adverts, and clear contracts, while eight require the use of clear, helpful and adequate pre-contractual information.

Ten of the codes reviewed require staff in their member organisations to receive training to ensure that they are aware of and meet the terms of their code of practice.

57 The Irish Home Builders Association operate a customer charter.

In relation to complaints and redress mechanisms, 12 bodies require that their members operate a complaints system. Four refer complainants to an alternative low cost redress system in the event of an inability of their member to resolve the complaint themselves.

With regard to publicising and operating the codes, the Group asked if the professional and trade bodies surveyed:

- ② Require their members to publicise their codes
- ② Publish a report on the operation of their code
- ② Operate an independent supervisory body to ensure the relevance and effectiveness of their code
- ③ Operate a system of compliance to underpin their code and address any breaches.

Ten of the bodies require members to publicise their codes. However, only three of the professional and trade bodies surveyed publish reports on the operation of their code.

In terms of monitoring the operation of the code just over half of the bodies surveyed have a supervisory body to assess the relevance and effectiveness of their code. However 9 of the 13 bodies operate systems of compliance. Three of these publish reports outlining members' compliance with their code and complaints regarding any breaches.

Most of the codes of practice go some way towards addressing the pertinent issues of clear, truthful and adequate information, and offer mechanisms for complaint and redress. None of the codes of practice received covered all of the issues the Group highlighted as areas of importance.

Public Sector

While the private sector acts as the supplier to the consumer in monetary transactions, the public sector provides services both as part of monetary and non-monetary transactions. As a result not all transactions undertaken in this sector are between supplier and consumer – some are between State and citizen. Furthermore, the motivation for the state supplier is not profit driven as it is for the private supplier. Consequently, the review of the customer charters provided by the public sector focused on areas such as guaranteed standards of service, equal access and complaints procedures.

Twelve of the 15 Government departments view themselves as having customers. Nevertheless all Government departments and all public bodies are obliged to have customer charters. There is considerable variation in detail and level of commitment in each of the charters.

The Group's findings in relation to the 35 customer charters made available to it by the public sector (including Government departments, hospitals, city and county councils, state bodies, county enterprise boards, etc.) are summarised overleaf:



Chapter 12: *Business and the Consumer: Codes of Practice*

High Standards of Services

- ⊙ Thirty four guarantee high standards of services; 20 clearly defined what these ‘high’ standards actually entail
- ⊙ Thirteen agree to monitor the delivery of these standards
- ⊙ Ten promise the operation of frequent customer consultations in relation to standards of service provision.

Complaint and Redress Mechanisms

- ⊙ Thirty one highlighted the operation of their complaints system in their charter
- ⊙ Eighteen of these clearly state the action a customer needs to take to make a complaint, while 16 of these further advise customers what action they need to take if their complaint is unresolved
- ⊙ Only one body specifies in its charter that it will inform customers of how decisions are reached in relation to their complaints.

Physical Access to Premises

- ⊙ Twenty charters guarantee physical access to premises.

Confidentiality

- ⊙ Seventeen charters pledge confidentiality of personal information.

Accessible Information

- ⊙ Sixteen charters guarantee that all information produced in relation to their services will be accessible
- ⊙ The majority (14), qualify this by stating that information will be provided in plain language
- ⊙ Six state that they will produce information specifically designed for and targeted at vulnerable groups
- ⊙ Only two guarantee that their customer charter will be easily accessible to all.

Timeliness of Delivery

- ⊙ Twelve assure timeliness of delivery of service.

12.3 Redress Mechanisms

Codes of practice are primarily intended to govern the behaviour of the businesses that subscribe to them. Their effectiveness is determined by a number of factors, including the awareness of consumers, the monitoring of their implementation and the willingness of the sectoral organisation to ensure that its members observe the code in question both in letter and spirit. However, from the consumer point of view the most useful aspect of these codes is the degree to which they provide for redress mechanisms.

When the consumer has a complaint in respect of a particular product or service, obtaining redress can be a simple matter, less costly both for the consumer and the business, if the steps to be taken are well defined and transparent. Redress mechanisms may be provided for by the sectoral organisation or trade association concerned and may include alternative dispute resolution systems such as arbitration or mediation.

12.4 Business and the Consumer: Conclusions

In general terms, codes of practice can play an important part in protecting the rights of consumers, both in the private and public sectors.

Within the private sector, codes of practice are not currently widely operated. However, there are many organisations which are regulated and operate to a code of practice set by their relevant regulator, particularly in the financial and telecoms areas.

Within the public sector, while there are many customer charters in place, there is also great variance in the quality of these charters. It is now Government policy that all Government departments have a customer charter in place.

Those organisations that responded to the survey and which operate a code of practice have gone some way to address the principles, outlined earlier. However, none of them are comprehensive.

Key Recommendations

Business and the Consumer: Codes of Practice

- ① Promote the use of codes of practice by all businesses and encourage self-regulation schemes.
Responsibility: Department of Enterprise, Trade and Employment
- ① Introduce standardised statutory codes of practice across all public sector bodies.
Responsibility: Department of An Taoiseach
- ① Establish private sectoral complaints boards as an alternative means of redress.
Responsibility: Department of Enterprise, Trade and Employment



Section 5

The Way Forward

This section looks at the legislative and structural changes that are necessary to build an environment of consumer awareness and influence to enhance the quality of life in Ireland. In particular, it deals with the advantages that would accrue to consumers on the removal of the Groceries Order and the price controls set by the Prices Acts 1958–1972 and the benefits of establishing a new National Consumer Agency. This section also includes general recommendations and sets out an implementation plan.





13

The Groceries Order

13.1 Background

The original Groceries Order was introduced in 1956 with the objective of abolishing resale price maintenance, a practice whereby suppliers set prices and keep them artificially high. The Order covers grocery goods meaning *“grocery goods for human consumption (excluding fresh fruit, fresh vegetables, fresh and frozen meat, fresh fish and frozen fish which has undergone no processing other than freezing with or without the addition of preservatives) and intoxicating liquors not for consumption on the premises and such household necessities (other than foodstuffs) as are ordinarily sold in grocery shops, and includes grocery goods designated as ‘own label’, ‘generic’ or other similar description”*.

In the 1980s, two significant amendments were made to the Order:

- ⦿ A ban on below cost advertising was introduced in 1980
- ⦿ A ban on below invoice price selling and on ‘hello money’ was introduced in 1987

The 1980 and 1987 Orders have their roots in the development of the grocery market in Ireland since the 1970s⁵⁸. Historically, the Irish retail grocery market consisted of a large number of independent retailers, but with the development of supermarkets in the 1970s, the sector experienced enormous upheaval. Grocery retailing began to become concentrated, and many independent retailers became members of symbol groups, such as Centra, Spar and Super Valu. The demise of the H.Williams supermarket chain following a price war led to the 1987 amendment to the Groceries Order in an effort to protect the market from further concentration.

The pressure from the trade for the 1987 amendment was understandable: their world was changing, and there were fears that independent retailers would be driven out of business, and that British supermarkets, with their greater buying power, would move into the Irish market and add to competitive pressures. From the supplier side, there were fears that jobs would be lost as they struggled to remain price-competitive. In this context, the 1987 amendment was introduced as a way of protecting retailers and suppliers from market forces.

The most controversial aspect of the 1987 amendment to the Groceries Order is the ban on selling certain grocery goods at less than the invoice price. The wording of the section containing this ban is of particular relevance given developments in the retail market in subsequent years. The ban prohibits a retailer from selling certain grocery goods at a price that *(after the deduction of the cost to the retailer of any discounts or other benefit given by him on the sale of the goods)* is less than the invoice price of the goods, plus carriage and insurance charges if appropriate. The amendment also states that *“no account shall be taken of discounts, rebates or other deductions which are not entered on the invoice in cash terms as deductions from the sum due to the supplier or wholesaler”*.

International Approach

Ireland has not been alone in banning below invoice selling by retailers. Restrictions are also in place in Belgium, Luxembourg, Portugal and France. The French Government has recently announced plans to remove the ban on below invoice selling, citing potential savings of 30 per cent to the consumer on food prices. No restrictions exist in the UK, Denmark, Germany, Spain or Italy.

13.2 Reviews of the Groceries Order

When a new Groceries Order was introduced in 1987 it was envisaged that it would be reviewed within one year; the review – by the Fair Trade Commission – took place in 1991. The three-person Commission recommended by a majority of 2/1 that the Order be abolished. The majority view was that non-predatory price competition was no less desirable than other forms of promotion such as advertising, longer opening hours and free home deliveries. The majority also considered that there was ‘persuasive evidence’ that the prohibition on below invoice selling had resulted in higher prices, a decrease in price competition and an increase in margins. The minority view was that the prohibition on below cost selling should be retained and extended through a Fair Trade Groceries Act; however, the definition of cost should be changed from the ‘net invoice price’ to the price after taking into account all discounts and rebates relating to the goods⁵⁹. Following representations to the Minister by the grocery trade, the Order was retained.

A further review by the Department of Enterprise and Employment took place in 1994. Various interested parties made submissions to this review, primarily the grocery trade and suppliers; the Order was retained.

In 2000, the Competition and Mergers Review Group completed its review of the Groceries Order, which had been underway since 1999. It recommended a continuation of a Groceries Order but without a ban on below invoice selling. The Order was retained unchanged.

Currently, the Joint Committee on Enterprise and Small Business is carrying out a review of the grocery retail sector. The Group considers that this is a very timely development and has followed the Committee’s proceedings with considerable interest.

13.3 Submissions to the CSG on the Groceries Order

Following the Group’s public consultation process, a total of ten submissions were received that related to the Groceries Order: nine from the retail trade and suppliers and one from a private individual. A summary of the points made in the submissions is presented below:

- ② The Order ensures a level playing field and a vibrant, independent retail sector
- ② The Order has not inhibited new entrants to the market
- ② The Order plays a significant role in protecting consumers and producers from predatory pricing
- ② Inflation in the food areas not covered by the Order (fresh meat, fish, fruit, etc.) has been consistently higher than those within the Order’s scope
- ② The Order should be extended to the Fruit and Vegetable sector which is subject to predatory pricing policies by multiples
- ② The submission received from a private individual suggested that not too many consumers know of the pros and cons of the Groceries Order and that *‘getting rid of the Order would not sound the death knell for small retailers.....there will always be room for shops in good locations that offer a good service....convenience always comes at a premium’*



13.4 The Groceries Order: Pros and Cons

Many arguments have been put forward for both the retention and the removal of the Groceries Order. Detailed below are the arguments as presented in the report of the Competition and Mergers Review Group, 2000.

Arguments for Retaining the Groceries Order

- ③ With regard to suppliers, the level of food processing has increased very substantially compared with the ten years prior to the Order. The level of employment in the food processing sector has shown an increase since the Order was introduced compared with a fall prior to the introduction of the Order. It is realised that these changes can not all be attributed to the Order as there have been many other factors impacting upon the market. Nevertheless, suppliers consider that the 'fair trading environment' (which the IBEC submission attributed to the Order) has had a significant effect on their ability to increase production and employment in the sector
- ③ The introduction of the ban on below invoice selling has given independent stores the confidence to invest in their stores. This has led to a much higher quality of store throughout the country. The share of the market held by independent retailers, including those who were members of symbol groups, is higher than it was prior to the introduction of the Order
- ③ Consumers have benefited from the investment of independent retailers in better quality stores, the increased range of products supplied, longer opening hours and services such as delivery by some supermarkets. Consumers have also benefited from intense competition in the sector. Consumers have not had to travel from one store to another to obtain a reasonably priced shopping basket
- ③ Employment in the retail sector has grown

If the Order were removed, it was predicted that:

- ③ There would be a loss of competitiveness among Irish suppliers in their home market. This loss of competitiveness would, in time, result in reduced competitiveness in the export market
- ③ After the initial sale of goods below cost, independent retailers would become less competitive and some would cease business altogether. Concentration would increase and consumers would have less choice of store
- ③ The harmful effects of below cost selling would impact on sectors such as off-licences, hardware stores, drapery stores and other areas where the larger retailer would be selling products not generally sold in a grocery store. The large retailers would be able to attract customers by below invoice selling of grocery goods. This would have an unfair effect on other retail sectors
- ③ The permission to retailers to sell grocery goods below invoice price would facilitate the entry to the market of foreign multiples. These multiples would have no difficulty in investing large sums of money in selling goods below invoice price in order to obtain a foothold in the market. By doing so, they would eliminate domestic retailers who have an allegiance and loyalty to Irish suppliers
- ③ The removal of the Order would result in reduced service in stores and reduced quality in stores. The reduction in the number of stores would require consumers to spend more time travelling to stores and therefore result in increased car usage. It would also result in some villages throughout the country not having any viable grocery shops with resulting social effects.

Source: Competition and Mergers Review Group background report, with additional material from CSG consultations

Arguments for Removing the Groceries Order

- ③ *'The main case against the Groceries Order is a simple one: it restricts price competition. In doing so, it encourages non-price competition (e.g. stamps, loyalty cards, bonuses, free flights). Non-price competition in general involves employing scarce resources. Hence, by restricting price competition and encouraging non-price competition it damages consumer welfare twice: consumers face higher prices and resources which could be used for other purposes (and improve consumer welfare in the process) are used up'.* Competition and Mergers Review Group Report, 1999
- ③ Modern economic theory points to a connection between non-price competition, sunk costs and reduced competition through increased concentration and higher entry costs. Hence, a problem with the Groceries Order is that it is predicted to reduce the intensity of competitive pressure in the groceries sector
- ③ Arguments advanced to justify the retention of the Order on employment and output grounds, using data from the food processing sector, are misleading. Growth in output and employment in that sector since 1987 is capable of being explained convincingly without any resort to the Groceries Order. In addition, no plausible causative mechanism between the Order and the performance of the sector has been identified and/or quantified
- ③ Arguments for the retention of the Order as a means of encouraging indigenous suppliers to the grocery sector are unacceptable on two grounds. First, even if it could be shown that the Order does indeed encourage indigenous firms, it is simply bad policy design to weaken competition as a surrogate instrument of industrial policy. Second, policy instruments aimed at encouraging indigenous suppliers constitute state aid to industry and so are incompatible with the Treaties of Rome, Maastricht and Amsterdam
- ③ Arguments based on maintaining the competitive position of independents are *'confused, to some extent self-contradictory and in any case unqualified'*. The essence of this point is that independent retailers and multiples operate in somewhat different markets and the competition-based arguments seem to miss this. The two markets where independents survive are (a) niche outlets in geographical markets where the large multiples operate (for example, convenience stores) and (b) in geographical areas where the population density is insufficient to support the activities of large multiples
- ③ Another point made in this context aims to refute the point made by proponents for the retention of the Order that pressure for its abolition comes mainly from academic economists and not from people with a deeper understanding of the sector, i.e. retailers themselves. According to the opponents of the Order, this argument *'betrays a complete failure to understand the political economy of public choice'*. This is developed along three lines. First, it is producer interest groups and unions which lobby for retention, thereby suggesting that it is their interests that are threatened by an abolition of the Order. Second, retailers as a group, like any other suppliers, are predicated to favour regulations which discourage price competition between incumbents and entry by potential competitors, both of which are predicted consequences of the Order. Third, it is a universal aspect of lobbying to create and protect supernormal profits that when the benefits are concentrated and the costs are dispersed, the beneficiaries (suppliers) have a stronger incentive to act collectively than the losers (the consumers).

Source: Competition and Mergers Review Group background report, with additional material from CSG consultations



13.5 The Consumer and the Groceries Order

There is little evidence of any consumer input into the various reviews of the Order, and consumers in general have not been involved in the debate. Indeed, the members of the Competition and Mergers Review Group stated, in their 1999 publication, that *'while retention of the Order was favoured (though not exclusively) by particular and focused interest groups, those against the Order have no sharply defined point of opposition'*. Advocates of its abolition therefore tend to be economists. Neither have consumers been the source of complaint to the ODCA when the Order has been breached – such complaints have generally come from competing interests in the retail sector. While the CAI has favoured the retention of the Order in the past, it has recently announced its intention to review its position.

The lack of a consumer voice or understanding of the Order is not surprising. A survey of 450 respondents by Retail Intelligence⁶⁰ in December 2004 found that 75 per cent did not know what the Groceries Order was; 16 per cent had heard of it but weren't sure what it was; 61 per cent believed the removal of the Order would lower prices, with 28 per cent saying that prices would remain unchanged.

13.6 Developments in the Retail Market

Retail Outlets and Turnover

The retail environment into which the Groceries Order and the subsequent amendments were originally introduced has changed significantly. Among the factors at work have been the significant increases in disposable incomes, the changing pattern of consumer lifestyles, new strategies in the retail sector, the location of housing, and the growth of private car ownership. All this has resulted in a significant change in the structure of the retail sector.

Measuring such a fast-moving sector is not easy and different data sources indicate somewhat different trends⁶¹. It is clear nevertheless that the numbers of truly independent grocery food retail outlets (i.e. not part of symbol groups) has fallen significantly over recent decades.

The number and size of multiples is growing and also, a newer 'convenience' sector has emerged which although supplying a smaller range of goods at a premium, offers proximity and longer opening hours to suit time-challenged consumers.

The multiples' strength varies from region to region with their presence most strongly felt in densely populated areas and least in more sparsely populated regions, which are generally served by smaller convenience stores.

The structure of the retail sector in Ireland can therefore now be described as comprising:

- ⊗ Large grocery multiples based in large catchment areas
- ⊗ Smaller convenience/'top-up' shops based more locally, including garages
- ⊗ Specialist niche retailers.

The symbol groups dominate the smaller convenience sector, but play a role akin to multiples in certain areas, especially outside Dublin.

A further dimension is now provided by the discounters. Their shops are smaller in size than those of the multiples and have fewer product lines, but the number of outlets (and their market share) is increasing rapidly.

Meanwhile for each of the outlet types presented in Table 15 average floor space increased over the period 1999-2003. For independent food retailers the increase was marginal, but the average floor space grew by 18.9 per cent – see Table 16. This indicates a fall in the overall number of independent food retailers but suggests a growing trend towards bigger independent shops.

⁶⁰ www.retailintelligence.ie/new_site/index.asp

⁶¹ For instance, Euromonitor data (as used in Table 6 in Chapter 3) shows the number of food retailers outlets rising slightly in each year from 2000 to 2003. By contrast, data from AC Nielsen shows the number of grocery food outlets as having fallen sharply over the three years (which may be explained by a change in survey methodology).

Table 15:	Total Retail Floor space ('000 square metres) by Outlet Type 1999–2003					
	1999	2000	2001	2002	2003	% Change
Supermarkets	1,179.1	1,415.5	1,701.4	2,040.0	2,400.0	103.5
Department stores	1,217.6	1,305.0	1,394.3	1,492.8	1,600.0	31.4
Textiles and clothing outlets	958.9	998.9	1,040.5	1,083.8	1,129.0	17.7
Furniture and lighting outlets	832.5	857.5	883.2	909.7	946.0	13.6
Electrical goods outlets	719.1	751.5	785.3	820.7	877.0	22.0
Convenience stores	1,271.5	1,373.2	1,483.1	1,601.7	1,766.0	38.9
Discounters	14.1	22.8	32.5	56.1	59.8	324.1
Independent food retailers	1,019.5	1,021.7	1,023.8	1,024.8	1,025.8	0.6
TOTAL	7,212.4	7,746.1	8,344.0	9,029.6	9,803.6	35.9

Source: 1999–2003 Euromonitor from national sources

Table 16:	Average Retail Floor space (square metres) by Outlet Type 1999–2003					
	1999	2000	2001	2002	2003	% Change
Department stores	19,663	20,253	20,860	21,486	22,344	13.6
Textiles and clothing outlets	842	850	859	867	877	4.2
Furniture and lighting outlets	828	841	853	866	881	6.4
Electrical goods outlets	731	736	742	748	769	5.2
Convenience stores	594	600	606	612	619	4.2
Discounters	974	995	1,017	1,039	1,082	11.1
Independent food retailers	556	556	558	660	661	18.9

Source: 1999–2003 Euromonitor from national sources

The symbol groups have become a major force. The CSG estimates, (based on Euromonitor analysis), suggest that Musgraves (Centra and Supervalu) had a turnover of €2.3bn in 2003, and BWG (Spar) had a turnover of €785m, representing approximately 28 per cent of the grocery market for Musgraves and 9 per cent for Spar. This compares with an estimated market share of 14.2 per cent for Musgraves in 1990 and 4.6 per cent for Spar.⁶²

This strengthening of the symbol groups sector is to be welcomed; a strong indigenous retail sector is important. However, it should be noted that the symbol group shops are not truly independent retailers: although the individual shops may be separately owned, they are required to source more than 90 per cent of their goods from their symbol-specific wholesaler. This means that the degree of concentration is much higher than the number of shops would indicate and the choices available to consumers are correspondingly restricted.



International Players in the Irish Retail Market

The retailing landscape has changed considerably with the arrival in the Irish market of players such as Tesco, Aldi and Lidl. As part of multinational groupings, these players have considerably more scope than domestic retailers to engage in intra-company pricing which can negate the effects of the below invoice ban in the Order. Thus, there is effectively no control at present on below invoice selling when it involves a non-Irish based retailer.

Discounts in the Retail Grocery Trade

Discounts based on volume are a fact of life in all sectors of the economy. The larger the business, the greater the discount that can be negotiated. The retail grocery sector is no exception. However, the Group believes that the method of discounting in the retail grocery sector may have changed fundamentally since the introduction of the 1987 amendment to the Groceries Order.

Long term discount arrangements (LTAs) have, for many years, been an integral feature of the grocery trade. Discounts on the invoice price are negotiated between retailers and suppliers 'in arrears', based either on single products or, more usually, across a range of products supplied to the retailer. In some cases the discounts can benefit the largest retailers an average of 18 per cent, with corresponding reductions as the buying power of the retailer decreases.

The implications of this development for consumers and prices are considerable.

- ② Long term discounts are not reflected in the invoice price to the retailer, so the retailer may not pass them on to the consumer – as this could bring the retail price below the invoiced wholesale price
- ② The supplier is effectively determining the minimum retail price for the product – a form of resale price maintenance expressly prohibited by the Groceries Order.

There is a provision in the Groceries Order that no account shall be taken of discounts and rebates that are not entered on the invoice. However, the Group believes that these off-invoice discounts were not usual at the time the legalisation was adopted (1987) and that these practices have emerged since the introduction of the Order, and may even be encouraged by it. They were certainly prevalent by 1991 when the minority view on the Fair Trade Commission argued that they be taken into account in a revised Groceries Order.

13.7 The Groceries Order: Conclusions

In considering the Groceries Order, the Group concentrated on its most contentious aspect – the ban on below invoice price selling introduced by the 1987 Order.

The Group does not believe that loss leading or genuine below invoice selling, to include all rebates and invoices, is a sustainable way of doing business. Ultra competitive pricing is a short term activity, designed to attract customers to a retailer's store. It makes the presumption that consumers will compensate, through other purchases in a store, for the loss the retailer suffers in offering a particular product or products at less than the purchase cost.

However, the Group does not believe that a programme of genuine below cost competition would have the adverse effects on the Irish retail industry that some of the proponents of the Groceries Order would claim. The strength of the Irish retail market is now well established. It is being further enhanced by the increased demand of Irish consumers for convenience outlets. A good planning process that takes proper account of consumer needs is the best mechanism to ensure consumer access to retail opportunities, and this is discussed in Chapter 5 where specific proposals are made for improvements.

The problem with the Groceries Order is that it is not a ban on below cost selling; it is a ban on selling below the invoice price and instead of reducing prices, it keeps prices to the consumer higher than they could be. For that reason, the Group is convinced that the actual operation of the Groceries Order, as outlined above is inherently against the interests of consumers.

The Group also believes that consumers would prefer direct reductions in the prices they pay for goods, rather than the indirect promotional activities, such as special offers involving voucher and gift schemes, of which they may or may not wish to avail.

If the original intention of the Groceries Order was to prohibit genuine below-cost selling, including all invoices and rebates, then it has not worked – given the widespread use of off - invoice discounts in the trade. If the existence of off-invoice discounts was known at the time the Order was introduced, then very little account seems to have been taken of the interests of consumers.

The Group does not believe that, given the structure of the industry, it is possible to introduce a system whereby all discounts and rebates must be reflected in the invoice price. Even should such a system be possible, the Group does not consider that it could be enforced.

The Group also considers that the developments in the market since the introduction of the Groceries Order have rendered many of its other provisions either unnecessary or inoperable.

Additionally, the Competition Act 2002 has addressed many of the anti-competitive practices which the Groceries Order was designed to prevent, including abuse of a dominant position in relation to predatory pricing.

In summary, the Group's analysis of the Groceries Order has found that the Order has the effect of placing upward pressure on grocery prices, through the inability of supermarkets to pass on discounts, and thereby adversely affects consumers. The Group believes that free competition in markets is the most effective way to protect consumers. Markets should function in the interests of both consumers and producers and should not be solely concerned with protecting producers in the retail sector, as has been the case in Ireland. The importance of striking a balance between both groups of participants in the retail market is crucial for the long term prosperity of this sector. The Groceries Order does not strike such a balance.

The Group's understanding is that the Groceries Order can be neither revoked nor amended without primary legislation. Given its views on the anti-consumer aspects of the Order and its unenforceability in the light of changed market conditions, the Group recommends that the Order should be revoked immediately.

Key Recommendation

Groceries Order

- Revoke the Groceries Order immediately.

Responsibility: Department of Enterprise, Trade and Employment



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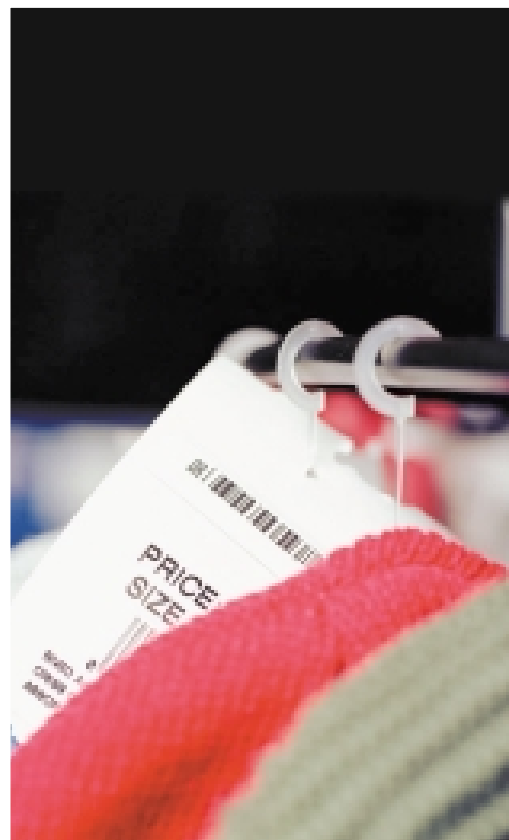
Price Control

Price controls hold out the promise of protecting groups of consumers who are faced with what are perceived to be ‘high’ prices or the potential for ‘high’ prices in the near future. Despite this promise, price controls often fail to protect many consumers and end up harming others. Economists therefore are generally opposed to price controls. Such opposition is based on the negative impact control of prices have on the allocation of resources, through the production of either surpluses or shortages in goods.

Historically, the key element of price control in Ireland has been the imposition of maximum prices orders. These are Ministerial Orders (made by the Minister for Industry and Commerce throughout most of the 1970s) that set legal limits on the retail prices that could be charged for basic foodstuffs (bread, milk and even tinned beans) and other commodities (such as cigarettes, alcoholic drink, petrol and coal). Sometimes different maximum prices would apply in different parts of the country to reflect local conditions.

During that time, the Department of Industry and Commerce assigned significant resources, not just to vetting price increase applications, but also to staffing a Prices Inspectorate whose job it was to investigate instances of overcharging and to enforce the stipulated maximum prices. Consumers were encouraged to complain and prosecutions of offending traders were commonplace.

The legislative power for the Minister to operate this system of price control derived from the Prices Acts of 1958-1972, provisions for which are still on the statute book today. They were most recently used in July 2000 to freeze the price of certain drinks sold in pubs, hotels and restaurants. The price freeze lasted for six months before being removed. It had a negligible impact on prices in the medium term and the exercise has not since been repeated. Interestingly, media reports would suggest that consumer power is currently having a far greater impact on drink prices than Government controls ever did.



“For me, the most important consumer issues are price and choice. I don’t really care where the products are from, as long as I get loads of choice and value for money”

Source: From a submission to the CSG

In the past, price controls have often been more honoured in the breach, as there have been many different ways of evading the controls – for example, by reducing the quality or the quantity of the product sold. The Government could have responded by issuing specific product standards, but this would have involved the Minister in monitoring and enforcing quality, an exercise which would have been very expensive and ultimately ineffective.

If there is a shortage of goods in question then price controls can lead to a black market. Prices in black markets tend to be not only the ‘controlled’ price, but even the price that would exist in the absence of any price controls. This occurs because buyers are usually anxious to purchase and sellers have limited stocks of such goods.

Furthermore, price controls are often imposed when the public becomes alarmed that inflation is out of control. When price controls are removed, the hidden inflation is unveiled, often resulting in sharp price increases. In addition, demand tends to shift from the controlled to the uncontrolled sector, with the result that prices in the uncontrolled sector rise even faster than they would otherwise do, resulting in increased inflation and thereby defeating the exercise in the first place.

It is generally accepted that freely functioning competitive markets are more effective at setting ‘fair’ prices than any form of price controls, since no one body knows how prices should change over the long run. Any intervention in the marketplace is therefore likely to result in perverse results and unintended consequences, causing problems that are sometimes even greater than the original problem that price controls were brought in to solve.

Conclusion

Arguments against price control include the burden on industry, the fact that maximum price tends to become minimum price, the lack of controls on imported goods, the fact that inflation was rampant when controls were in place and the lack of any incentive to control costs. For all these reasons the Group believes that price control legislation should be repealed.

Key Recommendation

Price Control

- Repeal the Prices Acts 1958–1972 that are relevant to price controls.
Responsibility: Department of Enterprise, Trade and Employment



15

Structural Change

15.1 How Effective are Current State Structures?

What is striking about the current approach to consumer issues in Ireland is the heavy emphasis on consumer protection and the absence of planned, regular programmes of consumer information, of research into the needs of consumers and advocacy on their behalf. (Financial services and the food safety area are exceptions, particularly in the areas of consumer information).

In relation to enforcement, no sustained effort seems to have been made to involve the consumer in the process of protecting him or herself. Many consumers, for example, are not aware that retail outlets are required by law to display price information on the goods they sell. If more were aware of this, and were encouraged to remind the retailers of their legal responsibilities, or report them to the ODCA, then there would be greater involvement by consumers themselves in their own protection. Clearly, highly technical areas of consumer safety and protection must remain the sole responsibility of the authorities; however, as far as possible, consumers should be encouraged to become more involved. This does not mean that the State should step back from enforcement (at least in the short term), as has happened in Denmark and the Netherlands, where the consumer plays a strong enforcement role. It is also striking that in Ireland the business of enforcement is carried out mainly from Dublin, rather than on a regional basis.

The current system does not reflect the fact that consumer issues and problems do not readily fall into neat boxes. They range across most sectors of businesses and Government departments. The ODCA can only advise on areas that fall within its particular remit. This narrow approach needs to be changed.

Insofar as redress is concerned, we have not developed systems of dispute resolution which involve business in a formal way, either on an individual company basis or by industry sector. While disputes regarding financial services products or public services can be referred to the Financial Services Ombudsman or the Ombudsman for the Public Service, there is no equivalent body which can arbitrate on general consumer disputes.

The Ombudsman model has many attractions, but the Group does not consider that it can be applied on a very wide basis. To create a consumer Ombudsman, covering the whole economy and in the absence of a wide consumer culture and a significant number of empowered consumers, would not lead to many improvements. Its dispute resolution procedures might become swamped with disputes that could be settled much more effectively directly between the consumer and the businesses concerned. Its cumulative effect on consumers' sense of their own rights and the need to exercise them would be limited.

15.2 Options Considered by the Group

In comparing systems and structures that are in place for consumer policy in Ireland with what is done internationally, it is clear that Ireland lags behind other countries in State provision of consumer functions. Table 17 benchmarks Ireland against other countries in the provision of the functions required for a national consumer policy.

Table 17: Current State Provision of Functions required for a National Consumer Policy				
	Denmark	Ireland	Netherlands	UK / N. Irl.
Advocacy	■	●	■	■
Research	■	●	■	■
Information	■	▲	■	■
Enforcement	▲	■	■	■
Education and Awareness	■	▲	■	■
Key to symbols: ▲ Function partially provided ■ Function fully provided ● Function not provided				

With regard to information, ODCA (along with the CICs and ECC to some extent) provides information on consumer rights and responsibilities. Enforcement is carried out by ODCA, together with FSAI, IFSRA and NSAI as outlined in Chapter 8.

However, the State provides no services in research, advocacy, and in education and awareness. These are central pillars of consumer policy and their absence from State support to the consumer in Ireland reflects the low priority that has been given to consumer interests up to now. Voluntary organisations have not filled these gaps. In spite of the efforts of CAI in particular, the Irish consumer lacks a strong, interested and well-resourced source of support.

The Group reviewed four options for institutional arrangements that would best serve the key consumer functions and ensure that an active and effective consumer policy is in place in Ireland. These options were:

- ② An enhanced ODCA within the Department of Enterprise, Trade and Employment
- ② ODCA retaining its enforcement role in parallel with a new agency with responsibility for advocacy, research, education and awareness and information
- ② A merger between ODCA and the Competition Authority
- ② The establishment of a new National Consumer Agency, (subsuming ODCA).

Each of these options is discussed in turn.



An Enhanced ODCA

An enhanced ODCA could maintain its current relationship with the Department of Enterprise, Trade and Employment, but could have a wider formal remit to cover the key consumer functions, with additional funds to carry out or commission research.

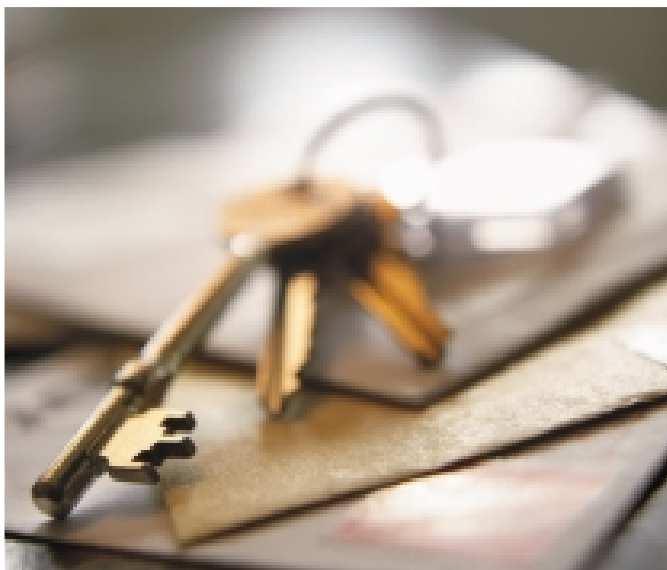
The principal advantages of enhancing the ODCA are that it would give the organisation a new strategic direction as well as more visibility for consumer issues. For the following reasons, however, the Group felt that an enhanced ODCA was not the answer.

- ⊗ As an agency of DETE, ODCA would not have enough independence to play a strong advocacy role
- ⊗ An independent agency would be better placed to argue for consumer interests: keeping both producer and consumer interests within DETE would internalise debate to an excessive degree and prevent the emergence of a powerful public voice on behalf of consumers
- ⊗ Continued dependence on DETE for staff, (without the ability to choose its own staff freely) would also be a disadvantage for such a structure.

ODCA Working in Parallel with a New Agency

The Group gave some consideration to the option of ODCA working alongside a new agency with a specific remit in the areas of advocacy, research, education and awareness, and information. In this scenario, ODCA would retain its enforcement role.

Such an approach might lead to a quicker establishment of the new agency, but in the longer term this would be an inefficient use of resources. Economies of scale and scope would be lost. There would be a doubling of administrative costs and the creative interactions between the different consumer functions would be restricted. Communications between the two organisations could also be a problem. The Group's research showed that consumers were already confused about where to go about finding information about their rights – having another agency would only add to this confusion.



“Most customers do not know where to go for advice and support”

Source: From a submission to the CSG

Merger between the ODCA and the CA

In some countries (such as the US and the UK), competition policy and consumer policy are regarded as two sides of the same coin and in institutional terms are managed within one organisation. The principal advantages of such an arrangement include increased visibility for consumer issues, analytical resources for consumer issues and possible additional resources through shared services.

One of the main disadvantages of combining these two functions is that competition policy on its own is not the solution to all consumer problems – it needs to be complemented by a range of advocacy and promotional activities. Since the CA is already operating at a more independent level with more specialised staff resources, it would not be a marriage of equals. Also, the CA has no real experience of dealing with the general public. There would also be a danger that consumer issues would receive lower priority in such a combined body, and that this option would not send a sufficiently strong message that a policy change is under way.

A New National Consumer Agency (subsuming ODCA)

The establishment of an independent, statutory, national consumer agency (subsuming ODCA) would raise the profile of consumer issues and present a strong consumer voice. The different functions that the agency would be mandated to undertake would be integrated and consistent, and would ensure that a comprehensive approach is taken to consumer policy in Ireland. The new agency would also have the freedom (within Department of Finance limits) to hire appropriate staff and to make strategic decisions with guidance from a Board.

Establishing a new agency would involve the allocation of additional resources. The present budget allocation of €3.933 million for the ODCA operations (which excludes central support services from DETE) would serve as a basis for the new agency. Additional resources would be needed in order to make a significant impact in the areas of research, advocacy and information. The additional resources required to fund the new activities is not significant in relation to the estimated €810 million in consumer loss at present suffered annually by Irish consumers⁶³.

On balance, the Group feels that the establishment of a new national agency will give Ireland a comprehensive and forceful consumer policy, and that the advantages of which outweigh the cost of establishing the agency.

Key Recommendation

Structural Change

- ② Establish the National Consumer Agency which would be independent of the Department of Enterprise, Trade and Employment, have responsibility for a range of functions designed to research and respond to the needs of consumers and have the resources to carry out these functions effectively. These functions are advocacy, research, information, enforcement, education and awareness. The agency would also develop a partnership approach with Government, regulators, business, consumer organisations and unions in promoting and safeguarding the interests of consumers.

Responsibility: Department of Enterprise, Trade and Employment

⁶³ Attributable only to purchases of faulty goods and unsatisfactory services. Losses due to excessively high prices would increase the total significantly.



15.3 Details of a National Consumer Agency Proposal

The Group recommends the establishment of a National Consumer Agency (NCA) as an essential step towards the implementation of a new consumer policy and ensuring empowered consumers. It would subsume ODCA, and act as host to the ECC/EEJ-NET within the terms of the guidelines of the European Commission for the operation and functioning of that office. The question of whether it should take over the ODCA responsibility for credit intermediaries and pawn brokers, or whether these should be transferred to IFSRA, should be decided following consultation with the relevant parties including the Department of Finance, DETE and IFSRA.

The NCA would be an independent state agency, with a board appointed by the Minister for Enterprise, Trade and Employment, and a Chief Executive appointed by the Board. It would report annually to the Minister and the Oireachtas. Its budget would be approved as part of the departmental vote of the DETE.

Characteristics of the Agency

The **independence** of the Agency would be underpinned in particular by:

- ⊗ Its separate budget
- ⊗ Its governance through an appointed Board and a Chief Executive
- ⊗ Its freedom to recruit its own staff (subject to public sector numbers and salaries).

In relation to the Chief Executive position, the Group considers that, given the wide remit of the proposed NCA, this should be positioned at the same level as that of the Chairman of the Competition Authority.

The **accountability** of the Agency would be assured through:

- ⊗ Its reporting to the Minister and the Houses of the Oireachtas
- ⊗ The auditing of its accounts by the Comptroller and Auditor-General
- ⊗ The publication of specific public information requirements and the transparency in its operations.

The **impact** of the agency would be reinforced through:

- ⊗ Specific budget allocations for each function
- ⊗ Rights of intervention and rights to be consulted
- ⊗ Powers of enforcement that allow for rapid response and resolution of infringements
- ⊗ Formal consultation procedures that are developed and agreed with other relevant state bodies
- ⊗ A legal requirement to encourage the development of private and voluntary action in the field of consumer affairs.

Legislation should further define the independence, powers and responsibilities of the Agency and its reporting arrangements.

Functions of the Agency

The new agency needs to undertake five functions to deliver the integrated set of services that consumers need; these are:

- ② Advocacy
- ② Research
- ② Information
- ② Enforcement
- ② Education and awareness

Advocacy

Advocacy is a new and key function for Irish consumer policy. A strong and consistent voice for Irish consumers is needed at many levels in public debate in the State system and in the preparation of legislation. There is also a clear and urgent requirement for informed and coherent intervention on behalf of consumers with regard to the regulated industries. The NCA's advocacy role includes the following activities:

- ② Making well-founded interventions in public debate on consumer-related issues, including planning issues as required
- ② Analysing proposed legislation, both national and European, to ensure that the consumer interest is defended and promoted – this would require some level of cooperation with similar consumer bodies in other EU Member States
- ② Establishing and maintaining consultative mechanisms with consumer groups
- ② Promoting increased consumer protection and dispute resolution systems at sectoral, professional and trade level through agreements with relevant business organisations
- ② Exercising a statutory right to require the CA to undertake market studies in particular areas when it appears to the NCA that the issues involved significantly relate to competition concerns
- ② Exercising statutory rights to challenge regulatory decisions including those on pricing and to receive the necessary information to enable it to validate claims for price increases in the regulated industries. These powers should be incorporated in the legislation establishing the NCA and should relate to the activities of the following regulators:
 - Aviation Regulator
 - CER
 - ComReg

The legislation should provide for the extension by ministerial order of these powers to other relevant regulators as they are established. In addition, the above regulators should be required to provide appropriate funding of specific activities of the NCA that relate to them

- ② Formal cooperation with the CA and IFSRA through a Memorandum of Understanding to be agreed between the two organisations and dealing with a broad range of issues, including the undertaking of joint studies in areas of common concern and the sharing of costs and resources in particular instances
- ② Formal cooperation in consumer-related activities with other bodies and organisations, including Comhairle, MABS and FSAI



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- ② Formal cooperation through a special agreement with the General Consumer Council of Northern Ireland (GCCNI), and also with the Department of Enterprise, Trade and Industry (DETI) in Northern Ireland with respect to enforcement.

Research

Research underpins all the proposed functions of the NCA. Without research, the necessary guidance on real consumer concerns will be missing. Without research, the advocacy and other roles of the NCA would lack credibility and would not be able to propose alternatives with regard to the policy under consideration. The NCA's research activities should include the following:

- ② Identification of significant consumer issues through surveys of opinion and careful monitoring of other research activities
- ② Analysis of consumer-related issues in order to identify policy alternatives
- ② Advance identification of issues for the future (consumer foresight) taking account of the main trends of technology, market structure, demographics and infrastructure development and their potential effects on the Irish consumer in the years to come. In particular issues of access, safeguards, advice and support, redress, and consumer influence and power should be included
- ② Regular monitoring of consumer sentiment and its evolution over time in order to evaluate the impact of consumer policies and of the activities of the NCA
- ② Continuous overview of main trends and findings in consumer research and policies in other countries
- ② Joint research undertaken with other agencies and Government departments, as appropriate, on issues that include a consumer dimension
- ② Evaluation of Codes of Practice in operation in all sectors
- ② An interim priority for the NCA should be to examine the services sector from a consumer perspective. This is a significant component of consumer expenditure and covers a wide area of concern to consumers including professional, trade and personal services.

A basic research capability should be an essential part of the day-to-day operations of the NCA. However, particular research projects should be outsourced as appropriate.

Special agreements should be reached as far as possible with similar agencies in other countries so that surveys and analyses can be comparable. This is particularly important with regard to European countries that have more advanced consumer cultures and mature institutions.

Information

This function involves dealing with queries made by individual consumers and should be done primarily through:

An NCA National Referral Hotline

Consumer hotlines are well established and widely used in other countries. The NCA hotline would be a single easily memorised, widely advertised, lo-call number through which consumer requests for information and advice could be met.

Depending on the issues raised by the caller, the calls could be redirected as appropriate to other agencies, including IFRSA, CICs and MABS. Referral would be done seamlessly, so that the consumer will have the experience of having the problem dealt with in an efficient and friendly way.

The frequency, content and outcomes of calls would be carefully monitored to provide essential inputs into the planning and management of the NCA. Management of the hotline could be outsourced, once the initial development is completed.

An NCA Web-Based Information Portal

An NCA web-based information portal for the consumer – this would incorporate specific information and resources dealing with consumer issues, and build upon preparatory work in this field already initiated by DETE in cooperation with Comhairle.

The information would be structured to be easily accessible to individual consumers so that they can quickly find the required information on their rights and recourse options. Again, information on the use of this site (which would incorporate a number of feedback options) would be carefully analysed to provide inputs into the NCA strategy.

Enforcement

This function involves the enforcement of consumer protection legislation of different kinds, related principally to the legislation enforced by the ODCA at present. The new agency would take over the existing responsibilities of the ODCA in this regard, and therefore would:

- ② Inspect the observance of legislation and other regulation
- ② Respond to individual complaints of abuse
- ② Prosecute traders charged with minor offences summarily; and, as was the practice with the ODCA, refer alleged offences of a more serious nature to the Director of Public Prosecutions with a view to having them prosecuted on indictment
- ② Take preventative measures in the interests of consumer safety.

The existing approach to enforcement should be carefully reviewed for its effectiveness and the Group suggests enhancing the enforcement function as follows:

- ② Research in the NCA would identify priorities for enforcement, given the very large scale and scope of existing consumer-related legislation
- ② Research on the enforcement functions would also provide input to the review of consumer legislation currently being undertaken by DETE with a view to rationalising requirements and identifying new legislative measures to enhance consumer protection without imposing any additional burden on business



Chapter 15: Structural Change

- ② The NCA would have greater enforcement powers than the ODCA. Taking due cognisance of constitutional constraints, it should, in particular be entrusted with the power to impose fines in cases of clear failure to meet straightforward requirements, instead of having to prosecute offenders through the courts
- ② To facilitate the NCA in the effective exercise of its enforcement powers, the powers of the courts in relation to consumer matters should be extended to enable them to apply closure orders to businesses and rogue traders in flagrant breach of certain consumer protection legislation
- ② A right of appeal to the courts would, of course, be available to parties affected by the exercise of either or both of the above powers.
- ② Enforcement processes and operations should be benchmarked against best European practice
- ② Better coverage of the regions should be achieved through the permanent location of enforcement officers in CICs or other bodies around the country. This should take place on a pilot basis initially in two locations. Central coordination would be maintained by the NCA with regard to operational policies and information collection
- ② The education and awareness function in the NCA should conduct campaigns and undertake other activities, especially with voluntary organisations and business groups, to ensure that Irish consumers become more aware of consumer legislation and compliance requirements. Thus informed consumers could themselves play an important role in enforcement
- ② A professional enforcement qualification should be developed in co-operation with an appropriate third-level institution and in consultation with HETAC/FETAC. This could be modelled on the Diploma in Trading Standards operated in the UK by the Trading Standards Institute.



“Consumers place their trust in the protective measures they believe are in place, without knowing much about what is actually in place”

Source: From a submission to the CSG

Education and Awareness

This function relates to information for consumers collectively, rather than as individuals. Again, the ultimate objective of consumer policy should be to have more confident consumers who feel free and secure in their choices. Education and awareness are essential activities in support of this objective – giving support to all consumers and thus encouraging the development of supportive, pro-consumer thinking in the population as a whole. There should also be cooperation with other organisations in the preparation of information and training programmes on specific consumer issues in particular sectors. Among the activities under this heading are:

- ② Preparation of information material, media inputs, advertising, and presentations to groups in business, trade unions, public bodies and civil society
- ② Cooperation with the education sector on consumer related education at both primary and secondary levels. The necessary curriculum development to include appropriate consumer education would be identified and implemented
- ② Cooperation with the third-level education sector in the preparation of new courses related to aspects of consumer protection, consumer choice, economics of consumer policy, consumer law and other topics. Cooperation would also include the development of research programmes in these and similar fields
- ② Cooperation with Fáilte Ireland and FÁS in relation to staff training activities of these organisations, with particular reference to the development of a practical consumer focus in the tourism, trades and retail sectors
- ② Cooperation with business professional and trade organisations in consumer-related education, awareness and training activities
- ② Cooperation with voluntary organisations on specific education and awareness programmes for vulnerable consumers.

The specific information to be conveyed in these activities may include information on:

- ② Consumer rights and redress mechanisms
- ② Good customer relations for businesses and other service providers, including the public sector
- ② Good practice in consumer information and business relations
- ② Wise consumer behaviour.

‘Shopping around’ is usually regarded as an essential component in wise consumer behaviour. Shopping around whether on the basis of price, quality or conditions of sale, increases competitive pressures in the economy as a whole. In many cases consumers may want to have independent information on comparative prices and other details. Such data may be particularly important when competing outlets are geographically dispersed. In Ireland, some comparative price data is now supplied by voluntary websites and by the print media – however, it is not comprehensive and does not address products of special interest to vulnerable consumers. For these reasons, the NCA should consider providing comparative price data as part of its education and information activities, or support independent initiatives in this field.

Management

Table 18 shows how the various functions within the NCA should interact with and support the management process.

**Chapter 15: Structural Change**

Table 18:		Interactions of the Different Functions within the NCA				
Functions		Effects				
		Advocacy	Research	Information	Enforcement	Education and awareness
	Advocacy		Experience will feed back to identify research needed to improve advocacy			Experience will inform education and awareness activities
	Research	Research will underpin new advocacy approaches		Research will help to develop targeted information support	Research can identify areas where enforcement is required	Research will point to education and awareness needs
	Information	Analysis of “Hotline” issues will guide advocacy requirements	Analysis of “Hotline” issues will inform research agenda		Some “Hotline” calls will trigger reaction	Analysis of “Hotline” issues will identify areas for education and awareness
	Enforcement	Enforcement experience will identify the needs for legislative changes	Issues arising during enforcement experience will inform research agenda	Enforcement experience will help prioritise information requirements		Enforcement experience will help identify new awareness requirements
	Education and Awareness	Awareness campaigns will generate interest and support for selected issues	Feedback from education and awareness will stimulate new research requirements	Awareness campaigns will stimulate new hotline calls	Awareness campaigns will encourage consumer and enforcement through empowerment	

15.4 Coordination

Social Partnership

The Group believes that the consumer voice must be represented at the social partnership table on both the Government and voluntary sides. Consultations should be initiated among the social partners as to the best way to ensure appropriate consumer representation in the partnership process, and the role that would be played by the NCA in this regard.

Key Recommendation

Structural Change

- Expand Social Partnership to include consumer representation on both the Government and voluntary sides.

Responsibility: Department of An Taoiseach

Coordination with State Agencies

The NCA should establish relationships with the relevant state bodies through specific Memoranda of Understanding. Both sides would benefit from this relationship through the process of sharing information, joint programmes of work and co-operation on areas of mutual interest. Memoranda of Understanding should be established with the following agencies:

Competition Authority	⊗	The right to submit a 'SuperComplaint' i.e. a complaint about market features that may be significantly harming consumers' interests, where the CA must publish its findings within 90 days
	⊗	Procedures and criteria for referral of complaints from one agency to the other
IFSRA	⊗	The right to request IFSRA to undertake specific investigations in areas of concern to consumers
	⊗	Procedures and criteria for referral of complaints from one agency to the other
FSAI	⊗	Procedures and criteria for referral of complaints from one agency to the other
	⊗	Consultation on labelling and packaging issues
NSAI Standards	⊗	Representation of the consumer interest in standards development
	⊗	Requirement to consult the NCA on product safety standards and related enforcement issues
NSAI Legal Metrology	⊗	Consultation on labelling and packaging issues
	⊗	Agreement on respective enforcement responsibilities
CER/ComReg/ Aviation Regulator	⊗	Right of the NCA to evaluate and input into proposed changes in tariffs and other determinations directly related to consumer concerns
	⊗	Right of the NCA to information in support of analysis of proposed changes
	⊗	Procedures and criteria for referral of complaints from one agency to the other

Relations between the NCA, CAI and other organisations

In line with international best practice for establishing non-governmental consumer organisations, the Group believes that such organisations should receive funding from the State subject to specific criteria. The CAI receives funding at present and that support should continue. In addition, the CAI provides important consumer inputs to the work of public sector committees and boards and should be reimbursed by those committees or bodies for the staff time spent in connection with these committees.



Key Recommendations

Structural Change

- ② Continue support for the Consumers' Association of Ireland.
Responsibility: Department of Enterprise, Trade and Employment
- ② Reimburse the Consumers' Association of Ireland for their time spent on public sector committees.
Responsibility: Relevant Government Departments and Agencies

The Group believes that the NCA's ultimate objective is to see the empowerment of consumers themselves, and to this end it recommends that, in the course of its work, the NCA seeks to partner with non-governmental independent consumer advocacy organisations – most notably the CAI. Such partnerships could include activities such as the following:

- ② The NCA commissioning research on specific themes where consumer loss is thought to be high
- ② The NCA sub-contracting to deliver consumer education and awareness services
- ② The NCA supporting the costs incurred in effectively identifying and articulating consumer perspectives in the wide range of fora where the State seeks an explicit consumer input
- ② Other activities that might be considered appropriate by the Board of the NCA.

The Group believes that such partnerships will make an important contribution to the development of effective non-governmental consumer advocacy and will ensure that the enhanced State focus on consumer protection does not stifle independent advocacy efforts on the part of groups of consumers.

Any financial support from the NCA for non-governmental independent consumer advocacy organisations would be administered in accordance with standard public procurement and tendering procedures.



15.5 Transitional Arrangements

There are two main tasks for the immediate future: the first is the organisational and legislative work required to establish the new independent agency. For this a timetable of two years is a demanding but achievable target. In view of the urgency of redressing the status of consumer policy and giving a clear signal to consumers that change is underway, the drafting of the necessary legislation should be initiated immediately, with a target of agreement on the draft heads of the bill by December 2005.

However, consumer policy cannot wait until the establishment of a new agency. Public concern about consumer issues needs to be addressed. More fundamentally, the generation of a consumer culture in Ireland, one which will offer a strong framework for the development of choice and confidence both for business and for individual consumers, is a task that will take time to achieve and must be started now. Again, as this report has shown, vulnerable consumers may be in special need of action in particular fields. Accordingly, the following steps are recommended:

- ⊗ An interim Board for the new NCA should be established in advance of the legislation.
- ⊗ The ODCA's enforcement powers and activities would remain with ODCA until the new agency was formally established, at which point they would transfer to the NCA
- ⊗ The position of existing ODCA staff will need to be considered and this will involve negotiations with their trade union representatives
- ⊗ The interim Board would begin planning immediately for the final structure and operations of the new agency. However, it would also initiate some of the envisaged functions immediately, especially in the fields of information, advocacy, awareness and research. These would be branded as NCA activities, so that the consumer would already be reassured that action was being taken in their interests and that a new and active force in the consumer area was there for them to turn to. Branding would also be strengthened by early implementation of the consumer hotline, which would be widely advertised. With regard to research, a number of issues have been identified in the course of the Group's work as appropriate for detailed examination and these could form the basis for an interim research programme for the transitional NCA.



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What will all this mean for the Consumer?

Enhancing the position of consumers within society and within commercial relationships is not just a matter of lowering prices – although, where prices are unreasonably high, well-informed, confident and empowered consumers will certainly apply pressure to bring them down. An improved consumer culture will also have a beneficial effect on businesses, on the environment, and on governmental decisions.

The recommendations in this report are designed to create a new environment of consumer awareness, access, protection and influence that will enhance the quality of life in Ireland. This will not only improve the lot of citizens living here, it will also improve our international competitiveness and make Ireland a more attractive place for immigrants and tourists.

The key features of the new environment will be:

- ② **Improved Access:** Consumers will have more options available to them, and reliable information upon which to base their choice. Regulation will be such that new retailers can easily enter the market, including in areas such as small scale production, environmentally friendly and organic products, and small neighbourhood shops. Under the influence of increased competition and better consumer information, excessive pricing will be eliminated. Access to shops and services will be facilitated by public transport systems and housing developments will also be influenced by consumer needs
- ② **Safeguards:** Consumers will be involved in the development of health and safety regulations, and all such regulations will be more rigorously enforced. Similarly, consumers will have formal input into the development of product standards at national and international level. The NCA will work to ensure that terms and conditions of sale are clear, easily understood, and fair
- ② **Advice and support:** The NCA will work with existing State and voluntary bodies to ensure that consumers get the information and support they need
- ② **Redress:** People who have complaints about goods or services will increasingly know their rights and how to exercise them. Retailers and service providers will respond by developing clear complaints procedures and customer charters. Consumers will have a range of options open to them for resolving difficulties, including alternative dispute resolution, the small claims procedure in the District Court (with significantly increased limits), and, where necessary, the higher courts (with easier, quicker and cheaper legal services for consumers)
- ② **Consumer power:** The NCA will act as a powerful resource for consumers, and a strong voice on their behalf. Consumers will recognise that their interests are increasingly protected, and that regulations are scrutinised for their consumer impact before being adopted. They will have ready access to information on goods and services, and on their prices and quality. This will result in a better choice of goods and services, in terms of quality, variety, service and innovation, as well as a wider range of accessible outlets. Consumers will feel more in control of their spending, be better able to choose what they want and need, and enjoy a higher standard of living and quality of life.

17

Recommendations and Action Plan

The recommendations are introduced throughout this report where they are most relevant. This section brings them together and outlines a timescale for their implementation.

17.1 Full List of Recommendations

Page xvii and 87

Structural Change

- ② Establish the National Consumer Agency which would be independent of the Department of Enterprise, Trade and Employment, have responsibility for a range of functions designed to research and respond to the needs of consumers and have the resources to carry out these functions effectively. These functions are advocacy, research, information, enforcement, education and awareness. The agency would also develop a partnership approach with Government, regulators, business, consumer organisations and unions in promoting and safeguarding the interests of consumers.
Responsibility: Department of Enterprise, Trade and Employment

Page xviii and 81

Groceries Order

- ② Revoke the Groceries Order immediately
Responsibility: Department of Enterprise, Trade and Employment

Page 21

Alcoholic and Non-Alcoholic Beverages

- ② Abolish the limit on the numbers of pub licences.
Responsibility: Department of Justice, Equality and Law Reform
- ② Introduce new forms of licences (for example, for cafes) designed to cater for changing consumer tastes in the market place.
Responsibility: Department of Justice, Equality and Law Reform
- ② Ensure that planning is not used as a barrier to entry in respect of pub and other forms of licence.
Responsibility: Department of Environment, Heritage and Local Government



Chapter 17: Recommendations and Action Plan

Page 23

Fruit and Vegetables

- ② Increase the number of licences granted to traders.
Responsibility: Department of Enterprise, Trade and Employment
- ② Apply a consistent approach to casual trading regulations across all local authorities by means of statutory based guidelines. This may require an amendment to the Casual Trading Act of 1995.
Responsibility: Department of Enterprise, Trade and Employment

Page 25

Pharmaceuticals

- ② Change the current methodology for establishing manufacturers' prices of pharmaceuticals. Include a consumer impact assessment to ensure that all consumers are getting best value for money.
Responsibility: Department of Health and Children
- ② Review mark-ups in the DPS and other schemes.
Responsibility: Department of Health and Children
- ② Strengthen and broaden the current optional incentive scheme for GPs to encourage generic prescribing.
Responsibility: Department of Health and Children
- ② Display prices for branded and generic drugs in pharmacies at point of purchase.
Responsibility: Department of Health and Children; Department of Enterprise, Trade and Employment
- ② Allow pharmacists to provide generic substitution for branded drugs.
Responsibility: Department of Health and Children

Page 30

Passenger Transport

- ② Separate the regulatory and ownership functions of the Department of Transport.
Responsibility: Department of Transport
- ② Broaden the remit of the Aviation Regulator to include taxis, buses and other forms of passenger transport.
Responsibility: Department of Transport
- ② Undertake an independent pilot study to evaluate the introduction of a centralised information system, which would also include integrated route planning.
Responsibility: Department of Transport

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Planning

- ② Oblige local authorities to demonstrate how needs of consumers have been explicitly taken into account at the forward planning level stage and in dealing with planning applications in relation to retail and other service provisions.
Responsibility: Department of Environment, Heritage and Local Government
- ② Interpret the Retail Planning Guidelines in a manner that promotes competition and which is consistent across all local authorities.
Responsibility: Department of Environment, Heritage and Local Government

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Utilities

- ② Provide a strong consumer voice in the regulated sector to complement the regulators, especially in energy and telecommunications, in order to ensure full consideration of consumer issues in the regulatory process.
Responsibility: Department of Communications, Marine and Natural Resources; Department of Enterprise, Trade and Employment

Page 41

Current Government Policy and Processes

- ② Increase resources of the Competition and Consumer Policy section in the Department of Enterprise, Trade and Employment, particularly to enhance legislative capability.
Responsibility: Department of Enterprise, Trade and Employment
- ② Accelerate the legislative review currently being undertaken by Department of Enterprise, Trade and Employment and include any legislative changes necessitated by the Group's recommendations.
Responsibility: Department of Enterprise, Trade and Employment
- ② Incorporate consumer considerations in regulatory impact analysis (RIA) procedures; consumer-proof all relevant Government decisions.
Responsibility: Department of An Taoiseach; All Government Departments

Page 47

Organisations in Ireland with a Consumer Remit

- ② Review in three years' time, the effectiveness of the Irish Financial Services Regulatory Authority in carrying out its consumer protection role.
Responsibility: Department of Finance
- ② Ensure that the Money, Advice and Budgeting Services is represented on the Consultative Consumer Panel of the Irish Financial Services Regulatory Authority.
Responsibility: Department of Finance

Page 53

Consumer Legislation and Enforcement

- ② Commission research into small claims enforcement procedures currently available to consumers with a view to establishing whether a more streamlined and effective process can be put in place.
Responsibility: Department of Enterprise, Trade and Employment
- ② Increase the limit of the maximum award to €3,000 in the small claims procedure in the District Court.
Responsibility: Department of Justice, Equality and Law Reform
- ② Review the small claims award limit every two years and adjust by means of Ministerial Order, if appropriate.
Responsibility: Department of Justice, Equality & Law Reform

Page 71

Business and the Consumer: Codes of Practice

- ② Promote the use of codes of practice by all businesses and encourage self-regulation schemes.
Responsibility: Department of Enterprise, Trade and Employment
- ② Introduce standardised statutory codes of practice across all public sector bodies.
Responsibility: Department of An Taoiseach
- ② Establish private sectoral complaints boards as an alternative means of redress.
Responsibility: Department of Enterprise, Trade and Employment

Page 83

Price Control

- ② Repeal the Prices Acts 1958–1972 that are relevant to price controls.
Responsibility: Department of Enterprise, Trade and Employment



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Structural Change

- ② Expand Social Partnership to include consumer representation on both the Government and voluntary sides.
Responsibility: Department of An Taoiseach

Page 96

Structural Change

- ② Continue support for the Consumers' Association of Ireland.
Responsibility: Department of Enterprise, Trade and Employment
- ② Reimburse the Consumers' Association of Ireland for their time spent on public sector committees.
Responsibility: Relevant Government Departments and Agencies



17.2 Action Plan

While some of the recommendations detailed in this report will be implemented gradually over time, some must be addressed positively and immediately. The Group has identified a number of actions that should be taken without delay. The Group believes that these will create the climate within which the rest of the recommendations can and will be implemented.

Task	Responsibility	Timeframe
Draft the necessary legislation to establish the NCA	DETE	Dec 2005
Legislation for NCA		June 2006
Establishment of an Interim Board for the NCA	DETE	Immediately
The priorities for the NCA should be the following:		
- Prepare Memoranda of Understanding with the various organisations	DETE	Immediately
- Work closely with business to initiate preparation of Codes of Practice	DETE	Immediately
- Commence an information campaign to include awareness of consumer rights	DETE	Immediately
- Initiatives on comparative price information	DETE	Immediately
- Examine the services sector, including professional, trade and domestic services	DETE	Immediately

All other recommendations within the report should be implemented within a two year timeframe.

Implementation Group

An inter-departmental Implementation Group should be established to progress the various recommendations in this Report. It should be chaired by the Assistant Secretary, Competition & Consumer Division, Department of Enterprise, Trade & Employment and comprise senior personnel from the various Government departments impacted by the Report. The Group should report to Government within three months.



Appendices





Appendix A: *Submissions - List of Bodies and Individuals*

A

Submissions - List of Bodies and Individuals

ACCA Ireland	Colgan, J
Advertising Standards Authority for Ireland	Coll, B
Ahern, M	Collins, N
Aldi Stores	Collins, S
An Post	Combat Poverty Agency
Association of Advertisers in Ireland Limited	Comhairle
Avoca Handweavers	Commission for Aviation Regulation
Barrett, R	Commission for Communications Regulation
Beakey, T	Commission for Energy Regulation
Belford, M	Commissioners of Irish Lights
Blackrock Clinic	Company of Goldsmiths of Dublin
Bord Bia (Irish Food Board)	Competition Authority
Bord Iascaigh Mhara	Concern
Bord Pinsean (The Pensions Board)	Consumers' Association of Ireland
Boylan, J	Consumers' Association of Ireland, Transport Committee
Breastcheck	Coras Iompair Eireann
Broadcasting Commission of Ireland	Cork City Development Board
Butler, G	Cork County Council
BWG Group	Courts Service, The
Cantrell & Cochrane Group plc	Crotty, N
Carlow County Council	Danaher, Mr
Carlow County Enterprise Board	Department of Agriculture and Food
Carlow Town Council	Department of Arts, Sport and Tourism
Carroll, E	Department of Communications, Marine and Natural Resources
Cashel Town Council	Department of Community, Rural and Gaeltacht Affairs
Cavan and Monaghan General Hospital	Department of Defence
Central Bank and Financial Services Authority of Ireland	Department of Education and Science
Central Statistics Office	Department of Enterprise, Trade and Employment
Chambers of Commerce of Ireland	Department of the Environment, Heritage and Local Government
Civil Service & Local Appointments	Department of Finance
Clare County Council	Department of Foreign Affairs
Co Clare Citizens Information Service	Department of Health and Children
Coillte Teo	

Department of Justice, Equality and Law Reform

Department of Social and Family Affairs

Department of An Taoiseach

Department of Transport

Devlin, M

Director of Public Prosecutions

Dublin 15 Community Council

Dublin City Council

Dublin Docklands Development Authority

Dublin Port

Duddy, G

Duke, M

Eagle Star Insurance Co (Ireland)

EAN Ireland

eircom

Embassy of Australia

Embassy of Denmark

Embassy of France

Embassy of Spain

Embassy of Turkey

Embassy of United Kingdom

Ennis Citizens Information Centre

Ennis Town Council

Equality Authority, The

Equestrian Federation of Ireland

Excellence Ireland Quality Association (EIQA)

FÁS Head Office

FBD Holdings

Feile Pan-Cheilteach

Fendler, R

Fine Gael

Finfacts

Fitzpatrick, N

Fitzsimmons, N

Flanagan, M

Food & Drink Industry Ireland

Gallagher, E

Galway Regional Hospital

Garda Síochána

Gill, A

Glanbia

Gorman, N

Grafton Group

Green Isle Food Group

Hanratty, B

Hennessy, S

Hibernian Group

Holland, F

Institute of Advertising Practitioners

Institute of Chartered Accountants in Ireland

Institute of Professional Auctioneers & Valuers

Institute of Technology, Limerick

Institute of Technology, Waterford

Insurance Ombudsman of Ireland

Irish Association for Counselling & Psychotherapy

Irish Association for Spina Bifida & Hydrocephalus

Irish Association of International Express Carriers

Irish Aviation Authority

Irish Bankers Federation

Irish Congress of Trade Unions

Irish Deaf Society

Irish Farmers Association

Irish Financial Services Regulatory Authority

Irish Greyhound Board

Irish Hardware & Building Materials Association

Irish Home Builders Association

Irish Museum of Modern Art

Irish National Stud Company Ltd, The

Irish Productivity Centre

Irish Senior Citizen's Parliament

Irish Society of Chartered Physiotherapists

Jennings, P

Kearney, M

Kelly, A

Kenny, A

Kerry County Enterprise Board

Kilkenny County Enterprise Board

Land Registry/Registry of Deeds

Lane, H

Law Society of Ireland

Leech, P

Letterkenny Hospital

Limerick County Council

Lynch Hotels

Madden, F

Mayo County Council



Appendix A: *Submissions - List of Bodies and Individuals*

McCabe, D	Power, P J
McCormack, C	Quinn Direct
McManus, A	Radio Telefis Éireann
Midland Health Board	Railway Procurement Agency
Mid-Western Health Board	Rape Crisis Centre
Mooney, R	Retail Grocery Dairy & Allied Trades Association (RGDATA)
Morrison, J	Retail Ireland
Mullen, G	Rigby, M
Musgraves	Roantree, R
Nadajara, T	Roscommon Community Services
Namhi	Royal Danish Embassy
National Adult Literacy Agency	Royal Institute of Architects of Ireland, The
National Birth Alliance	Royal Netherlands Embassy, The
National Car Testing Service	Ryanair
National Council for Curriculum	Safe Food
National Dairy Council	Shortall, D
National Disability Authority	Skillington, D
National Education Welfare Board	Sligo County Council
National Federation of Pensioners Association	Smith, C
National Milk Agency	Society of St Vincent de Paul
National Newspapers of Ireland	Society of the Irish Motor Industry, The
National Qualifications Authority of Ireland	South Dublin County Council
National Roads Authority	South Tipperary County Council
National Safety Council	Southern Health Board
Neavyn, N	St James Loan Fund Society
North Eastern Health Board	Sunday Times, The
North Western Health Board	Sweeney, S
Northside Citizens Information Centre	Tayto
ntl	Teagasc
Nugent, C	Tesco Ireland
O'Brien, H	Údarás na Gaeltachta
O'Connor, R	Valuation Office
Offaly County Council	Voluntary Health Insurance Board
Office of the Director of Consumer Affairs	Walsh, Melanie
Office of the Director of Public Prosecutions	Walsh, Michael
Office of the Ombudsman	Waterford City Council
Office of the Revenue Commissioners	Waterford County Council
Olwell, N	Western Development Commission
Ordnance Survey Ireland	Western Health Board
O'Riordon, A	Westmeath County Council
O'Sullivan, S	Whyte, M
Paddy Power	WITH
Power, J	

B

Overview of Submissions Received

The Consumer Strategy Group, established in March 2004, publicised its brief and made a national request for submissions from the general public in June 2004. The request was issued via national newspapers, regional newspapers, radio and through the Group's website. In addition, the Group also issued a supplementary 2,000 letters to various public and private businesses, bodies and organisations across all sectors of the economy, requesting their input into the consultation process. As a result of both requests the Group received a total of 236 submissions.

Table 19: Table showing source of submissions	
Source	Number
Public Sector	120
Private Individuals	56
Non-Government Organisations	31
Private Sector	29

As part of the public consultation process the Group issued a document to assist those making submissions to focus on key issues of:

- ⊗ Access
- ⊗ Safeguards
- ⊗ Advice and Support
- ⊗ Redress
- ⊗ Consumer Influence and Power
- ⊗ Business and the Consumer
- ⊗ Other

Detailed below is a summary of the responses received under these headings.

Access

The Consumer Strategy Group asked:

'Do consumers have the **choice** of goods and services at the price and of the **quality** they want wherever they live and whatever their circumstances?

Is sufficient **information** available to them to make informed choices?'



Choice

- ② The submissions offered a mixed opinion as to whether or not consumers have adequate choice in relation to products and services available in urban and rural areas across the country. In rural locations, a number argued that there is limited choice of services and products available and negligible price difference between those that are available. A lack of public transport in these areas was argued to be a further impediment to choice. Others argue that Ireland has a unique retail market profile containing a strong independent sector. They believe that this ensures that consumers have a wide choice at competitive prices regardless of location.

In relation to urban areas, one submitter suggested that price and choice can vary in relation to location within that urban area. Restricted access to competitive prices and choice was argued to exist particularly in poverty stricken suburbs where the local corner shop or petrol station may be the only physically accessible retail outlet available to consumers.

Retail Planning Guidelines (RPGs)

- ② The Retail Planning Guidelines, were argued to have a negative impact on choice by a number of submitters, and a positive impact by others. Those in favour of the Guidelines argued that their retention ensures the maintenance of a diverse retail base, divided between the multiples, discounters and symbols, which in turn ensures that consumers continue to have choice, access, and convenience. Others argue that the Guidelines are anti-competitive and serve to curb retail development and competition. One submitter suggested that the amendment of planning regulations, an increase in planning authorities and appeals process resources, an increase in the land zoned for retail development and an introduction of taxation or planning measures to disincentivise land banking, would greatly aid the development of the retail sector and increase competition.

Insurance

- ② A number of submissions complained of restricted choice in the insurance market. One submitter argued that as vehicle insurance is compulsory under Road Traffic legislation, suppliers should not be allowed to remove themselves from large sections of the market, such as provisional licence holders or young male drivers. Again, in the area of insurance, one submitter highlighted restricted access to insurance by SMEs and start-ups. The submitter requested that the state legislate to allow indigenous industry grow and ensure that insurance providers do not act as a barrier to entry into the market place.

Utilities and Telecommunications

- ② The lack of choice in gas, electricity and telecom suppliers was noted as uncompetitive.
- ② In an attempt to increase choice, one submitter suggests that the Government, with the aid of the relevant agencies, set up a task force to identify international "low cost leaders" in key market areas where consumer choice and market prices in Ireland are determined to be uncompetitive. This task force could then aid the selected companies to enter the Irish market by assisting them on such issues as site location, planning and employment information.

Price

- ② A number of submissions from the retail and service sectors noted the rising costs of doing business – labour, insurance, property, service and VAT – are drivers of price increases for consumers.
 - ② Rising prices were also noted in one submission to be linked to price shocks, market integration, structural adjustments and cyclical differences within the EU, the Balassa-Samuelson effect and policy-induced price changes in Ireland itself. The submitter suggests that a review and reduction of VAT, revenue schemes and tax schemes should be carried out with a view to significantly reducing the price differential between Ireland and other EU countries.
- Another submission argued that tax bands should be index-linked to avoid tax increases by stealth.
- ② Submitters argued both for and against the maintenance of the Groceries Order. The argument against the maintenance of the Order centred around the premise that it is anti-competitive and can result in the standardisation of cost prices. The argument for the Order stated that it works to inhibit predatory pricing by larger multiples, and enables the existence of a diverse retail base.
 - ② The submissions highlight concern amongst the general public in relation to the high price of:
 - Medicines
 - Credit card tax
 - Car and travel insurance
 - Vegetables
 - Convenience stores
 - Hotel accommodation
 - Hidden costs to public goods and services, including education
 - Waste disposal
 - Ticket handling charges
 - Childcare
 - Petrol
 - Soft drinks
- One proposed solution was State-set recommended retail prices for essential goods and services.
- ② A number of submissions noted that price comparisons between mobile phone operators are difficult. One recommended that mobile phone operators be required to publish a typical user price (TUP) along with their individual price packages. The TUP would indicate how much a typical low, medium or high user, as defined by ComReg, would pay
 - ② Several submissions commended the use of unit pricing. It was also requested that the Group recommend that retailers be obliged to print the unit price on multi-pack goods
 - ② It was requested that prices be displayed at the front entrance of all restaurants, surgeries and dentists.



Appendix B: Overview of Submissions Received

Quality

- ② A number of submissions highlighted concerns with regard to quality and access to public transport, which is viewed as uncoordinated, inefficient and not user-friendly. In particular the lack of integration of services, basic facilities (such as covered platforms), timetable information, and information of complaints mechanisms at the terminus were noted.

The lack of a change arrangement on Dublin Bus services and the operation of the reclamation of 'change' ticket at O'Connell Street was argued to be inconvenient (the journey to reclaim the money was argued to often be more than the amount to be reclaimed). It was also noted that the quality of service varies from place to place, most notably between rural and urban areas

- ② Concern was noted with respect to a lack of quality among service providers, particularly trades people who offer services in the home. The introduction of a national self-regulation scheme for service providers was suggested by several submitters.

Information

Submissions requested that:

- ② Written information relating to all goods and services available in the market place should be presented in 'plain English'. One submitter requested that 'person to person' information take account of each individual's level of need, disability and/or background
- ② The Government develop legislation to control the production and dissemination of inaccurate, unscientific information which can confuse and mislead consumers, particularly in relation to food produce
- ② With respect to accessing consumer information, there was a general consensus that consumers are currently suffering from a deficit. Two different schools of thought emerged in the submissions as to how to deal with this issue. One suggested the establishment of a 'one-stop-shop' for those seeking information on consumer matters. The other recommended increased funding for, and the promotion of collaboration between, existing providers of consumer information
- ② Several submissions noted that consumers do not have access to full information in relation to companies' profitability. One suggested that greater transparency of accounting information of large retailers would allow consumers, suppliers and competitors to evaluate the current savings offered by retailers. Another requested that retailers and service providers with a turnover in excess of €1 million per annum be required to publish and maintain updated price lists on websites or other public display locations.

Furthermore retailers and service providers should be required to submit prices of a defined list of products on a regular basis to a central authority. These figures could then be published in comparative form enabling consumers to make informed choices based on independently verified comparative prices

- ② A number of submitters requested that current legislation governing the display of prices be fully implemented and monitored.

Other

- ② One submission requested that the Group consider the interests of disabled consumers in relation to physical access to retail outlets in their deliberations
- ② Another submission highlighted the imbalance in the current planning system, which it argues greatly favours the developer and excludes other stakeholders. The submitter requests that fees to access the planning and development system be eliminated and that the content of discussions and meetings at the pre-planning process stage be fully recorded and made available to the public. The submission also suggests that officers reporting on planning applications specifically address any issues/concerns raised by third parties and that planning applications be accessible electronically
- ② The failure of the financial sector to develop appropriate 'no-frills' saving products for low income families or low cost credit products was also highlighted.

Safeguards

The Consumer Strategy Group asked:

'Do consumers have confidence in the **safety** and **health** aspects of the goods and services they buy? Does **labelling** information help and do consumers trust it? Do consumers read **'terms and conditions'** and understand their effect and are they fair?'

Health and Safety

- ② It was noted by a number of submitters that there is adequate health and safety legislation in place for the food sector. However there was a general consensus that this legislation needs to be more rigorously monitored and enforced. One submission argues that consumers need to be adequately informed and educated, enabling them to protect themselves. The submission suggested that the retail network, with direct access to consumers on a daily basis, could be used to disseminate appropriate information
- ② Several submitters recommended the introduction of a national self-regulation scheme for service providers who subscribe to a minimum safety requirement
- ② Concern for levels of hygiene in cafés and restaurants was noted
- ② One submission recommended the establishment of a product safety test house within the State
- ② A number of submissions noted the lack of safeguards in place to protect consumers making purchases over the internet and from catalogues.

Labelling and Terms and Conditions

There was consensus among the submitters that consumers generally assume that all information appearing on labels is correct and truthful. The following requests were made with regard to labelling:

- ② Increase monitoring of labelling legislation. It was requested that retailers be legally obliged to print truthful, clear, simple and unambiguous labelling on all products and services
- ② Country of origin and region of production be printed on labels. One submitter requested that this include own-brand goods which are produced on behalf of a company
- ② Harmonise and standardise terms and conditions and present in plain English
- ② A proactive approach to education for children and adults, by the Government, to promote the use and understanding of food labelling



Appendix B: Overview of Submissions Received

- ② The introduction of a Government sanctioned stamp of approval for products and services. One submitter suggested that this programme be funded by manufacturers who would ultimately benefit from this stamp of approval
- ② All food products, including those sold as prepared meals in restaurants, be correctly labelled, contain a clear indication of product origin and accurate price information
- ② The creation of an internationally recognised symbol indicating the use of allergens and allergen derivatives within food products.

Other

- ② Concern with respect to ex-ante regulation was noted. Submitters requested that regulation be reviewed regularly to assess its level of appropriateness, effectiveness and restriction to business growth and development
- ② In relation to rented accommodation, one submission urged that the provisions of the Private Rented Tenancies Act be safeguarded, including the requirement to register properties and security of tenure.

Advice and Support

The Consumer Strategy Group asked:

‘Do consumers know **where to go** for advice and support? If so, are the services provided adequate? If not, how could they be improved? Do **susceptible, vulnerable** or **busy consumers** have sufficient consumer voice? Are vulnerable consumers unfairly targeted?’

Existing Services

- ② There was general consensus among the submitters that consumers currently lack adequate advice and support services. It was also agreed that there is a lack of awareness of those agencies and organisations that exist. Some suggestions to rectify this included:
 - The creation of a well-advertised, central and freephone system to direct consumers where to go to for assistance. The submitter also suggested that details of advice and support organisations be placed together in one section of the phone book, listing contact phone numbers, addresses and websites
 - The remit of the Office of the Director of Consumer Affairs (ODCA) be widened and that consumer protection legislation and the ODCA be revitalised and the Competition Authority's expertise strengthened
 - The strengthening of the Consumer Association of Ireland.

Susceptible, Vulnerable and Busy Consumers

- ② A number of submissions suggested the need for advice, support and information services directly targeted at disadvantaged groups. Information could be disseminated to these groups via partnerships, advocacy and outreach programmes.

Other

It was requested that:

- ② All new and existing information relating to consumer rights be communicated to consumers, retailers and service providers in plain English
- ② Retail staff should be adequately trained in consumer rights and legislation
- ② One submitter suggested a publicity campaign along the lines of the UK Office of Fair Trade's 'If it looks too good to be true it probably is' be considered to combat the number of 'scams' that currently exist
- ② A programme of consumer education should be included in the second level education curriculum. Specific programmes targeted at those outside the educational system should also be established.

Redress

The Consumer Strategy Group asked:

'Are consumers **aware** of their rights? Do **complaints** make a difference? Are enough compliant systems available and widely known? Are these systems accessible and effective?

Are there other legal and/or **redress** systems available and are these accessible and effective?

Are there alternatives to the legal process available? Does it take too long to get redress?'

Awareness of Rights

- ② The majority of submitters agreed that there is a lack of awareness of consumer rights with regard to complaints, the return of merchandise and redress mechanisms. A number requested that shops be obliged to display consumer rights notices in prominent places around their stores. One suggests that notices outlining any supplementary policies the stores currently follow also be displayed.

Existing Complaints and Redress Systems

- ② Submitters highlighted concern for the lack of adequate and effective complaints mechanisms within both the public and private sectors. In particular the lack of an effective mechanism to deal with service providers who break their contracts was noted
- ② The length, expense and administrative burden of pursuing complaints through the current legal system was noted. The maximum claim limit of the Small Claims Court (€1270) was argued to be disproportionate to the 'real costs' of redress and that it acted as a deterrent to consumers pursuing claims. Others suggested that, given increases in incomes and prices, the amount is simply too small to be considered adequate compensation for most complaints. Significant barriers to accessing the legal system for redress were noted to exist for those with literacy difficulties, the less well educated and the time poor
- ② It was requested that clear processes of how to complain be published by both the public and private sector
- ② A number of submitters argued that the publication of the results of complaints made by consumers would greatly aid the success of complaints systems and promote better business practices. One submitter suggested that businesses that continuously do not comply with legislation or consumer guidelines be named and shamed
- ② Alternative dispute resolution (ADR) mechanisms were argued by one submitter to be especially effective at representing consumers and resolving issues in areas that are technically complex



Appendix B: *Overview of Submissions Received*

- ② Ex-post regulation, supplemented with enforcement by a public body, another argued, is the most effective way of protecting customers. For this system to operate effectively the body would require adequate funding, sufficient powers of investigation, power to fine and power to initiate court proceedings.
- ② Another suggested that a consumer rights enforcer should:
 - Conduct regular price surveys, highlighting good value and naming and shaming those charging excessive prices
 - Create a price league website with tables on all major products
 - Develop codes of conduct for service providers and retailers on issues like passing on exchange rate movements
 - Devise and promote a 'Good Proactive Provider' quality mark for suppliers of goods and services which agree to be bound by codes of practice
 - Work with local authorities to drive a pro-consumer agenda at local level involving regular price surveys and measures that protect consumer interests against local cartels
 - Impose and raise fines from the current €127 to a maximum of €3,000 for non-display of price lists in petrol stations, pubs, hairdressers and restaurants
 - Represent the consumer in national partnership agreements.

Consumer Influence and Power

The Consumer Strategy Group asked:

'Do consumers have an **input into the public policy** that affects the price of goods and services (including publicly provided services) that they purchase? Are there enough **bodies to speak on their behalf** and are they strong enough?'

- ② The majority of submitters agreed that consumers currently have little influence or power, and that consumer advocacy is poor
- ② Several submitters argued that an informed, unbiased consumer advocacy body should be established in order to ensure that legislation takes full account of the consumer. This body could conduct research into what the consumer really wants in terms of choice, quality and safeguards and what levels of service they receive in both the public and private sector, while also advising government departments on the positive and negative consequences of various policy proposals and existing legislation on consumers. Another noted that any attempts to increase consumer influence and power should do so without further excluding vulnerable or marginalised groups from the process
- ② Public consultation, seeking consumer opinion in relation to proposed consumer legislation, should be undertaken in relation to all new consumer policy proposals. Methods of consultation should not exclude the disadvantaged or marginalised within society
- ② One submitter also requested that the Government ensure that the residential and business community is adequately consulted in advance of the launch of major infrastructure initiatives.

Business and the Consumer

The Consumer Strategy Group asked:

‘What improvements in **consumer policy** and institutions would businesses like to see? What changes are needed in **dispute resolution** procedures from the business point of view? How could businesses increase their **competitiveness** through more consumer focus and more emphasis on consumer services?’

Of all the areas the Group requested comment on in the public consultation document, ‘Business and the Consumer’ was the least commented-on area. However, the following points were raised by individual submitters:

- ② Businesses that strive to meet the needs of their domestic customers have higher productivity and sophisticated consumers for product testing, enabling them to compete better in overseas markets
- ② Self-regulation by business is a positive means of ensuring best practice in the private sector. The Government should acknowledge the role it plays and actively encourage its development through the establishment of a central forum to promote the concept of support and sharing of information between regulatory and self-regulatory bodies. This would lead to a position of co-regulation which would be of great benefit to both business and the consumer
- ② Channels of consultation between consumers, Government and business, with regard to consumer policy and enforcement, are inadequate and would benefit from the establishment of a permanent Consumer Strategy Group to facilitate consultation on consumer issues with business interests (retailers, service and providers)
- ② Retail staff should be trained to focus on the needs of the consumer
- ② The formation of a General Consumer Council should be considered. Formal structures combining business interests with those of the consumer have worked well in many EU States
- ② Concern was voiced in a number of submissions about how business is practiced in the State. One submitter argued that the practice of businesses using premium rate phone lines for their service advice lines should be discouraged. Another was concerned that there are a number of organisations offering financial advice to consumers but ultimately not acting in the interest of the consumer. It was recommended by one submitter that the Government issue clear guidelines as to how business should be conducted in the State with severe penalties for those who do not comply.



Other

The following are points raised that did not fall into any of the categories outlined by the Group's consultation document:

- ⊗ Competition was highlighted as a core element of any effective consumer strategy. It was argued that all other elements (price, information, choice, access and quality) should flow from a central focus on competition, without which regulation and redress will be ineffective. Areas prioritised for examination should be mobile and fixed communications, gas, electricity, postal services, transport, railways and urban transport
- ⊗ Concern was raised that new laws and regulation governing consumer issues are being introduced without a review of existing laws
- ⊗ A call for consumers to be fully informed of all new EU legislation in a clear, concise and 'consumer-friendly' manner was made
- ⊗ It was suggested that a consumer strategy be determined under the Department of the Tánaiste or Taoiseach rather than under a line department where conflicts of interest can occur. Another suggested that general policy be set at Cabinet level, while detail be determined by the relevant department.

Note: While all submissions were carefully considered by the Group it was not possible to reflect them all in this summary. The Consumer Strategy Group would like to thank all of those who took the time to make submissions.



Key Studies Undertaken by the Consumer Strategy Group

Alcoholic and Non-Alcoholic Beverages and the Consumer	Forfás
Consumer Media in Ireland	Tom Martin & Associates
Consumer Media Issues	Aidan Dunne
Consumer Attitudes and Perceptions Study	Lansdowne Market Research
Fruit and Vegetable Pricing Study	Forfás
Pharmaceuticals and the Consumer	Forfás
Planning and Land Use and how it affects the Consumer	Brady Shipman Martin
Promoting Consumer Interests in the Retailing Industry	Farrell Grant Sparks
Transport and the effects on the Consumer	Fitzpatrick Associates

These studies can be downloaded from the Consumer Strategy Group website: www.irishconsumer.ie

**Appendix D: Price Inflation**

D

Price Inflation

Table 20: Index of Consumer Goods/Services, EMU12, 2003 (IRL = 100).
Analysis of 12 and 60-Month Inflation by Category of Consumer Expenditure (COICOP 1)

	PT	GR	ES	IT	AT	B	F	LUX	NL	D	FI
All private household consumption	62	67	69	79	84	81	83	83	85	85	101
Food & non-alcoholic beverages	75	76	75	89	89	88	96	95	85	87	99
Food	74	76	77	90	91	89	99	98	86	87	100
Non-alcoholic beverages	79	80	56	72	71	77	73	73	79	84	95
Off-licence alcohol & tobacco	44	47	38	49	53	51	59	45	53	50	87
Alcoholic beverages	55	56	37	50	50	49	49	50	56	45	105
Tobacco	38	43	38	48	55	54	69	42	50	56	68
Clothing & footwear	102	142	140	128	135	139	115	151	131	132	133
Gross rents, fuel & power	29	51	54	62	66	73	76	90	81	84	93
Rentals for housing	20	50	53	53	57	68	75	93	76	78	95
Electricity, gas & other fuels	109	72	88	140	106	105	100	91	113	112	89
Furnishings, equipment, maintenance	73	82	94	96	101	92	90	102	97	95	105
Health	68	57	74	100	103	98	86	95	88	114	108
Transport	83	65	76	80	93	82	83	76	95	93	105
Communications	111	98	96	114	98	107	111	75	87	92	101
Recreation & culture	79	82	83	92	97	88	92	91	85	91	116
Education	69	46	48	84	103	86	82	116	87	107	158
Restaurants & pubs	61	69	69	78	79	76	71	81	79	71	102
Miscellaneous goods & services	73	73	68	84	104	93	93	78	92	94	115

Source: Eurostat, 2003



Pattern of Consumer Expenditure

Table 21: Pattern of Consumer Expenditure – 2001 and 2004

	Dec 2001 base expenditure weight (%)	Oct 2004 pattern of expenditure (%)
Food & non-alcoholic beverages	14.1	13.2
Alcoholic beverages & tobacco	7.5	8.1
Clothing & footwear	5.1	4.1
Housing, water, electricity, gas & other fuels	12.3	12.4
Furnishings, household equipment & routine household maintenance	4.3	3.8
Health	2.5	2.8
Transport	13.2	13.4
Communications	1.9	1.8
Recreation & culture	10.8	10.7
Education	1.5	1.7
Restaurants & hotels	17.8	19
Miscellaneous goods & services	9.0	8.9
Total	100	100

Source: Central Statistics Office Ireland, Consumer Price Index October 2004.



F

Research Methodology for Consumer Survey

The Group conducted two consumer attitudes and perceptions surveys in June and November 2004.

June 2004 Survey

This survey consisted of both qualitative and quantitative analysis. The key reason for considering a qualitative phase of research for this project was to explore in greater depth issues that do not lend themselves as easily to a quantitative questionnaire (e.g. why and how) as well as probing further topics covered in the questionnaire to add an extra level of depth, understanding and insight to the statistics.

Phase 1: Qualitative Focus Groups

This consisted of eight 1.5-2 hour focus groups. Each group consisted of eight consumers. Across the eight groups there was a mix of gender, age, social class, location and knowledge/experience of consumer rights to reflect the key factors that may influence attitudes and opinions.

The group structure was as follows:

Table 22: Structure of Qualitative Focus Groups					
Group	Area	Gender	Age	Class	Knowledge/ involvement in consumer protection
1	Cork	Mixed	16-17	ABC1	None
2	Dublin	Male	18-19	C2DE	None
3	Kilkenny	Mixed	20-25	C1C2 & F	Some
4	Westport	Female	25-35	C2DE	None
5	Dublin	Mixed	30-40	ABC1	A lot
6	Westport	Male	45-55	C1C2 & F	Some
7	Cork	Female	60-70	C2DE	Some
8	Kilkenny	Mixed	70+	DE	None

Phase 2: Quantitative National Opinion Poll

A national sample (800) representative of all aged 15+ was interviewed face-to-face in respondents' homes. With this representative sample there is an estimated margin of error ± 3.5 per cent at 50 per cent at 95 per cent confidence. The interviewing process took place in June 2004.

November 2004 Survey

The survey carried out in November was an Omnibus Survey of a national sample (1000) representative of all aged 15+ conducted by telephone.



Code of Practice Questionnaire sent to Professional and Trade Organisations

Trade & Professional Organisations Questionnaire

Please tick boxes as appropriate. Please highlight where these issues are addressed in your Code of Practice/Conduct/Ethics and/or your complaints procedure by inserting the relevant section reference number under Code Section No.

	Question	Tick	Code Section No.
1	Does your organisation have a Code of Practice/Conduct/Ethics? (if no skip to question 2)	<input type="checkbox"/>	
1.1	Does your organisation's code promote the use of: - Truthful adverts - Clear, helpful and adequate pre-contractual information. - Clear, fair contracts.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
1.2	Does your code require that staff in member organisations know about and meet the terms of the code?	<input type="checkbox"/>	
1.3	Does your code require that member organisations have an effective complaints handling system?	<input type="checkbox"/>	
1.4	When complaints cannot be resolved in-house does your code set out where the complainant can access an effective and low cost redress mechanism to remedy the problem?	<input type="checkbox"/>	
1.5	Do you publicise your code?	<input type="checkbox"/>	
1.6	Do your member organisations publicise their codes?	<input type="checkbox"/>	
1.7	Do you publish a report on the operation of your code?	<input type="checkbox"/>	
1.8	Do you operate a supervisory body for the code to ensure its relevance and effectiveness?	<input type="checkbox"/>	
1.9	Is this supervisory body made up of people from your sector, consumers, and independent members?	<input type="checkbox"/>	
1.10	Do you operate an effective system to underpin compliance and to address breaches of the code by your members?	<input type="checkbox"/>	
1.11	Do you publish a report on your members compliance with the code and on complaints received?	<input type="checkbox"/>	

**Appendix G:** *Code of Practice Questionnaire*

	Question	Tick	Code Section No.
2	Does your organisation have a formal complaints procedure? (If no skip to question 3)	<input type="checkbox"/>	
2.1	Is it clear to customers what action is required to make a complaint?	<input type="checkbox"/>	
2.2	Is it clear to customers what action they can take if their complaint is not resolved?	<input type="checkbox"/>	
2.3	What is your policy on refunds, replacements, repairs, substitutions, compensation, apologies, good will?	<input type="checkbox"/>	
2.4	Do you explain to customers how your decision on their complaint was reached?	<input type="checkbox"/>	
3	Does your organisation operate a Quality Seal/Stamp system?	<input type="checkbox"/>	
3.1	How often is this award reviewed?	<input type="checkbox"/>	



Description of Consumer Policy in Individual Countries

Denmark

Consumer Policy in Denmark

The focus of consumer policy in Denmark is based on empowering consumers to make better choices by providing them with better information, greater transparency and more effective means of redress. This is underpinned by regular dialogue between businesses and consumers so that both take greater responsibility for solving problems, in particular by placing greater reliance on private rather than public mechanisms to resolve complaints. Consensus between the various stakeholders is the key to the success of consumer policy in Denmark.

The main objectives of Danish consumer policy as laid out in Denmark's New Consumer Policy 2003 are as follows:

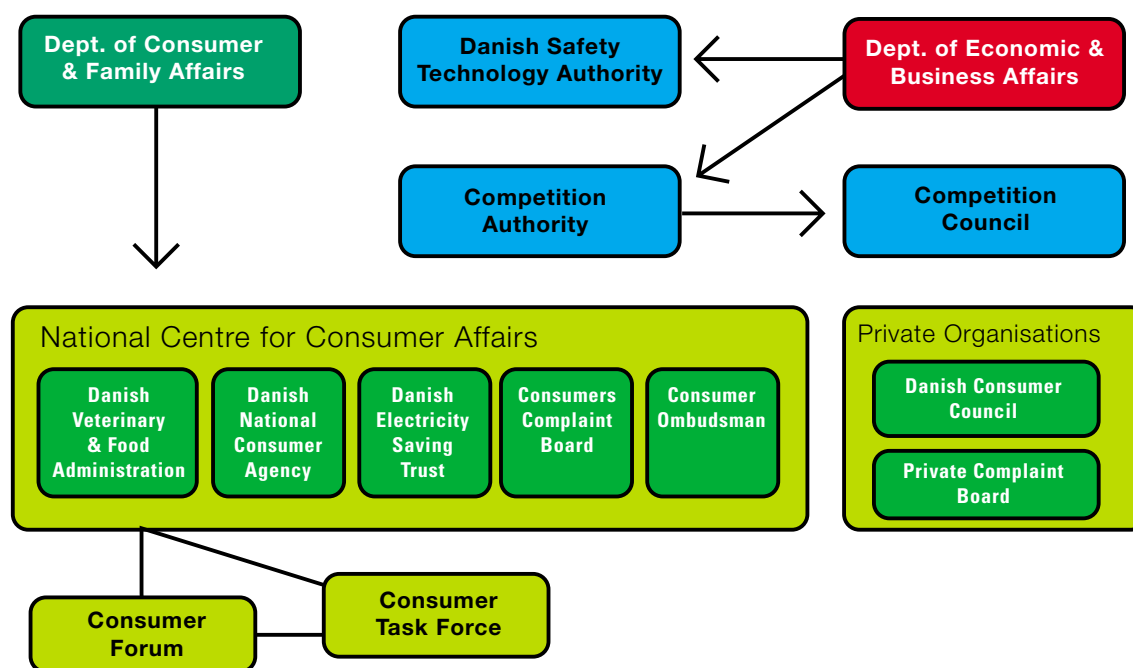
- ② More efficient organisation of consumer authorities in Denmark
- ② Greater consumer protection – food and product safety, consumer health protection
- ② Improved consumer advice services – extension of existing advice services, an integrated consumer portal, simplification of labelling schemes and guidelines for provision of consumer information
- ② Promoting consumers' freedom of choice – transparency in the new deregulated markets, efficient complaints procedures and greater transparency in the housing market, in health and in welfare services
- ② Simplifying consumer regulations
- ② Involving companies as partners – consumer complaints system reform, targeted information for companies about consumer affairs, best practice guide in consumer relations.

Figure 5 on the next page shows a schematic diagram of the structures for consumer policy in Denmark and the various relationships that are in place.



Appendix H: Description of Consumer Policy in Individual Countries

Figure 5: Schematic Diagram of the Structures for Consumer Policy in Denmark



Key Features of Danish Consumer Policy

A number of features of Consumer Policy in Denmark are as follows:

- ② Denmark's social partnership model is advanced, flexible, decentralised
- ② Denmark works on the basis of consensus
- ② Consumers in Denmark are regarded as being very price-conscious with a strong voice in national policy
- ② The structure of organisations in Denmark is the most complex of all the countries reviewed
- ② The Danish Consumer Council (non-government) is very powerful. Its views are always taken into account
 - It is not a membership organisation: it is made up of representatives from 24 different organisations (especially trade unions)
 - It provides many testing and information services
 - Its magazine has 800,000 subscribers
- ② State structures include:
 - The Danish Consumer Agency
 - The Consumer Ombudsman
- ② A number of the consumer agencies are now grouped together into the National Consumer Centre for Consumer Affairs called 'Consumer House'.

Netherlands

Consumer Policy in the Netherlands

The Dutch Government's response to the Green Paper on European Union consumer protection states that the most important principle for Dutch consumer policy is that of 'mature consumers' i.e. that consumers guide the market by making choices, not the other way round. *"The aim of this is to help consumers to make these choices in a responsible way, as far as possible".*

A focus is placed on the existence of sound rules to support and protect the consumer in the market place without placing undue burden on the business community. Many consumer protection rules in the Netherlands are based on European Union directives. There is a strong emphasis on self-regulation involving close cooperation and dialogue between the social partners, which is characteristic of the Dutch cultural approach of reaching agreement by consensus.

A review of consumer policy in the Netherlands has been recently undertaken by the Ministry of Economic Affairs. This review was prompted by a number of factors including the need to establish gaps in the consumer protection system and the need to comply with the EU regulation concerning cooperation between the national institutions responsible for enforcing legalisation on consumer protection.

The outcome of this review was a decision to establish a new Consumer Authority by 2006 – details of the structure of the new Authority are currently being considered by the Dutch Parliament.

While there are no explicit terms of reference for this new Authority, it is planned that it will have two main functions:

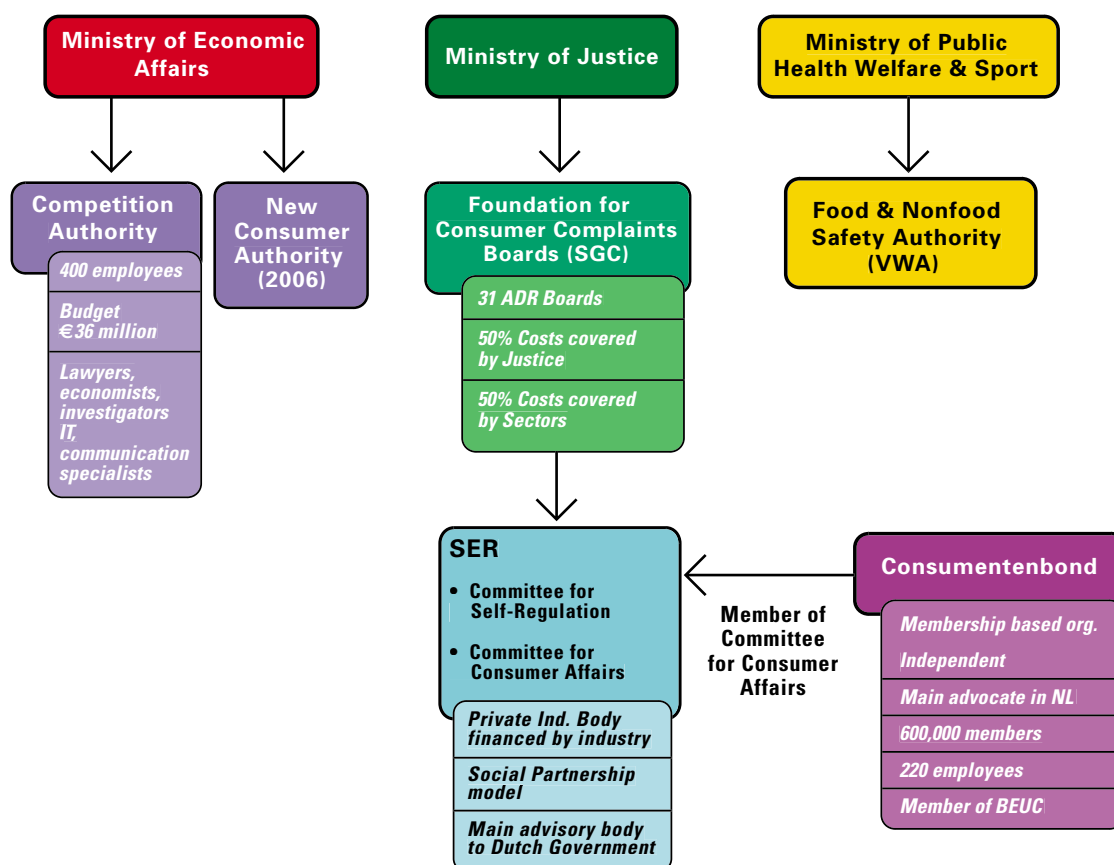
- ② To provide an information point to give consumers and suppliers of goods and services information about their rights and obligations. The information point will also be a one-stop referral site for both national and cross-border disputes. The Authority will not settle individual disputes itself.
- ② To investigate and enforce collective infringements of consumer law. To succeed, it is recognised that there must be cooperation between all sectoral authorities and that all consumer complaints are challenged through the Authority.

The guiding principle behind this action is that consumers must be capable of making properly considered choices and of protecting their own interests. Figure 6 is a schematic diagram of the structures for consumer policy in the Netherlands and the various relationships that are in place.



Appendix H: Description of Consumer Policy in Individual Countries

Figure 6: Schematic Diagram of the Structures for Consumer Policy in the Netherlands



Key Features of Dutch Consumer Policy

Some of the key features of consumer policy in the Netherlands are as follows:

- ② Dutch society is based on social partnership, but market forces are given a higher role
- ② Consumer policy is integrated into social and economic policy and institutions
- ② Distinction between competition and consumer policy
- ② Institutional simplicity
- ② The Consumers Association (membership organisation) is very powerful
- ② On sustainability: “it is easier to influence producers than consumers”
- ② Because of the absence of a government funded consumer body, consumers’ interests in general have been represented by Consumentenbond. In the new approach, with a new Consumer Authority being established, Consumentenbond will in future represent the interest of its members only
- ② “For a real market economy we need strong transparent consumers asking for information and making the right choices”.

United Kingdom

Consumer Policy in the UK

The main objective of the UK Government is to place “empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006”.

A study comparing the UK consumer policy regime with other OECD countries was carried out in 2003 by the DTI. It concluded that the UK was on a par with the best in terms of consumer rights in many areas but there were some areas that needed improvement such as the legal framework and the redress mechanisms. In response to these findings the DTI published, a consultation document “*Extending Competitive Markets: Empowered Consumers, Successful Business*” (July 2004) outlining the UK consumer strategy for the next five to ten years.

The main elements of the strategy are as follows:

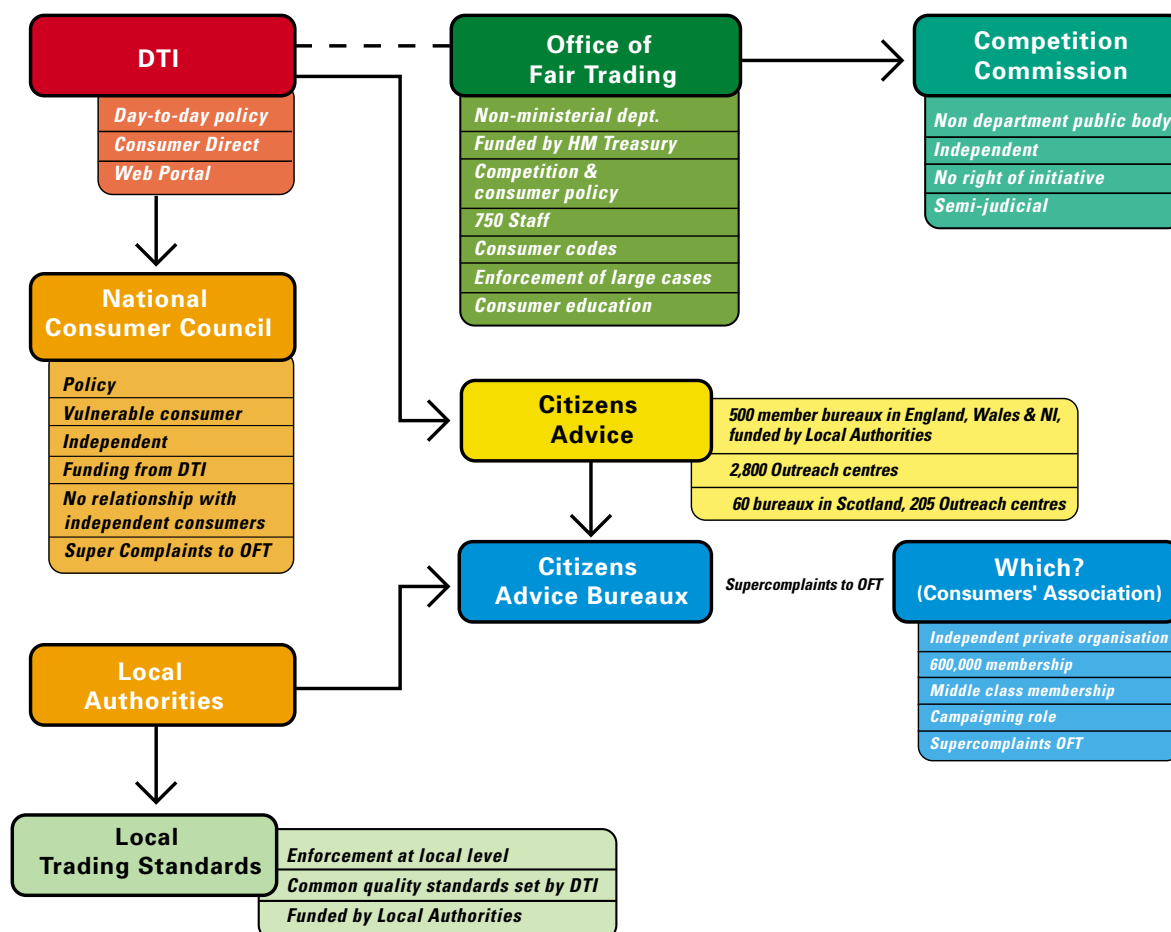
- ② To create empowered and confident consumers – a one-stop-shop for consumers, strengthening the utility consumer bodies, access to information for consumers on traders, consumer codes approval scheme, consumer education
- ② Making the law clearer for the benefit of consumers and business – introduction of a general duty not to trade unfairly, simplification of existing UK legislation
- ② Making it easier for consumers and business to resolve problems – negotiation with consumers, quality assurance of third-party dispute resolution services, representative actions for consumers, make it easier for consumers’ money to be returned to them if a trader has been found by a court to have acted illegally and make it easier for people to use the small claims court system
- ② Ensuring a fair and safe trading environment:
 - Set out clear minimum standards and performance measures for trading standards services
 - Strengthen the performance of trading standards services
 - Challenge poor quality services
 - Coordinate the direction and priorities of trading standards services
 - Encourage more coordination of enforcement and training on legislation by the OFT
 - Encourage cross-border partnership working between local authority trading standards services and across different local authority services
 - Facilitate specialist trading standards teams at a regional level, secure future innovation and development in trading standards.

Figure 7 is a schematic diagram of the structures for consumer policy in the UK and the various relationships that are in place.



Appendix H: Description of Consumer Policy in Individual Countries

Figure 7: Schematic Diagram of the Structures for Consumer Policy in the UK



Key Features of UK Consumer Policy

Some of the key features of consumer policy in the UK are as follows:

- ⊗ The consumer is best served through the proper operation of the market
- ⊗ Consumer and competition policy are integrated
- ⊗ Competition and consumer policy are also integrated in institutional terms: the Office of Fair Trading is responsible for both
- ⊗ In practice however there is some institutional fragmentation:
 - A separate Competition Commission to which the OFT refers cases
 - A separate National Consumer Council, a research body, which has a “vulnerable consumer” brief
 - A local authority responsibility for enforcement
- ⊗ There is a powerful Consumers Association, with a large but declining membership
 - Its main role is providing services to members
 - It represents mainly the interests of its members
 - It avoids representation on Government committees.

Northern Ireland

Northern Ireland has special provisions for consumer issues that are different to those in Great Britain. The General Consumer Council of Northern Ireland (GCCNI) was established in 1985 and combines a number of functions. It is an independent but state-funded organisation that combines the functions of advocacy, research, advice, information and awareness. In spite of its state funding, it has established a strong role as an independent voice for consumers, speaking out forcefully on many issues and sometimes diverging from government policy. It has had particular success in intervening on behalf of consumers in industries that are monopolies or oligopolies, such as in gas, in public transport and in banking.

An important feature of the GCCNI is its statutory role. It is the recognised consumer voice for a number of the regulated industries, including gas, water and transport and therefore has the right to challenge regulatory decisions including those on pricing and to receive the necessary information to enable it to validate claims for price increases in the regulated industries. These consumer-related activities in the regulated industries are funded by a levy on the industries themselves. Another strength of the GCCNI is its ability to make so-called “super complaints”, in other words the right to require the OFT in London to investigate a particular market. Most recently it has joined with the Consumers Association in making a super complaint with regard to the banks in Northern Ireland and the levels of charges that they apply to their customers, which are reported as being significantly higher than in Great Britain.

The formal rights of intervention are complemented by a wide programme of information, awareness and advocacy. The emphasis is not on the production of leaflets but on a strategy for getting the necessary information into the hands of those who need it. A small “customer rights” card has been produced, suitable for carrying around in a wallet and which summarises consumer rights and responsibilities. This has been prepared also in minority languages. The GCCNI places particular emphasis on research, in order to ensure that its interventions are based upon evidence and that when protesting about consumer-related developments, that they are in a position to propose alternatives.

There are approximately 20 staff who are assigned between Consumer Education, Consumer Affairs, Energy and Corporate Services sections.

The legislation establishing the council is the General Consumer Council (NI) Order 1984, which specifies that the Council:

- ⊕ Must promote and safeguard the interests of consumers
- ⊕ May consider and take action on any complaint relating to consumer affairs, having regard for any other remedy
- ⊕ May carry out inquiries and research into matters relating to consumer affairs
- ⊕ May promote discussion of consumer affairs and dissemination of information about consumer affairs
- ⊕ May report to a NI Government department on any matter relating to consumer affairs which is referred to the Council by that Department
- ⊕ Must consider and (if desirable) make recommendations about any matter affecting passenger transport services to, from or within Northern Ireland
- ⊕ Must establish groups (committees) in connection with the exercise of its functions in relation to:
 - Energy
 - Transport
 - Food
- ⊕ May establish any other groups as appear to be appropriate.



Appendix H: *Description of Consumer Policy in Individual Countries*

The Energy (NI) Order gave additional powers and responsibilities to the GCCNI with respect to the energy sector. In 2004 the organisation made progress in a number of areas:

- ② **Energy and transport:** A successful campaign was undertaken in the removal of a 20 per cent gas price increase. The Council was also announced as the water representative body, making it the consumer watchdog for a further regulated industry. A total of 260 consumer complaints in these sectors were handled and an additional 200 consumers were referred further. Customer complaint satisfaction more than doubled during the year and transport passenger compensation nearly tripled.
- ② **Consumer affairs:** The organisation led a campaign to secure long term access to slots at Heathrow Airport for flights from Northern Ireland. It also undertook initiatives in the area of over-indebtedness and undertook a credit and debt survey in this field. Furthermore it involved members of the Northern Ireland Assembly in an accessible transport initiative with Age Concern.
- ② **Consumer education:** Apart from including consumer education on the curriculum, it established a new education portal and delivered training on consumer rights, organised a young consumers competition and produced leaflets in minority languages.
- ② **Communications and corporate services:** The Council has achieved greatly increased public profile and media coverage and has begun work on a new corporate plan to cover the period 2005 – 2008.

The Council's current work includes a focus on preventing customer disadvantage in energy and transport together with a consumer input into an all-Ireland energy strategy. The OFT investigation on bank charges will be complemented by a focus on the needs of Northern Ireland's older consumers. In the field of consumer education, a focus on young people as well as on raising standards of customer care and service in businesses will continue.

Consumer Protection in Northern Ireland

The Northern Ireland Government Department for Enterprise Trade and Industry (DETI) is responsible for enforcement of consumer protection legislation in Northern Ireland. It has also initiated a successful helpline which allows for complaints to be tracked and followed up. The software (locally developed) helps the operators to ask the right questions and narrow down the issues to be resolved. At present the helpline is located in the DETI along with the companies registration office, simplifying the task of tracking down offending businesses.

Consumer Loss

What is Consumer Loss?

Consumer loss is related not only to the amount involved but to many other factors. These include the following:

Consumer Income	Clearly, the price paid by the consumer for the good or service will have more or less significance for the consumer according to their income ⁶⁴ . The patterns of spending differ according to income: households in the highest income decile spent twice the average expenditure of all households, and those in the lowest decile spent a quarter of the average. Food is 29 per cent of the household expenditure in the lowest income households, but 16 per cent in the highest.
Impact of Purchase	The relative importance of the purchase and thus the potential consumer loss will be increased if the purchase is linked to some more valuable possession of the consumer, e.g. dry cleaning, where the value to the consumer of the item being cleaned may be much greater than the cost of the service, or some repairs to the home, where bad workmanship can cause disproportionate distress to the consumer.
Frequency of Purchase	For some infrequent purchases the consumer loss caused by faulty goods or services may be much greater than their costs, especially if a replacement can never be provided, e.g. wedding photos.
Place of Delivery	If the purchase of goods or services takes place in the consumer's home there is increased loss if it is unsatisfactory. This is because anything affecting home life is close to the heart of the individual's central concerns: an unsatisfactory service will be more stressful if delivered in the home.
Presence of Dispute Resolution Procedures	If clear and equitable procedures for dispute resolution are already in place, such as are followed at a sectoral level in many countries, or if the shop or service provider has a well advertised scheme for dealing with complaints, the consumer suffers less loss because the stress involved is reduced and the likelihood of reaching an equitable resolution with low effort and time is high. However, at present 65 per cent of consumers believe "companies deliberately make it difficult to complain".
Vulnerability	An already vulnerable consumer may suffer significantly more loss from the same unsatisfactory goods or service than the average consumer.

64 Consideration of income distribution is used in the UK to measure welfare loss.

**Appendix I: Consumer Loss****Time Availability**

Loss may be greater if the consumer has no time to resolve the dispute. This is particularly the case for consumers who already have demanding work schedules or have heavy responsibilities in the home or as carers. Consumer disputes are essentially business disputes and if they have to be resolved, this has to be done in business hours. For many consumers, such hours are valuable and cannot necessarily be devoted to the resolution of an unsatisfactory purchase. At present, 39 per cent of consumers say "I'm too busy to think about Consumer Rights".

Security

Some customers may be afraid to complain or to pursue claims against suppliers because they fear reprisals of some kind. This may be particularly the case for unsatisfactory services supplied by operators in the informal economy, but it may also be the case in the formal sector, where there may be a fear of discrimination in the future as a consequence of complaining. At present, 13 per cent of consumers think the "Country is too small to complain".

CSG Calculation of Consumer Loss

Table 23: Incidence of Complaining (% of people who have ever complained)		
Sector	Who complained %	Sector of total consumer expenditure %
Clothing	30	5.05
Groceries	29	14.09
Electrical items	23	1.72
Restaurants	21	5.74
Banks	17	0.05
Insurance	12	4.38
Telecom providers	11	1.82
Trades people	10	0.61
Motor dealers	10	6.54
Pubs	8	9.10

Source: CSG Research and estimates from CSO Data.

The next step is to look at how some of the above considerations affecting consumer loss could be applied in practice. Table 24 gives the weight attached to a selection of the different factors across sectors.

The Table is interpreted as follows: an indicator is developed for each factor. Since these are first estimates, simple qualitative estimates are made in most cases.

Table 24: Illustrative Loss Factor Weights					
Loss factor weights					
	Frequency of purchase (times per year)	Place of purchase (1=on site, 2=in home)	Presence of dispute resolution procedures (1, 2, or 3: 1=low)	Time availability (1=more available, 2=less)	Security
Clothing	12	1	1	2	1
Groceries	104	1	2	2	1
Electrical items	6	1	3	2	1
Restaurants	12	1	2	2	2
Banks	100	1	3	1	2
Insurance	2	1	3	1	2
Telecom providers	365	1	3	1	1
Trades people	2	2	1	1	2
Motor dealers	1	1	2	2	1
Pubs	50	1	2	1	2

Applying these weights to the incidence of complaints and also applying the shares of consumer expenditure, it is possible to arrive at an additional perspective on where the main sources of loss in Ireland can be found. This is given in Table 25.

Table 25: Weighted Sources of Consumer Loss in Ireland		
	1 Motor dealers	6 Groceries
	2 Insurance	7 Pubs
	3 Restaurants	8 Clothing
	4 Electrical items	9 Telecom providers
	5 Trades people	10 Banks

Table 25 shows that as a source of consumer loss the top 10 sectors would be reordered to rank motor dealers in first position. Clothing and groceries would move down sharply from the original ranking and banks would move down from 5th to 10th place. This analysis is not intended to be a final or conclusive categorisation of sectors, but rather to show how a number of different factors can affect consumer loss and that a broad view of the subject reveals a number of different dimensions. Moreover, any of the indicators considered are average ones for the entire population: the values may be different for each individual. Again, all the factors have been given equal weight, while in fact their relative importance will be different for each individual person.

**Appendix J: The Retail Sector - Further Analysis**

J

The Retail Sector – Further Analysis

Table 26: Regional Split of the Number of Retail Outlets by Broad Category Type 2002

Type of Outlet	Dublin	Rest of Leinster	Munster	Connaught & parts of Ulster	Total
Grocer	652	1,095	1,916	1,413	5,076
Drapery/Boutique	777	931	1,174	812	3,694
Hardware/DIY	340	502	682	531	2,055
Furniture/ Furnishings	461	550	592	295	1,898
Butchers/ Fishmongers/Delis	260	386	611	566	1,823
Garages with shop	196	465	585	401	1,647
TSN/Kiosk	416	444	336	416	1,612
Chemists	269	294	406	289	1,258
Electrical	183	231	364	182	960
Video shops	144	172	208	116	640
Jewellers	182	137	186	113	618
Books/Stationery	182	175	169	78	604
Footwear	127	128	196	126	577
Greengrocers	103	107	88	77	375
Bakers/Confectioners	61	74	153	86	374
Specialist Stores	2,754	3,248	4,773	2,378	13,153
Total	7,107	8,939	12,439	7,879	36,364
Retail outlets by region %	19.5	24.6	34.2	21.7	100
State population %	29	25	28	18	100

Source: AC Nielsen Republic of Ireland Retail Enumeration Results 2002

Table 27: Leading Retailers and Retail Groups in Ireland by Retail Turnover 2003

	Retail turnover	Retail turnover	No. of Outlets	Retail sales area ('000 sq metres)
	€ million	€ million		
	2003	2002	2003	2003
Musgrave Group (Franchise Retailer)	2,300	-	513	747
Tesco Ireland Ltd	2,059	1,790	80	1,828
Dunnes Stores	1,996	1,874	87	1,400
BWG (Franchise Retailer)	785	-	400	730
Superquinn	652.8	621	27	
ADM Londis (Franchise Retailer)	500	-	300	640
Associated British Foods Plc /Penneys	436.2	378.9	34	255
Roches Stores	420.4	400	11	235
Eason & Son Ltd	286.1	253.9	29	213
Brown Thomas Group Ltd	262	223	23	149
Marks & Spencer (Ireland) Ltd	246.6	230	6	133
Arnotts	218.9	204.2	4	111.3
Boots Retail Ireland	170.1	165	32	11.6

Source: Euromonitor



Appendix J: The Consumer of the Future

Table 28: % Retail Sales by Type of Outlet 1999–2003						
	1999	2000	2001	2002	2003	Growth 1999–2003 (%)
	%	%	%	%	%	
Supermarkets	17.3	17.2	17.4	18.2	18.3	48.9
Discounters	0.3	0.5	0.8	1.2	1.8	807.3
Convenience stores	17.0	16.9	17.1	17.4	17.5	44.7
Department stores	11.3	11.3	11.8	12.6	13.0	62.0
Textiles and clothing outlets	9.5	8.1	8.7	8.5	8.3	24.1
Furniture and lighting outlets	3.5	3.4	3.2	3.1	3.2	29.0
Electrical goods outlets	4.1	4.3	4.6	4.0	3.8	29.0
Other	37.0	38.3	36.4	35.0	34.1	29.9
TOTAL	100.0	100.0	100.0	100.0	100.0	40.9

Source: 1999–2001 Central Statistics Office; 2002–2003 Euromonitor estimates

Table 29: % Food Retailer Sales by Type of Outlet 1999–2003					
	1999	2000	2001	2002	2003
	%	%	%	%	%
Supermarkets	43	43.2	43.5	44	44
Convenience stores	38.1	42.5	42.7	42.3	42.2
Butchers stores	6.8	6.3	5.8	5.4	4.9
Greengrocers stores	2.2	1.9	1.7	1.6	1.4
Off-licences	1.7	2	2.1	2.1	2
Other	1.3	1.1	0.7	0.7	0.6
Fishmongers	1.2	1.2	1.1	1.1	1
Bakery stores	0.8	0.8	0.8	0.7	0.7
Discount supermarkets	0.5	1	1.5	2.1	3.3
TOTAL	100	100	100	100	100

Source: CSO, Company Accounts and Euromonitor analysis

K

The Consumer of the Future

Introduction

A Future Consumers workshop using social foresight techniques⁶⁵ involving participants from a wide range of organisations (public, private and voluntary sectors) was held to develop a 'composite picture' of consumers in 2020 and highlight potential issues facing policy makers, consumer interest groups and consumers themselves in 2020. During the one-day workshop, participants worked mainly in two groups to develop two separate views of the world as it might be in 2020. They then examined how consumers from different types of households might live their lives within those worlds and discussed key themes and common issues which could arise.

Key Themes and Issues Arising

There were both significant differences as well as strong similarities between the two worlds which emerged and the issues and opportunities facing consumers, which are outlined below.

Personal Information, Personalisation and Privacy

Both worlds assumed very high levels of access to and active use of personal information to tailor services, shop and manage their lives. Also implicit in that assumption was that access to services would be delivered increasingly, although not exclusively, online. With the huge amounts of personal data available, privacy and data protection become major issues. The illusion of privacy that we have lived with for the last century may end and the benefits in terms of security and movement through systems e.g. paying to get faster service, or paying less for insurance because of where we drive or for healthcare because of how we live, may persuade many of the benefits. Privacy and protection will still be critical.

People were using information to take decisions proactively to manage finances to personalise their shopping, diets etc. There was also an implied reduction in the role of the state/public sector in a number of areas, most notably health care and transport.

With the increasing drive for individualism and personalisation and the emphasis on communities of interest and activities, the role of local communities and even the concept of a national community have diminished.

Issues

- ② Privacy, data protection and clear guidelines will be of paramount importance in such a personalised world
- ② What new guidelines might be needed to avoid the dangers of discrimination based on revelation of personal or lifestyle information, while enabling the huge potential of new approaches to healthcare etc?
- ② Will this result in a changing basis of contracts for services based on consumer behaviour (which provide transparency), how might they be managed?

⁶⁵ "Social foresight is the operational capacity and practice of routinely 'scanning the future', interpreting the 'messages' it contains and progressively incorporating these into every institution and aspect of life" – Australian Foresight Institute.



Appendix K: The Consumer of the Future

- ③ How might healthcare providers use this approach to overcome a ‘cure me’ mentality in health care, fairly and without discrimination against the genuinely ill rather than the deliberately careless?
- ③ What types of organisations will emerge as ‘trusted sources’ of advice?
- ③ Will the conventions of shared risk diminish and with what effect?
- ③ Will people adopt/develop ‘multiple personalities’ to avoid some of the problems and create a sense of privacy?

Greater Polarisation and Fragmentation

Many, but not all, of the households had a high or comfortable standard of living: others were less fortunate. When thinking about change, it is the better educated and wealthier groups who will tend to be leading change and therefore who will emerge as leading the way. As society will become more polarised with greater fragmentation, opportunities for the better off in society may raise issues of access for the less well off.

Income levels will have increased significantly for some. Those on fixed incomes will suffer and several of the households envisaged were not so well off. This highlights the ongoing gap between needed income and likely income, especially in retirement. With the live-for-today ‘now’ attitude of the young, reinforced by even longer working lives, that shortfall is likely to continue. But polarisation is not only income based: too much choice can be equally polarising and a source of great pressure on individuals.

Several households in the future worlds were seen as living in places where facilities were shared to offset costs and enable greater service and support. Such models may be far more widespread in future as a means of accessing services and reducing living costs. The desire for greater security was also explicit in where people lived in these future worlds – often a major factor in purchase.

Issues

- ③ Who will provide a financial safety net for the less well off and how?
- ③ How might new models of ‘communal living, resource and service sharing’ meet needs? And to what other areas might this approach be suited?
- ③ How might the government encourage effective ‘shared resources’ or shared contracts of care, security etc?
- ③ What safeguards might be needed to protect consumer rights and redress in case of difficulties?
- ③ Will fear of perceived threats result in ever more isolation and polarisation and a ‘keep out’ mentality with more private security and walled communities?

More Diversity and Immigration

Differences in society were seen as increasing on a number of measures, especially income and cultural differences. A great diversity in family structures, ways of life, belief systems, work patterns, choices, the concept of individuality and personalisation of goods and services was also envisaged. Diversity, fragmentation and contrast are likely to replace a mental model of cohesiveness and familiar images of Ireland.

The need for immigration was also implicit in both worlds to fill jobs in the service sector, to bring high level skills into the work force and to provide ongoing inward investment into the Irish economy. Skill capacity and not just level of skills, is an issue.

Issues

- ② How can the need for different types of immigration and not just inward investment be presented to avoid clashes?
- ② How will Ireland manage a more heterogeneous society?
- ② What new 'institutions' may emerge that will 'represent' different aspects of cultural life, and the needs of different groups?
- ② How will benefit systems, pensions etc. be adapted to ensure that the diversity of families and lifestyles are catered for?

Changing Patterns of Work

There was an implicit assumption that, whether by choice or necessity, many people would be working longer and that there would be less financial support in old age both from the state and private pensions. Work patterns had also changed significantly with greater levels of self-employment, more flexible working times and shifts, contract based employment and more small companies. The need for lifelong learning to enhance skills and to retrain in order to cope in such a world was recognised.

Issues

- ② If more diverse patterns of employment are to emerge, what issues around benefits, combinations of pension, benefits, income etc. may need to be resolved to enable more flexible movement in and out of work?
- ② Will the informal economy grow significantly?
- ② What alternative forms of 'work exchange'/LETS (Local Economic Trading System) schemes might emerge and need to be encouraged to enable people to eke out small pensions or fixed incomes?
- ② What new sources of trusted advice will be needed?

Greater Personal Responsibility and a Diminished Role for the State

Although often not explicit, except in the discussion of the cost of healthcare, there was an underlying assumption of greater personal responsibility and a reduction in the role of the State, especially in terms of service delivery.

Healthcare funding and provision was presumed to be expensive and by implication private or in any case not free at point of use. Moving to private provision in 16 years would be a huge change for Ireland, but indicates an emphasis on the growing issue of the cost of healthcare and how Ireland as a nation and as individuals will cope. As already indicated, the availability of personal genetic and lifestyle information, as well as heralding new techniques and cures, is also likely to herald new contracts of care and responsibility.

The State, as was implied in both worlds, may withdraw from frontline service provision, but may shape and define service contracts and standards, although it was not clear what precise role it would fulfil. However, the State's role in reinforcing or setting the agenda, providing the



framework for future direction and enabling change will be a necessary one (e.g. introduction of the plastic bag levy). Awareness of lifestyle impacts and the real cost of healthcare may be central to initiating change e.g. how new approaches are developed and promoted. But, as with the ban on smoking in public places, social acceptability, combined with legislation, may be the most powerful force for change.

Issues

- ② What legislation and other policy initiatives might be needed to encourage new forms of social acceptability around health?
- ② Which areas are likely to be open to change and influence?
- ② In a world of greater personal responsibility and private provision, might Ireland become more litigious? How could this be avoided/discouraged/controlled?
- ② Will the role of the courts in setting, interpreting and implementing the law increase?

Greater Technology Literacy and a Need for Access

As already indicated, technology was central to effective service provision but the dependence on technology may marginalise those with lower educational achievement or disabilities.

High levels of dependence on technology to personalise services and provide access may mean that people on lower incomes or with less ability have less choice and opportunities. Legislation can play a role in forcing change e.g. in design – in response to the Disability Discrimination Act (DDA) in the UK, VW adapted all their models to be easily fitted (and unfitted) for the most common disability adaptations. Internet cafés and libraries provide access to the internet, so shops and new services may provide public Virtual Reality (VR) systems, ordering terminals backed up and accessed using personal cards etc. Simplification, so that people can use systems more easily, will also be very possible, but may need ‘encouragement’. New technologies such as voice recognition and security based on biometrics can also simplify access and service use.

Access to services in rural areas was not addressed specifically. Electronic access in rural areas may be mobile rather than landline based and local shops/post offices may need to double up and provide a range of services, delivery points, advice, learning centres, communication centres and sales in order to be viable along the lines of small ‘multi-service stores’ in Japan.

The issue of access applied equally to the standards of services for all ethnic/social groups.

Issues

- ② What guidelines exist or should exist to encourage ‘inclusive design’ that makes products usable by all?
- ② If rural post offices were to become ‘multi-service stores’ to increase access to services and delivery etc., what issues might need to be addressed – for example, training or installation of technology?
- ② What other existing infrastructures can be used to widen access and service provision stations? Local shops? Pubs? Bus services?

Greater Emphasis on Sustainability and Environmental Concern

There was a mixed message to aspects of sustainability and environmental concerns. Changes in transport were perhaps the most explicit. While the car was still an important factor, there were a major shift to the use of alternative fuels, more explicit use of road charging, greater transparency of transport systems to enable ease of use and other major investments in infrastructure. Continued price increases for oil and other natural resources were expected, with rising costs forcing changes in behaviour, energy consumption and sourcing. The Government may have taken a strategic role in enabling a shift away from oil dependence and the development of wind, wave and alternative crop based fuels and materials.

Issues

- ② Should Dublin follow London with congestion charging?
- ② What other investments in infrastructure are needed?
- ② To what extent has Ireland considered its image – literally as a green country and the extent to which this could be used to underpin and enhance its strategy and performance on sustainability issues, e.g. aiming to be carbon neutral by a specific date as Newcastle on Tyne has declared?
- ② With the success of the ‘plastic bag tax’, what other small steps can be easily achieved to encourage behaviour change?

Global Issues Needing Global Responses

Ireland’s ability to act alone is very constrained. Globalisation and operation across national boundaries of many services now and especially in future, limit local control in a small nation. The need for global/international rules and regulation and enforcement will grow for both data protection/privacy and environmental issues. Ireland may need to use its influence to create alliances. Without compliance from China or the USA, new international agreements on these subjects are worthless.

Issues

- ② Ireland has developed something of a reputation and expertise in negotiation and alliances: how might this be used to good effect in wider issues of international regulation - e.g. in developing a network of ‘small EU countries’?
- ② Ireland has already led the way in a couple of areas (smoking/plastic bags), what other areas could it use to lead by example?

Conclusions

The ideas, implied trends and issues raised in the workshop highlights that the world moves on remarkably quickly and consumer issues are changing on a regular basis. As a result consumer strategy cannot be static. To ensure that an effective consumer policy is in place to make Ireland a more competitive place to live and work, ongoing appraisal of consumer developments will be needed by possibly applying Technology Foresight and Technology Assessment⁶⁶ (TA) techniques to this work.

66 Using scientific analyses, Technology Assessment (TA) identifies and evaluates the effects on society entailed by the use of technology. It is about the systematic identification and assessment of technical, environment-related, economic, social, cultural and mental effects, which go together with the development, production, utilisation and application of technology. The purpose of TA is to better anticipate the effects of the application of technology, thus making the thorny path of trial and error less painful, maybe even to avoid it altogether.



Appendix K: *The Consumer of the Future*

The findings, as outlined above, could/should act as a framework for further work in the consumer area whereby some of the specific trends are researched in more detail or act as a benchmark to rethink and review some of the issues in the future. Some of the underlying issues and trends could/should be distilled further to provide a focus for ongoing scanning, research and monitoring of ideas.

Decisions regarding research, technological development and innovation (RTDI) affect people not only in relation to their professional activities, but also as citizens and as consumers. These RTDI related decisions are taken both in the public and the private sectors and sometimes their effects only impact on people when the technology development process itself is mostly completed.

This research highlights the persuasive use of technology in all aspects of life in the future and the reliance that consumers will have on the use of such technology. However, there is also fear that there will be greater polarisation amongst consumers when it comes to the use of technology and those who are disadvantaged in terms of education or disability will be marginalised. To ensure that a national consumer policy is all inclusive there will be a need to ensure that a 'technological divide' is not created amongst consumers and that the role of technology is to the benefit of the consumer as well as business interests.



Glossary of Terms

ADR	Alternative Dispute Resolution
APR	Annual Percentage Rate
ARPU	Average Revenue Per User
ASAI	Advertising Standards Authority of Ireland
BGE	Bord Gáis Éireann
CA	Competition Authority
CAI	Consumers' Association of Ireland
CER	Commission for Electricity Regulation
CICs	Citizens Information Centres
CIE	Córas Iompair Éireann
ComReg	Commission for Communications Regulation
CSG	Consumer Strategy Group
CSO	Central Statistics Office
DDA	Disability Discrimination Act
DETE	Department of Enterprise, Trade and Employment
DETI	Department of Enterprise, Trade and Industry, Northern Ireland
DPS	Drug Payment Scheme
DSL	Digital Subscriber Line
DTI	Department of Trade and Industry, UK
ECC	European Consumer Centre
EEA	European Economic Area
EEJ-Net	European Extra Judicial Network
EFTA	European Free Trade Area
EHOs	Environmental Health Officers
ESB	Electricity Supply Board
EU	European Union
FETAC	Further Education and Training Awards Council
FSAI	Food Safety Authority of Ireland
GCCNI	General Consumer Council of Northern Ireland
GDP	Gross Domestic Product

**Section L: Glossary of Terms**

GMS	General Medical Services
GNP	Gross National Product
GO	Groceries Order
GPs	General Practitioners
HETAC	Higher Education Training Awards Council
HIA	Health Insurance Authority
IBEC	Irish Business and Employers Confederation
ICC	International Chamber of Commerce
IFSRA	Irish Financial Services Regulatory Authority
IMD	Institute for Management Development
IPHA	Irish Pharmaceutical Healthcare Association
LETS	Local Economic Trading System
LTAs	Long Term Discount Arrangements
MABS	Money, Advice and Budgeting Services
NCA	National Consumer Agency
NCC	National Competitiveness Council
NCC - UK	National Consumer Council
NGOs	Non-Governmental Organisations
NSAI	National Standards Authority of Ireland
ODCA	Office of the Director of Consumer Affairs
OECD	Organisation of Economic Co-operation and Development
OFT	Office of Fair Trading
RTDI	Research, Technological Development and Innovation
RIAs	Regulatory Impact Assessments
RPGs	Retail Planning Guidelines
SER	Social and Economic Council (in the Netherlands)
SMEs	Small and Medium Size Enterprises
TA	Technology Assessment
TUP	Typical User Price
USO	Universal Service Obligation
VAT	Value Added Tax
VR	Virtual Reality
WHO	World Health Organisation