

Where would you be without CHOICE?

CHOICE achievements, 1996-2006



Where would you be without CHOICE?



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Foreword: Peter Kell, CEO

CHOICE's mission is to improve the lives of consumers by taking on the issues that matter to them. This booklet documents the many ways in which we have accomplished this mission over the last ten years. Whether it has been dealing with individual firms or helping to improve government policies, CHOICE has been influential in achieving outcomes that make a big difference to consumers in Australia.

It is sometimes said that in today's market there is less need for consumer organisations, less need for consumer rights to be protected, that companies understand consumer needs. This booklet exposes the flaws with such an argument. In many cases companies treat consumers better *because* of the sustained advocacy by CHOICE and others in the consumer arena.

We've listened to consumers over many years and seen the impact of poor market practices. The fact that we have better consumer protection laws that stop poor conduct is the result of efforts by organisations like CHOICE taking on these consumer concerns. The positive outcomes you'll read about have often been the result of many years of hard work.

In other words, looking back at past achievements provides key insights about the challenges consumers face in today's market. Improving consumer outcomes in areas such as obesity and food marketing or conflicts of interest in financial services will not happen without consumer 'watchdogs' such as CHOICE.

This booklet is also a great reminder of how important it has been to work with others to improve consumer outcomes. There are significant victories that CHOICE alone has won for consumers but also many achievements that have been attained through the work of hands across several organisations — other consumer groups, governments and regulators, academics,

progressive thinkers in industry associations and firms, as well as individual consumers. While it is impossible to mention all the people and organisations that have played a role across the many areas in which we work, I'd like to acknowledge the ideas and passion that many

others have contributed to consumer policy as well as the support provided to CHOICE.

Finally, this booklet is also a tribute to the remarkable efforts of CHOICE staff over many years. The contributions have been many and varied, from testing dodgy baby products to lobbying hard in Canberra. It goes without saying that CHOICE is continuing to energetically undertake this work to ensure that consumers get a better deal when

dealing with business and government.

CHOICE's mission is to improve the lives of consumers by taking on the issues that matter to them.

Where would you be without CHOICE?

In 1996 CHOICE was still testing cassette decks, looking for holes in Windows 95 and suggesting that a mobile phone "can be very handy" for those who really need one. It may not seem like a long time ago but it sounds like another world.

While much has changed in the marketplace over the last ten or so years, CHOICE continues to promote and protect consumers' interests. CHOICE has widened its field of investigation and action on behalf of consumers, but we have never left behind the core testing of products and services valued by Australians. In the 2005–06 year:

- our laboratories ran 62 test projects involving 737 products
- we spent \$492,000 on test goods
- we prepared 44 submissions on draft legislation or to provide consumer input to Inquiries
- we represented consumers or provided technical advice to more than 60 committees at state, national and international levels.

We have been there for consumers in the great debates of our times: tax reform, access to universal health care, competition policy. Some campaigns are waged over many years, such as fighting to retain a viable and affordable public health system, appropriate privacy protections and meaningful food labels. At other times we've acted swiftly on emerging developments which threaten consumer rights or expectations, such as our early action on juice bars, reverse mortgages and genetically modified organisms.

So what has CHOICE achieved for consumers? This booklet answers that question. It describes more than 60 achievements for consumers over the last ten years, issues where our campaigning has made a real difference. Products have been re-designed or recalled from sale, dispute resolution processes and codes of practice have been implemented and rights have been protected; consumers have saved money. One of the most important outcomes has been to ensure that regulatory agencies such as the Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) take their consumer protection role seriously. CHOICE is often not acting alone in these endeavours and credit must go to all the consumer credit, legal, food, health and other advocacy groups who have shared in the projects described here.

We take on industries or firms directly, while at other times we look for regulatory solutions to help consumers. This is based on our assessment of what will actually deliver the best outcomes. These are all part of our watchdog role.

Markets continually evolve; at times the emergence of new technologies or new product sectors can generate risks as well as opportunities for consumers. Consumer protection on the internet and the emergence of the mortgage broking industry are examples where CHOICE is fighting for new market practices and regulations that ensure both consumer protection and effective competition to achieve better outcomes for consumers.

Our achievements at times may involve exploring new territory for consumer rights. At other times they may involve energetically defending hard-won rights from attack or seeking to ensure that markets remain competitive in the face of special pleading from industry. A prime example is our effort during the Financial Services Reform debates to resist the pressure from some in the life insurance industry to reduce commission disclosure.

More often than not there is no *final* 'win' for consumers, but instead our achievements represent a series of significant improvements as markets develop and policy settings change. With many of our results there is often recognition of the scope for further reform. This is the reality of policy and advocacy work — to be successful it requires consistent effort and clear goals over a long period of time.

We have been there for consumers in the great debates of our times ...

A decade of CHOICE achievements, 1996-2006

e've set out below a series of achievements and results for consumers across eight main areas:

- Financial services
- Food
- Health
- Product safety
- Information technology and communications
- Energy and the environment
- Advertising
- Other

The individual achievements listed are concise versions of what have sometimes been very complex processes and debates!

References are to editions of CHOICE, CHOICE Money & Rights and Consuming Interest (CI). Abbreviations include CHOICE (Australian Consumers' Association), ACCC (Australian Competition and Consumer Commission), ASIC (Australian Securities and Investments Commission), ATM (automatic teller machine), GMO (genetically modified organism), PBS (Pharmaceutical Benefits Scheme).



This symbol appears next to major achievements.

Financial Services

Shadow shopping 🏆



Eleven years ago CHOICE pioneered shadow shopping as a means to highlight the poor quality of advice provided to consumers by financial planners. In 1995 CHOICE found that only 10% of financial plans prepared for its shoppers could be classified as 'good'. We repeated the exercise in 1998 and 2003. In a solid endorsement of CHOICE's approach the Financial Planning Association and ASIC came on board with us. In 2006 ASIC initiated its own shadow shop and tackled the problems once more. There is great precedent value in this too, with a regulator seeing consumer shadow shopping as a revealing research technique. Most significantly, we've begun to see positive changes to the way that some of the major industry players are structuring their financial planning businesses to reduce the impact of conflicts of interest on consumers.

See CI Winter 2005 p.3; CHOICE April 1995, October 1998, January/February 2003

Financial Services Complaints Resolution Schemes



With sustained pressure from the consumer movement, financial services complaints schemes have steadily increased their scope and effectiveness since they were established in the early 1990s. It took until 2003 to finally extend coverage to all consumer finance service providers other than a few non-bank credit providers and a few mortgage brokers.

See CI Spring 2001 p.26-28; CI Autumn 2003 p.3

Financial services reform

In April 2001 the Government introduced the Financial Services Reform (FSR) legislation, following on from consumer pressure and the agenda set by the Wallis Inquiry. Many of our objectives were achieved in that legislation, albeit with some room for improvement. The legislation does include:

- a consistent and more comprehensive licensing regime for financial services
- consistent conduct and training standards across the industry
- improved complaints handling through compulsory membership of approved industry complaints schemes — a great outcome for consumer protection.
- a more comprehensive disclosure regime introducing Product Disclosure Statements and other guides for consumers
- mandatory cooling-off periods for most products

Continued on page 11

Philippa Smith

Policy and Public Affairs Manager 1985-1989



"Whereas in the 1960s and 1970s CHOICE was working to establish the very idea of consumer affairs, by the 1980s we were being taken seriously by governments.
The 1980s was a period of increased importance for the consumer movement in Australia. We saw

progress as frustratingly slow, in part due to the mix of federal and state legislation and responsibilities, but it was an era when the consumer voice and the idea of consumer rights (and responsibilities) were heard with much more interest.

"Consumer debate had moved beyond a simple focus on consumer durables to broader issues such as safety, credit, advertising standards and disclosure (labelling) about exactly what was in the food we ate.

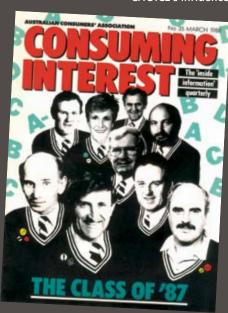
"CHOICE had a strategy to see that a set of basic consumer laws was implemented right across the nation. One of our tactics was to perform an annual review of consumer affairs ministers, rating them from A to D on their achievements and putting pressure on them to perform. This annual report always provoked substantial publicity and put the focus on the ministers

and what they were doing (or failing to do). The ministers hated our review but it did make them competitive. CHOICE was saying very clearly, 'You are accountable'. The legislation followed over a period of years.

"One of the great achievements of this era was persuading the federal health minister to structure the health system to include a consumer orientation. CHOICE joined forces with a disparate group of organisations — twelve in all, from ACOSS to environment, disability and pensioner associations — to petition the minister on this matter. The minister took our cause seriously and instituted a full-blown review of the department, its committees and work flows, to deal with the inherent bias towards medical voices and to provide a balancing consumer voice. This led to the establishment of the Consumers Health Forum — a move which has had a lasting, structural impact.

"A second campaign, which shows the developing maturity of CHOICE's influence and involvement, was when we took on the

advertising industry (the Media Council) in a David vs Goliath hearing before the (then) Trade Practices Tribunal for stronger advertising codes as a condition of accreditation by the TPC. Consumers had been unhappy for some time with the way complaints about advertisements were being handled and over the lack of community participation in advertising self-regulation. CHOICE fought to tighten up the codes, challenging the validity of the processes surrounding adoption of the cigarette advertising code, the therapeutic advertising code and the alcohol advertising code. This was a major step for what was still a small organisation with limited financial resources."



- a ban on door-to-door sales of financial services a huge win for vulnerable consumers
- disclosure of many fees and commissions (although this problem remains elusive to this day, as we continue to fight trailing commissions and 'back office' commissions)
- legislative room for compensation arrangements on financial advice, though implementation is still in progress
- provisions for testing 'appropriate' financial advice these were recently tested by ASIC with an enforceable undertaking required for AMP's financial planners.

Our disappointment around the FSR reforms arises in relation to the over-reliance on 'disclosure' as the solution to market problems, particularly where there are conflicts of interest. Having said this, we also need to fight a cynical industry backlash against disclosure, as it was industry which originally sought a disclosure-based approach as a means of avoiding more effective mechanisms for addressing conflicts of interest.

The Financial Services Reform Act took effect in March 2004 — the culmination of years of work by CHOICE and other financial/credit/legal consumer agencies.

See CI Spring 2001 pp.26-28; CI Autumn 2003 p.3

With regular prodding from the consumer movement, financial services complaints schemes have steadily increased their scope and effectiveness.

Conflicts of interest

Conflicts of interest caused by commission-based selling or other arrangements mean consumers often don't get the best advice they could and this can cost them significant sums. We've taken on the industry directly over this problem. In the wake of consumer and regulator concern, the Financial Planning Association and the Investment and Financial Services Association have now introduced a series of codes for dealing with conflicts of interest by its members. Better still, a number of major product distributors have announced an end to commission-based sales. We are well on the way to a regime which will avoid many conflicts altogether and require others to be 'managed', although how effective that will be remains to be seen. CHOICE's success has come in the face of vigorous opposition by planners fearful of losing lucrative business and some of the major financial service providers whose products they sell. We have recently put one code to the test by sending a problem through the system and have not been impressed so far. We hope this doesn't just end up as a PR exercise ...

See CI Spring 2004 p.18

Life insurance sales commissions

CHOICE was the main consumer voice opposing the carve-out of life insurance salespeople from the Financial Services Reform commission disclosure requirements. We lobbied to have the provisions mandated for them too. Our position was subsequently upheld by the Commonwealth Government and the insurance industry is no longer able to sneak out the back door and continue hiding or obscuring commissions from consumers.

See CI Winter 1999 p.18

Pay day lenders



The growth of 'pay day' lending in Australia — involving short-term cash loans to carry a person over to their next pay day — became a major consumer concern in 2000–01. Interest rates and charges could amount to over 972% in some cases. These loans operated through a loophole in the credit laws which meant they could be offered without the consumer protections required by the credit code. CHOICE was part of a national campaign from the consumer movement that argued that this unregulated, exploitative fringe credit was preying on vulnerable consumers. Our lobbying included ministerial meetings, media coverage and street protest. In 2001 the loophole was closed and moves began in various states to impose a cap on the fees that could be charged for short-term loans.

See CI Winter 2001 p.21; CI Spring 2001 p.21

Mortgage brokers

More and more consumers are turning to a mortgage broker to arrange their home loan. Explosive industry growth (around one-third of all new residential mortgages are handled by a broker) has also created vulnerabilities for consumers who find themselves relying on the advice they receive from their broker. Consumer credit agencies and legal centres have chased this; we have assisted and have also kept a dialogue with more progressive industry participants who support reform. State and Territory Consumer Affairs Ministers have agreed to implement a proposal for licensing, training, written justification of recommendations to the client and a dispute resolution process. A draft Bill is being prepared at time of writing.

See CI Summer 2005 p.16

Louise Sylvan

Manager of Policy and Public Affairs 1989-1994, CEO 1993-2003, President of Consumers International 2000-2003



"Deregulation and privatisation were two great themes of the 1990s — a time when CHOICE began extensive work on financial services, challenging the nature of the structure of the financial industry at a basic level.

"We launched a major campaign on superannuation, focusing on fees, disclosure and

dispute resolution. Now, it's reasonably common for consumers to know they can move their super between funds and can pay lower fees on their retirement savings. None of that was going on in the 1990s as even the academics seemed captured by industry and

government. No one had done the numbers from the buyer's perspective until we got involved.

"CHOICE was also at the cutting edge when genetically modified organisms (GMOs) were first proposed, reporting its first major investigation in 1990, almost nine years before the issue really became a matter of urgent public debate. We weren't there simply in an advocacy role but were deliberately trying to shape the debate as to what Australia would do. We organised a Consensus Conference in Canberra, bringing the stakeholders

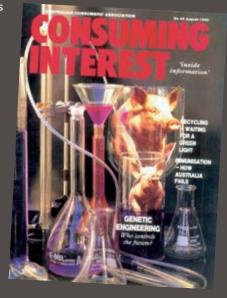
together with consumers (see *Genetically Modified Organisms*, on page 23) and leading organisations such as the CSIRO and the Australian Museum.

"One of the outcomes of our work is that we now have labelling of products containing GMOs. We have a strict regime which was only achieved against enormous pressure placed by the US on the Australian Government. Internationally, CHOICE was working with the consumer movement to put food as a top priority. We helped shape a global approach on behalf of consumers — for example, over GMOs and the Codex Alimentarius (the international food standard-setting body) — with campaigns partly co-ordinated from Australia.

"It was a period of redefining the role of the Consumers'
Association. We were no longer just confrontational but were
now negotiating direct with industry, in some cases deliberately
bypassing government. So, for example, we might make an alliance
with manufacturers against retailers, or with an industry group
about what we wanted governments to do. By working with people

and organisations with a shared view we made it difficult for governments to walk away from a CHOICE/industry agreement.

"And when the government moved to create a new competition watchdog for the marketplace, to replace the Trade Practices Commission, it was Allan Fels who fought the battle inside but it was CHOICE which put the word 'consumer' into the public discussion as a requirement for the new Australian Competition and Consumer Commission."



90s

Mara Bún

Manager of Policy and Public Affairs 1995–2000



By this time CHOICE had a dual identity. "We were in company boardrooms talking about numbers and doing the analysis, then coming out hard in the media with a concise eight-second grab for the TV news," says Mara Bún of a period where CHOICE's work on behalf of consumers focused on both analysis and a very visible activism.

"For the introduction of the GST and the tax reform package of 2000, CHOICE came out in the debate with a clear equity position, trying to protect a kind of safety net for consumers.

Significant research formed an important part of our efforts

here. In the same way we were able to contribute significantly to the Wallis Inquiry and efforts to maintain the 'Four Pillars' policy [where the big four banks could not merge with each other, thereby reducing competition]. We prepared a modelling exercise demonstrating the impact of bank fees on consumers. As a result we found that banks were approaching CHOICE to discuss our analysis and we were invited into merger talks going on between the banks themselves. They would ask, 'What conditions would you like to see if we were to merge?'

"We have been there for consumers, invited by government or industry into the great debates of the day, from privacy, competition policy, parallel importation of music and software, tax reform, the GST and copyright to gene

technology, universal health care and the evolution of 'green' energy.

"We pushed the envelope of consumer engagement in the big debates. To pursue consumer, environmental and ethical dimensions of gene technology, for example, CHOICE pioneered Australia's first 'Consensus Conference' where a lay panel of ordinary consumers was exposed to the best science, industry and community arguments in order to form a consensus view on the topic. The Gene Technology Regulator and our GMO food labelling regulations were direct outcomes of the conference.



"It was an era of CHOICE activism on the streets too. To draw attention to moves by Bresatec to sell genetically modified pork (left over from its experimental research program) before there was regulation covering the situation, we dressed up as 'genetically modified' pigs to protest outside the Greater Union Cinemas in George Street, Sydney, for the opening session of the movie Babe. I remember the day we joined 100 pensioners bussing it to Martin Place with their wheelchairs and canes — and each one carrying a loaf of bread — to protest about bank fees outside the Commonwealth Bank."

90s

Reverse mortgages

The investigation of these new and increasingly fashionable loan products in CHOICE *Money & Rights* took a team of researchers more than five months, during which they checked hundreds of pages of loan contracts for 19 different products. We could see that these products were potentially beneficial but could also do huge damage to consumers at a very vulnerable time in their life as they dealt with their financial position in retirement. The article exposed a number of financial institutions with mortgage documentation which did not limit the borrower's exposure to changes in the value of the property which formed security for the loan. A good reverse mortgage does not let the borrower get into a position of negative equity by living beyond a point where the loan principal and deferred interest exceed the value of the owner's equity in the property. Prompted by our research several companies redrafted their loan documentation to give greater protection to borrowers — as called for by CHOICE *Money & Rights*. See *Corporate responses* on page 35.

See CHOICE May 2006 p.4; CHOICE Money & Rights April/May 2006 p.8

Credit card reform

We have worked to bring transparency, efficiency and competition into the multi-million-dollar credit card market that has been characterised by a cosy arrangement between the four main banks which, between them, control an overwhelming majority of the market. In 2002 the Reserve Bank began the process of competition reform, opening the way for non-banks to issue credit cards, removing the 'no surcharge' rule and working towards a fairer method for the way the banks charge merchants for using the credit card systems (called interchange fees). The process continues today but finally consumers can see a greater degree of competition between suppliers. The formula for how the interchange fee was to be charged is based on our submission. There has been a similar opening up to competition on debit cards and EFTPOS. Since the introduction of the surcharge rule on Visa and MasterCard, merchant surcharging fees have fallen from 1.45% in March 2003 to 0.89% in June 2006.

See CI Spring 2002, p.20

Superannuation

Back in 1996 we were campaigning for improvements to superannuation. Particular issues included the idea of enabling consumers to have early access to part of their super (finally achieved in the transition-to-retirement scheme announced in the 2006 Commonwealth Budget) and greater competition and choice. Fees became a focus that we continue to work on.

The 2006 Budget announced a couple of reforms in line with our three-year campaign to improve portability of super:

- The mandatory use of tax file numbers for all superannuation funds so that lost superannuation can be located and returned to members.
- A reduction in the time period available to super funds to process a transfer request from a member: from 90 to 30 days.

This is a vital area. Ultimately the main benefit for consumers from superannuation choice will be greater portability with the chosen fund and greater capacity to rationalise multiple accounts.

Also in the early 2000s we made strong representations to a Parliamentary Hearing arguing that superannuation fees should be presented as a single figure in the disclosure documents provided to consumers. The full impact and amount of fees remained concealed and fragmented despite 'disclosure' rules. We were pleased when, in March 2004, the Government gave the financial services industry 28 days to provide a model for presenting super fees in a single upfront dollar figure in their product disclosure statements (PDS).

See CHOICE Money & Rights April/May 2004 p.5; CI Summer 2004 p.18

Comparison rate in lending

During the heady days of the property boom in the 1990s, with honeymoon interest rates and other confusing promotions, CHOICE and others argued there should be a comparison rate quoted in advertising, bringing into a single average annualised figure most of the costs associated with each particular loan. This would include the interest, any initial lower interest rate, start-up costs, ongoing management fees, legal fees and other charges. A comparison rate would make it easier for consumers to compare deals with a somewhat more accurate idea of the true costs of each product. The NSW Government was first to take up this scheme, drafting legislation; other states followed. While there remain problems with the comparison rate scheme (for example, penalties and 'deferred establishment fees' are missing) it has been a handy tool for consumers in a time of widespread speculative buying of property.

See CI Spring 2000 p.27

Competition in banking

In the late 1990s there were a number of mergers taking place in the banking sector. Australia already had a concentrated banking sector and further mergers of the largest players could not be justified. We prepared a substantial economic analysis of the cost to consumers to support

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What's in the box?

"At the present time, government and industry are examining the need and desirability for nutrient labelling in Australia," said the CHOICE editorial of May 1975. We campaigned, along with many others, for the right of consumers to make an "intelligent choice" when buying packaged foods. We argued, "the label should tell [consumers] what it is, how much there is of it and what it costs." In the late 1970s CHOICE made the assertion that 'you get more information on pet food labels than on human foods'.

Much campaigning saw a number of breakthroughs. Date stamping is something we now take for granted. In 1975 it was a battleground. "The Grocery Manufacturers of Australia countered our request for open date stamping with the standard response that further labelling would cost the consumer more. Since most manufacturers already stamp products with the date of production in code," said CHOICE, "the simple decoding of these date stamps will not involve any extra expense."

In 1978 'ingredient labelling' was implemented and consumers could see ingredients listed on the label in descending order of proportion.

A significant change occurred in 1984 when the National Health and Medical Research Council (NHMRC) amended its constitution to include two consumer representatives and two industry representatives on its committees. CHOICE was invited onto the nutrition committee and the food standards committee, among others. This gave us the opening to comment on draft food standards, for example.

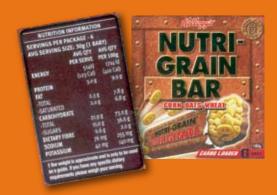
After a four-year campaign, in 1988 nutrition information panels (NIPs) became mandatory for any food for which a nutrition claim was being made, such as 'low fat' or 'low in salt'. These panels, although limited in application and coverage, would not have come about at that time without the extensive efforts of CHOICE. We were a driving force behind the introduction of NIPs. Indeed, the food industry was dead against these panels appearing on food labels.

In 1999 we argued once more that nutrition information panels (NIPs) should appear on all packaged foods, not just those which made a nutrient claim such as low fat, high fibre or salt reduced. Unbelievably, if a food did not make a nutrient claim then it would escape the requirement for a NIP.

The campaigning effort, sustained over 30 years and right up to today, produced strong gains for consumers. We now have labels on packaged foods which generally provide consumers with:

- Net weight of the food inside
- A listing of ingredients in descending order
- Nutrition information panels mandatory for all packaged foods
- Separation of saturated fat from 'total fat' and sugar from the carbohydrates
- Separation of artificial flavours from natural ones
- Separation of sugar as a distinct listing
- Allergy information
- 'Use by' dating (where there may be a food safety issue) or 'best before' dating (for foods where quality deterioration is the main problem)
- Correct storage information (e.g. refrigeration)

While there remain areas of concern, exemption and manufacturer cunning, CHOICE will continue to seek improvements to food labelling, especially in the context of the current debate on obesity.



this opinion and argued our case to the industry watchdog and in the boardrooms of the banks. Although some of the smaller mergers eventually went ahead — for example, the Westpac merger with the Bank of Melbourne — we were able to negotiate for short-term protection for consumers caught up in the merger. More importantly, we have successfully fought to block any merger between the big four banks (the 'Four Pillars' policy) despite pressure to relax this policy during the Wallis Inquiry and on regular occasions since then.

See CI Winter 1997 p.27

ATM fees in rural Australia

CHOICE successfully lobbied for a special parliamentary hearing into ATM fees charged in rural Australia. In its report, the Joint Committee on Financial Services made strong comments in support of CHOICE's position. Currently the Reserve Bank is reviewing the payments system and has acknowledged that the fee structure is the key to better distribution of ATMs.

See CI Autumn 04 p.19

Also ...

- Trailing fees we are lobbying for an end to trailing commissions going to financial planners and those who provide financial products such as superannuation, managed funds and insurance. We are arguing for planners to be paid on a disclosed fee-for-service basis.
- We want to see consumers have access to EFTPOS as an online payment mechanism, and are pleased the Standing Committee on Economics, Finance and Public Administration has supported our approach.
- Along with the Consumer Credit Legal Centre and others, we are also working to improve credit records and debt collection practices.
- For many years we have maintained a constant level of exposure of banking fees, particularly when they have been concealed or hard to find, and have kept consumers informed of their rights and ways to reduce the fees they pay. In 2006 a major bank agreed to end penalty fees for pension card customers; we continue to fight to expand this to other consumers. We're particularly focused on bank penalty fees because there is no hope of a market-based solution.

Food

Food labelling \mathbb{Y}



Sustained campaigning over more than 30 years has significantly affected the amount and quality of information provided on food labels. This has been achieved in the face of strong industry opposition: see *What's in the box?* on page 17.

Biomarker claims

'Biomarkers' are clinical indicators for serious disease (for example, cholesterol is a biomarker for heart disease). We retained the highest level of regulation for biomarker claims despite attempts by the food industry, supported by the NSW Minister for Primary Industries, to reduce the level of regulation for some biomarker claims by separating them into biomarker 'improvement' and 'maintenance' classifications. CHOICE was instrumental in the coordination of lobbying activities and the drafting of letters on behalf of those campaigning on this issue (including the Coalition for a Healthy Australian Food Supply).

See CI Autumn 2004 p.25; CI Summer 2005 p.9

After a four-year campaign, in 1988 nutrition information panels (NIPs) became mandatory for any food for which a nutrition claim was being made, such as 'low fat' or 'low in salt'.

Juice bars

CHOICE had concerns about health claims made by juice bars and their use of some substances which were not permitted or which were not present in sufficient amounts to give consumers the express or implied benefits. Our work led to the NSW and Victorian State Governments taking action against a number of proprietors. The ACCC has also been involved. Juice bars — with their aura of wholesome products that could do no wrong — were an emerging phenomenon and this was the first time that anyone had had a go at them. CHOICE moved quickly on this, reminding the food industry that just because a product is 'good' does not entitle it to an exemption from consumer protection regulation.

See CHOICE December 2004; CI Autumn 2005 p.12

Review of junk food advertising to children

CHOICE wants to ensure that parents can more easily make healthy food choices for their children. Evidence suggests that eliminating advertising in children's viewing times is a key element of any successful anti-obesity strategy. After much lobbying by CHOICE and others we are pleased to see the NSW Government proposing a review of junk food ads and their

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Gordon Renouf

General Manager of Policy and Campaigns since 2005

CHOICE will continue to campaign on the issues that matter to consumers. We face a number of challenges in the immediate future including ongoing engagement in the 'war on red tape'. There certainly are ineffective and anti-competitive regulations we want to see go but we are wary that anti-regulation sentiment may be used to undermine hard-won and still effective consumer protections.

The current anti-regulation sentiment in some government circles is also a potential obstacle to needed reform. We have, for example, seen long and unnecessary delays in the introduction

of uniform laws for the mortgage broking industry — regulations agreed as necessary by banks and mortgage brokers as well as consumer advocates. Similar obstacles are being put in the way of nationally uniform 'unjust contract terms' laws. Such laws would very likely allow us to do away with some prescriptive but ineffective disclosure laws, thus lessening the regulatory burden on business. In theory the anti-regulation climate can make it tougher for industry groups to continue to successfully defend anti-competitive

laws such as the Pharmacy Agreement and the Broadcasting Act, but in practice the protected industries have the political power to continue to assert their interests at the expense of consumers.

These are our priority issues for the coming period.

• Unethical marketing of pharmaceuticals.
We're arguing for regulation to ensure drug

advertising is fair. The current system allows drug companies to oversell their products through personal attention to doctors and step around the prohibition on marketing directly to consumers.

▶ Product safety laws. We're campaigning to implement the recommendations made by the Productivity Commission, referred to above. Although rejected by the Commission, we would also like a 'general safety provision' that puts a clear obligation on manufacturers to ensure their products are safe before they reach consumers.

We will continue to respond to individual products that fail to meet Standards or which present an unacceptable risk of harm to consumers. We are working to improve the quality of the voluntary and mandatory Standards that protect consumers from unsafe products.

- Children's nutrition and obesity. We want to support parents in making healthy choices for their children by lobbying food manufacturers to reduce fat and kilojoules in popular foods and approaching government to introduce effective limitations on junk food marketing.
- ▶ Multiple superannuation accounts. Consumers lose more than \$1 billion each year from at least 10 million unnecessary superannuation accounts. We want a greatly improved system to enable consolidation of those accounts.
- New laws to tackle unjust contract terms. Victoria introduced laws to outlaw unjust terms in consumer contracts. These have proved effective and should be extended to all other jurisdictions.
- ▶ Enforcement by regulatory agencies. We're preparing a report on the enforcement performance of the key consumer protection regulators and will lobby for agencies to adopt best practice where they don't already.

impact on childhood obesity. Other state health ministers are lining up in support but the Commonwealth Government is doing what it can to preserve the status quo. CHOICE's role has been to persist, keeping the pressure on government and the food and advertising industries to take a share of the responsibility to find workable solutions.

See CI Winter 2004 p.29; CI Spring 2005 p.6; CHOICE June 2006 p.12

Country of origin labelling

Moves to make country of origin labelling even weaker for food products brought howls of protest, uniting CHOICE with producers and the agriculture minister. The recommendations approved by the Food Standards Australia New Zealand (FSANZ) Board in September 2005 addressed our concerns about labelling of unpackaged foods such as fruit and vegetables, deli items such as sun-dried tomatoes and olives, and unpackaged pork products like ham and bacon. In a further welcome development, the use of graphics on packaged foods (that is, a national symbol, such as a kangaroo or flag) will not be sufficient to indicate country of origin. But while we've had some important successes there's still work to do — the area of country of origin labelling for packaged goods remains fragmented.

See CI Autumn 2004 p.12; CI Spring 2004 p.24; CI Winter 2005 p.26; CI Spring 2005 p.23

Meat in meat pies, fruit in fruit yoghurt

In the late 1990s and early 2000s CHOICE fought constantly to keep 'defining' ingredients in well-known foods: meat in meat pies, fruit in fruit yoghurt, dairy in ice cream, cocoa in chocolate, fruit in fruit juice and fruit jam, and much more. This would ensure that consumers actually enjoy 'truth in labelling' in the food industry. There were pressures to bring our food standards in line with those of New Zealand under trade harmonisation principles, but NZ had less prescriptive standards in many cases. Through extensive publicity given to CHOICE articles and campaigning, we won concessions from the food regulator to keep a high content of defining ingredients in such foods. We were also influential in getting the ACCC to develop guidelines on food and beverage labelling descriptors — 'fresh', 'pure', 'natural', etc.

See CI Spring 1998 p.8; CI Winter 2000 p.21

Also ...

In 2003 we began campaigning on the problem of the **fish substitution** consumer ripoff, where one species was being sold as another, but the extent of the problem/scam was There was the day we killed a chicken burger. Our investigation of the McDonald's 'Grilled Chicken Burger' showed that it was everything but grilled ...

unknown. Environmental health authorities in NSW, the NT, Queensland, SA and WA took 138 samples of two fish species — red emperor and barramundi — sold cooked or raw by wholesalers, supermarkets, fishmongers, restaurants, cafés and take-away outlets. They found 23 per cent were mislabelled. We were invited into discussions with the food industry, the food regulator, the ACCC and Standards Australia to find a way to control the problem. As a result work began in March 2006 to develop an Australian Standard for common fish names.

See CI Winter 2003 p.6; CI Winter 2004 p.24

Health

Pharmacy pricing software

The default setting on one widely used prescribing software program automatically recommended a 75 per cent mark-up on non-PBS prescriptions. We investigated this issue and in doing so took on the powerful Pharmacy Guild to help ensure that consumers could get better prices for important medicines and pharmaceuticals. The Pharmacy Guild acted quickly once CHOICE made a complaint to the ACCC, removing this direction from the program. This success sets a precedent for attacking business software which, through program defaults, cuts corners to the detriment of consumers.

See CI Autumn 2005 p.6; CI Winter 2005 p.19

Pharmacy Agreement

Every five years the Pharmacy Guild meets with the Commonwealth Government to thrash out the terms of the National Community Pharmacy Agreement that (in theory) binds them over pricing of subsidised PBS (Pharmaceutical Benefits Scheme) medicines. It's very much a deal done behind closed doors. But why shouldn't consumers, who ultimately pay for it, have influence? CHOICE launched into this campaign vigorously and in a timely manner, building upon existing CHOICE research into the quality of advice provided by pharmacists to consumers and our concerns over the way the industry did its pricing. Although we didn't get all we wanted — the Pharmacy Agreement remains a stand out example of business regulation protecting vested interests — the Government has cut back on some payments to pharmacists.

See CI Summer 2005 p.14, 21; CI Autumn 2005 p.6, 22; CI Winter 2005 p.18; CHOICE December 2006 p.12

Genetically modified organisms (GMOs)

In the late 1990s, when the issue of GMOs was new, CHOICE prevented the health ministers from passing a lightweight GMO disclosure bill, instead forcing them to delay for further research and global deliberations. As part of our efforts to educate the players and ensure consumers were involved in the process, we secured funding (from, among others, the Myer Foundation, the Department of Primary Industries and Energy, CSIRO and research centres) to run a **Consensus Conference on Gene Technology in the Food Chain**.

At the conference, held in Old Parliament House, Canberra over three days from March 10–12, 1999, lay people chosen from across the nation formed a jury, reporting to the public their verdict after questioning many experts who were present for the conference. Though initiated by CHOICE, the Australian Museum agreed to chair the conference.

Results included the establishment by the Federal Government of the Office of the Gene Technology Regulator. We breathed a sigh of relief to find the Office located within the Department of Health rather than Trade, for example, where financial concerns might override health imperatives. A labelling scheme finally commenced in December 2001 which tells consumers if a food product contains GMOs. However, it's not perfect as highly refined products such as oils do not require GM labelling because the genetically modified protein or DNA cannot be identified in the final product. Nevertheless this remains a vast improvement on what US consumers get (and what our own Commonwealth Government was seeking to apply). Since then we have campaigned against threats to water down the labelling laws in 2003 and internationally in 2005.

See CI Spring 1998 p.18; CI Autumn 1999 p.2 and 16; CI Spring 1999 p.2; CI Summer 2000 p.28;

CI Winter 2005 p.10; CI Winter 2003 p.24,25; CI Autumn 2006 p.12

Advertising of medicines direct to consumers

CHOICE, along with a range of other consumer, public health and medical bodies, had campaigned to oppose the lifting of restrictions on direct-to-consumer advertising of prescription medications, arguing that international experience suggests that advertising is not a balanced form of information for consumers. In 2000 the competition policy review of drugs and poisons legislation recommended against lifting the restrictions.

See CI Winter 2000 p.20; CI Spring 2000 p.23



The first Australian Consensus Conference on Gene Technology in the Food Chain, March 1999.

Complementary medicines

During the Pan Pharmaceuticals furore, recall and investigation, we were able to extend the debate from being about one company to the value and place of complementary medicines and the standards of the industry. The Parliamentary Secretary was sympathetic to our cause and the public profile we were giving the issue; there was resounding public support for our viewpoint. This gave the Parliamentary Secretary the strength to stand against her parliamentary colleagues who saw things differently. The result was that she appointed a committee which came out with a range of sound conclusions for reform of the industry. It would not have happened this way without CHOICE.

See CI Winter 2003 p.22; CI Summer 2004 p.22; CI Autumn 2005 p.22

Free Trade Agreement

One of the key amendments to the Free Trade Agreement negotiated with the US was designed to stop the process of 'evergreening' — where pharmaceutical manufacturers attempt to prolong their monopoly patent rights by lodging dubious new patent applications to start a fresh period for the medicine to be protected from competition. This ensures high prices for consumers and prevents the development of generic medicines. We campaigned on the FTA in 2004 and specifically on evergreening in 2006, along with organisations such as the Public Interest Advocacy Centre (PIAC), calling on the Government to keep this provision in place. Early in 2006 we were pleased to see a successful outcome for consumers with the retention of our protection here.

See CI Winter 2003 p.26; CI Spring 2003 p.28; CI Autumn 2004 p.20; CI Winter 2004 p.22, 26; CI Spring 2004 p.22; CI Summer 2005 p.19; CI Autumn 2006 p.21

Also ...

- Unethical advertising by pharmaceutical companies In June 2006 CHOICE lodged a complaint with the Medicines Australia (MA) Code of Conduct Committee about an erectile dysfunction drug which was offering a money-back guarantee. CHOICE believes that prescription drugs should not be marketed like other products. The complaint took six weeks to resolve and the company was not fined, which again proves the ineffectiveness of the Code, but Bayer had to remove all the advertisements and print corrective statements in journals where the ad appeared.
- Weight Management Industry Code of Practice after repeated attacks by CHOICE

and others on a list of problems with this emerging and controversial industry, the ACCC ushered in a Code of Practice for the weight management industry.

After highlighting problems with the food inspection and 'good practice' standards in different states, we were pleased to see the regulator detail new requirements for **improved** food handling, storage and premises cleanliness systems, as well as the introduction of a food recall system for all food businesses. Finally there were moves towards a uniform national approach to food safety.

The cots Standard was introduced in 1997 after 15 years of testing and campaigning by CHOICE.

Product safety



It's cots that win: they are the key 'baby' product to have a decent mandatory Australian Standard. The cots Standard was introduced in 1997 after 15 years of testing and campaigning by CHOICE. Our regular tests drew strong media attention and massive debate which, combined with our lobbying of politicians and bureaucrats (and the tragic death of another baby in a cot) finally forced the Government into action. Testing of an ALDI cot led to a product recall. There is no doubt as a result of CHOICE's continued activity in this area, cots are considerably safer then they were ten years ago, before the mandatory Standard.

Dummies \(\psi\)



Alerted by worried consumers, we tested **children's dummies**: less than half passed against the voluntary Australian Standard. In four cases CHOICE found the shields on the dummies were not sufficiently rigid or large to prevent a baby from getting the whole dummy in their mouth and potentially choking on it. Some of the dummies which failed our tests made claims that they met the Standard. In October 2006 the ACCC introduced a mandatory consumer product safety standard for dummies, based on the Australian Standard. This is part of our ongoing work to reform Australia's product safety system.

See CHOICE July 2006 p.14

Stroller standards

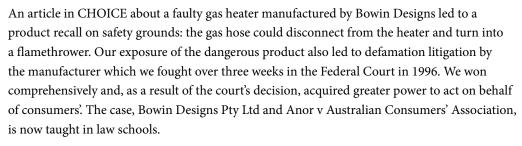
We didn't get what we wanted — a mandatory product safety Standard embodying a general safety provision — but a fault with one particular model of stroller was remedied as a result of our intervention and ACCC action. Product safety remains an ongoing campaign. And though



few individual children are injured from any one piece of infant equipment, the nature of the potential injury and the vulnerability of the victim necessitate strong regulation. It would help if the Government kept statistics on children's injuries (it ceased in 1998). That's also something we continue to press on.

See CI Summer 2005 p.6; CI Winter 2005 p.3; CI Spring 2005 p.29; CHOICE May 2006 p.40





See CI Spring 2002 p.13

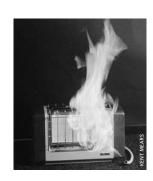


Limiting consumer credit exposure

Efforts to improve **credit management** by the telecommunications industry took a step forward in 2004 when the minister directed the Australian Communications Authority to undertake a broad investigation into current practices. The result was a Communications Industry Credit Management Code which took effect from 13 April 2006. Improvements include a requirement that when a customer requests a service, the supplier must either undertake a credit assessment or supply a service that would limit the customer's expenditure (such as a hard cap).

In the second half of 2005 Telstra announced it would apply 'hard caps' limiting the amount of debt that can be incurred using premium phone services. In 2006 the main credit reporting agency, Baycorp, ceased listing phone bill payment defaults of less than \$100. These were positive outcomes in response to our submissions and associated advocacy on telco credit management.

See CI Winter 2005 p.25



Telemarketing and the Do-Not-Call Register

Consumers have long expressed to us their deep frustration with intrusive telemarketing and we have campaigned for restrictions in this area. On 22 June 2006 the Commonwealth Parliament passed legislation to establish a Do-Not-Call Register. This free service will enable consumers to avoid annoying unsolicited marketing calls and will impose fines on companies that breach the rules. CHOICE has campaigned for such a register for many years. Some exceptions remain, including calls from political parties, from charities and from businesses where the consumer was already a customer. The scheme is set to start in May 2007.

See CI Spring 2004 p.21; CI Summer 2006 p.23

Digital TV and the switch-off date for analogue

CHOICE has long argued for more open policy settings in relation to digital TV. We advocate a fourth free-to-air channel and full multi-channelling and have urged for a delay in switching off the analogue signal. The Commonwealth Government will not contemplate a fourth channel but it has proposed phasing in multi-channelling and has bowed to the inevitable and put back the analogue switch-off date.

See CI Spring 2004 p.20; CI Spring 2005 p.17

Privatisation of Telstra

We were only one of many voices demanding adequate regulation as Telstra was being preened for its first, second and third appearance in the sale yard. In our view the Government has taken the second-best path providing for operational separation of the wholesale and retail arms of Telstra. But at least — thanks to the pressure applied from competitors, consumer groups and the ACCC — the Government is working on a system to ensure competition keeps prices low and promotes technical innovation. This is an issue which affects every consumer and, though difficult to progress in an on again/off again political and corporate climate, remains a major campaign concern for CHOICE.

Back in 1997 we saw massive changes to telecommunications as well. We argued for — and won — consumer protection provisions in the more competitive environment brought about by the sale of the first tranche of Telstra. These improvements included:

- extending the coverage and powers of the Telecommunications Industry Ombudsman
- the development of codes of practice on critical consumer issues such as privacy, terms and conditions and pricing

a requirement for ongoing consultation with consumers and consumer representation on the Government's policy advisory committee

See CI Winter 2005 p.6; CI Spring 2005 p.20

Anti-spam campaign

Consumers do not like spam (unwanted or unsolicited commercial electronic messaging) and in 2001 CHOICE gathered consumer opinion with an online survey. The views expressed were used as strong supporting evidence to a committee on which CHOICE was represented. Eventually this effort resulted in the Spam Act of 2003 and a consumer right to 'opt in' to stop spam; it's not a perfect result and the code of practice is voluntary, but it is an improved position for consumers.

See CI Winter 2003 p.21; CI Autumn 2006 p.25

Telecommunications Industry Ombudsman

Competition in telecommunications opened many doors for consumers but also created opportunities for poor business practices, difficult-to-understand billing, unfair contracts and overcharging. The Government and industry established an ombudsman service to handle complaints and CHOICE campaigned to extend the coverage of the scheme, for the development of codes on privacy and pricing and to increase the powers of the ombudsman. Much of this was improved in 1997, along with a requirement for ongoing consultation with consumers.

Energy and the environment

Energy star labels for products Ψ



Consumers are familiar with the star-rating energy labels on many household appliances and rely on them when deciding which brand and model to purchase. The label is a fair guide to the energy-efficiency of the product, telling the consumer how much energy it will use (on a scale of one to six stars, plus an actual measure of kilowatt hours). The scheme helps consumers save money and reduce greenhouse gas emissions.

Around 1979–80 the NSW Government set up an Office of Energy to work on energy policy and practical applications of energy conservation and management, including the issue or energy labelling of appliances. CHOICE was involved at many steps in the process, helping plan the scheme and how the standards would work.

From CHOICE's lab to your home and the world ...

Fridge fakery

CHOICE has to be vigilant, on behalf of consumers, as it is not enough to campaign for the *introduction* of a consumer protection or information initiative – such as energy rating 'star' labels on whitegoods. You then have to check that manufacturers follow the procedures and don't attempt to *circumvent* them. Here's a recent case in point.

CHOICE's thermal laboratory is one of only a few NATA-accredited labs for testing fridges in Australia and we are in a unique position because of what we look for and how we check fridge performance with our testing.

We test for suppliers who want to register their product in Australia, the Government for check-testing programs, and of course CHOICE testing which looks at things in a different light. We therefore see many different products and see them from different perspectives.

With the advent of electronic management systems and more stringent energy requirements recently introduced, CHOICE identified products performing in unusual and undesirable ways – at least in terms of claimed energy usage and in some cases in terms of best storage conditions to maintain food quality.

Unconventional refrigeration behaviour is easily possible with electronic management systems in refrigerators. Unfortunately some refrigerator designs appear to have been oriented towards taking advantage of a Standard's test method by causing specific behaviour that provides a better test result for, say, energy testing, but not for food storage.

In other words, products might have a circumvention program to 'take advantage' of (or in kinder terms, be designed to meet the specific requirements of) a Standard's current method but are really circumventing the intent of the Standard's test. In real life – that is, in your home – the product might not perform quite as it seems from the energy star-rating label, and it could well be less than ideal at keeping food too. This is a problem we had detected in our laboratory testing for CHOICE.

CHOICE has also been involved with the ISO (International Standards Organization) Refrigeration Standards Committee. We presented a lot of information on new technology fridges and we achieved agreement in a meeting in Milan that ISO would proceed towards a new globally accepted refrigeration testing method. The first meeting was scheduled for Stockholm at the end of August 2006 and we have submitted this 'anti-circumvention' subject with other work for the agenda. Back in Australia, a draft of the new Australian Standard was published for public comment in August 2006.

CHOICE is a major contributor to the development of standards for:

- toy safety
- strollers and prams
- high chairs
- cots
- sport and recreational equipment
- whitegoods



Unfortunately some refrigerator designs appear to have been oriented towards taking advantage of a Standard's test method by causing specific behaviour that provides a better test result for, say, energy testing, but not for food storage.

According to the Department of the Environment and Heritage, "When raised with the appliance industry in 1982, there was considerable resistance".

One of the key ingredients in pushing through the plan was to establish an understanding of just how variable different appliances could be, and to ascertain the level of precision of the standards for measuring energy consumption. CHOICE used its facilities to undertake testing and field research to help build a database for the regulations required to run the rating scheme.

The Victorian and NSW Governments were the first to really get behind the idea, both mandating it for various appliances in 1986—a move which effectively made it a national scheme. CHOICE was still involved in the ongoing development of the scheme in 2000 when it finally became mandatory in all states and territories for clothes dryers, clothes washers, dishwashers, freezers, refrigerators and air conditioners (single phase only) to carry the starrating labels.

See CHOICE September 2004 p.46

Washing machines - effective rinsing

While consumers rightly shop for high star ratings, manufacturers achieve these by limiting energy inputs, such as rinse cycles water volumes and the temperature of rinses. As a result many 'high' star-rating washing machines have poor rinse efficiencies which can be impossible for a consumer to detect until after they have made their purchase.

An example which came to our attention during routine testing in CHOICE's laboratories was the poor rinse performance of some 'energy effective' washing machines. In reaching for the stars the manufacturers had used a number of strategies which reduced energy usage — slower spin cycles, the use of less water, a cold-water rinse — but which left a soap residue on the clothes at the end of the cycle.

There had previously been a section of the Australian Standards which established a rinse effectiveness test for washing machines. As a result of our product testing and lobbying we were instrumental in obtaining the reintroduction of the test into the Australian Standard. In addition, the new test was an improvement on the version set out in the earlier Standard.

Green Power

We encouraged several major energy retailers to develop Green Power schemes for consumers. We also helped to keep the Green Power benchmarks credible by successfully lobbying against

industry and government proposals to include unsuitable forms — for example, coal seam methane — as an eligible fuel for the scheme. This was the kind of proposal which had the potential to sink an otherwise worthwhile environmental initiative.

Refrigerators

Thanks to detective work in the laboratory, CHOICE efforts will lead to an improved refrigerator Standard in Australia and probably internationally as well. See *Fridge fakery* on page 29.

Advertising

Component pricing

We've seen a lot of consumer concern over the years about what's known as 'component' pricing in industries such as car hire, computers, holiday packages or airlines (you know, the \$49 Sydney-Melbourne airfare which, you later find out, excludes necessary taxes, fees, a fuel levy and other charges, amounting to a total price of \$129). We've regularly pointed out the problems with this misleading form of advertising, and its anti-competitive effects. We were therefore pleased that the Treasurer recently announced reforms in this area. At the time of writing legislation has been drafted to prohibit this but has not yet passed; domestic airlines have desisted with the practice.

Food preparation

There was the day we killed a chicken burger. Our investigation of the McDonald's 'Grilled Chicken Burger' showed that it was everything but grilled, being oven-baked, fried and gaining its distinctive black parallel 'grill' markings by the application of a branding iron. The burger was raised by CHOICE in the context of a wider problem of misleading description of how foods were cooked by fast food retailers generally, and the need to provide accurate information to consumers trying to make healthier choices: 'grilled' fish which is fried in oil on a hotplate, 'baked' potatoes which are in fact deep fried, and so on.

After CHOICE's report the ACCC pursued the matter and McDonald's quickly pulled the plug on the burger, signalling the end to a promotional campaign estimated to have cost around \$5 million. As the then chair of the ACCC, Allan Fels, noted: "If retailers advertise foods as being prepared in a way which consumers are likely to demand, they must ensure their claims match reality."

See CI Autumn 1999 p.24; CI Winter 1999 p.3

Maximum No Claim Bonus 'for life'

We were concerned about the way the Insurance Australia Group (IAG) was promoting its 'maximum' No Claim Bonus (NCB) 'for life' as a feature of its car insurance. We discovered that premiums could be affected if a claim was made on the insurance—it was the NCB which did not change. In early 2004 we brought this to the attention of ASIC. ASIC "considered that people with a Maximum No Claim Discount For Life policy would not expect to have an at-fault claim considered in the calculation of a base premium." Finally, in September 2006, IAG agreed to change its advertising materials and policy documents for comprehensive car insurance and to publish advertisements in major newspapers. Relevant policies were issued under the brand names of NRMA (NSW, Queensland, Tasmania and the ACT), SGIC (South Australia) and SGIO (Western Australia).

See CHOICE Money & Rights April/May 2004 p.19

Other

Parallel imports of CDs and software

Access for Australian consumers to recorded music had always been limited, controlled by overseas copyright holders and their desire to manage the Australian market at the end of the list. It was an issue of access, pricing and diversity. As we reported in 1997, "the average retail price of CDs is 43% higher than in the US and around 25% higher, on average, than in the UK and Singapore". Our submission that year to the Interdepartmental Committee Inquiry into CD prices argued that "indecisiveness in this key area of microeconomic reform has cost Australian consumers dearly." The Government removed these restrictions by enabling parallel importing in 1998.

Our campaigning for parallel importing of software took off in 1999 with analysis of the cost to consumers and comparative shopping prices in six nations (at the shopfront and online). Again this was an issue we had been pursuing for a very long time — indeed the Government's major report was released in 1991! With a certain inevitability we were able to claim a successful completion to the campaign in June 2000 when the Government announced it would lift the ban on importation of computer software. A better deal for consumers is the result.

See CI Summer 1999 p.6; CI Autumn 1999 p.3; CI Winter 2001 p.22, 23

Spare parts

Australia's Designs Act prevented competition in the manufacture of car spare parts, trapping consumers into paying huge prices for authorised spares. You couldn't make and sell them *cheaper*, you couldn't even *improve* the parts! In 1995 the Australian Law Reform Commission looked into this situation and made recommendations to open the field to competition. CHOICE became involved with motoring and parts associations (NRMA, AAA etc) and campaigned over a number of years, including providing evidence to a Senate Committee Inquiry in May 2003 on the terms of an amending Bill. The Act came into being shortly thereafter and has been confirmed in a recent two-year review process — despite Ford and Holden crying loudly.

See CI Winter 2003 p.2



Representing consumers

CHOICE staff and appointees are actively working on behalf of consumers as representatives on a large number of vital committees and councils internationally, nationally and at the state level, or through the provision of technical services.

International

Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS)

Consumers' International - Council

Standards Australia – Electrotechnology Standards Sector Board UN Environment Program – UNEP/SETAC

National

Australian Bankers Association Consumer Consultative Committee Australian Communications Authority (AComA) Consumer Consultative Forum

Australian Competition and Consumer Commission (ACCC) Consultative Committee

ACCC Consumer Consultative Committee

ACCC Health services Advisory Committee

Australian Council for Overseas Aid (ACFOA) Code of Conduct Committee Australian Energy Market Commission

Australian Pesticides and Veterinary Medicines Authority (APVMA)
Community Consultative Committee

Australian Securities and Investments Commission (ASIC) Consumer Advisory Panel

BAYCORP's consumer consultative panel

Coalition for Healthy Australian Food Supply (CHAFS)

Coalition on Food Advertising to Children (CFAC)

Commonwealth Consumer Affairs Advisory Council (CCAAC)

Complementary Medicines Implementation Reference Group (CMIRG)

Financial Industry Complaints Scheme (FICS)

Food Safety Information Council

Food Standards Australia New Zealand (FSANZ) Board

FSANZ Seafood development Committee

FSANZ Stakeholder Advisory Group in Evaluation

FSANZ Standard Development Advisory Committee on Fortification

FSANZ Standard Development Advisory Committee on Nutrition, Health and Related Claims

FSANZ Standard Development Committee for the Primary Production and Processing of Poultry Meat

Infant and Nursery Products Association of Australia Technical Research
Group

National Health and Medical Research Council

National Pollutant Inventory Review

National Roundtable of Non-Profit Organisations NICNAS CFE

Origin Energy National Customer Consultative Council

Radio Frequency Identification Privacy Code of Practice

Standards Australia – BD-038 Wet Areas in Buildings

Standards Australia - BD-074 Termite Protection of Buildings

Standards Australia - BD-085 Inspection of Buildings

Standards Australia - Council of the Standards Association

Standards Australia - CS-003 Safety Requirements for Children's Furniture

Standards Australia - CS-018 Safety of Children's Toys

Standards Australia - CS-020 Prams and Strollers

Standards Australia - CS-035 Continental Quilts

Standards Australia - CS-101 Sports and recreational equipment

Standards Australia – CS-102 Reduced Fire Risk Cigarettes

Standards Australia – CT-002 Broadcasting and Related Services

Standards Australia – EL-15-23 Refrigerating Appliances

Standards Australia — EL-015 Quality and Performance of Household Electrical Appliances

Standards Australia – EL-015-04 Dishwashers, Clothes Washers and Dryers

Standards Australia – IT-029 Coded representation of Picture, Audio and

Multimedia/Hypermedia Information

Standards Australia - Standards Accreditation Board

Standards Australia - Consumer Standing Forum

The Australian Collaboration

The Cancer Council Nutrition and Physical Activity Committee

The Refrigeration Energy Label Star Algorithm and Energy Star Working Group with the AGO

Therapeutic Goods Advertising Code Council (TGACC)

TGACC Complaints Resolution Panel

Travel Compensation Fund

NSW

Customer Council for EnergyAustralia

NSW Food Authority Consumer Reference Group

NSW Food Authority Seafood Industry Council

NSW Product Safety Committee

Optometrists Registration Board

Sydney Water Corporate Customer Council

VIC

Consumer Affairs Victoria Working Together Forum

QLD

Queensland Consumer Product Safety Committee

WA

Steering Committee for Western Australian Consumer Advocacy Centre

Corporate responses

Companies often change their products or services, or amend their contractual terms, in the glare of CHOICE publicity and investigation. Some do this willingly when they have been shown the test results and embrace their responsibility to consumers. Others make the necessary changes reluctantly. Here are some examples from the last ten years.

- **Bayer** was forced to withdraw a money-back guarantee it used in marketing an erectile dysfunction drug.
- Testing an **Aldi** cot led to a product recall.
- The manufacturer of Mother's Choice strollers modified one model of jogger stroller to eliminate a head entrapment hazard found by CHOICE.
- ▶ McDonald's withdrew from sale its Grilled Chicken Burger after CHOICE pointed out that the description of the cooking method was misleading.
- CHOICE complained to ACCC about 'non-GM' claims on poultry products derived from chickens raised on GM animal feed. ACCC advised manufacturers to change labelling and product information (print and on website) because it felt 'non-GM' claims were potentially misleading.
- After publication of an article on reverse mortgages in CHOICE Money & Rights, several companies fixed the wording of their loan documentation: Transcomm Credit Union, Lifeplan Australia Building Society, HomeStart, Australian Seniors Finance, Collins Securities, Macquarie Mortgages, Mariner Retirement Solutions, RESI Mortgage, Royal Guardian Mortgage Corporation and Vision Equity Living.
- Following a test of salad bars in CHOICE August 1996, **Sizzler** said it intended to improve its salad temperatures and would review the design of its salad bar containers and refrigeration units; **Pizza Hut** said it was introducing new salad bar units designed to ensure salad temperatures were kept below 5°C.
- In 1999 a soy milk manufacturer agreed to label its products as containing GM soy, thereby leading the way for the industry to follow.



A year of CHOICE submissions

for the 12 months to June 2006, copies are available at choice.com.au/campaigns

Food

- 1. FSANZ on the Draft Assessment Report on Proposal P293 Nutrition, Health and Related Claims
- 2. FSANZ on the Draft Assessment Report Application A470 Formulated Beverages
- 3. FSANZ on the Initial Assessment Report for Proposal P230 Iodine Fortification
- 4. The Food Regulation Standing Committee on the Fortification of Foods with substances other than Vitamins and Minerals: Consultation Paper on Draft Policy Guidelines
- 5. FSANZ on the Draft Assessment Report for Application A470 Formulated Beverages
- FSANZ on the Initial Assessment Report for Proposal P295 Consideration of Mandatory Fortification with Folic Acid
- 7. ACCC Food and Beverage Labelling Descriptors Guideline
- 8. The Food Regulation Standing Committee on Review of FSANZ assessment and approval processes and treatment of confidential commercial information
- 9. FSANZ Food and Nutrition Monitoring and Surveillance
- 10. The Food Regulation Standing Committee on the regulation of residues of Agricultural and Veterinary Chemicals
- 11. FSANZ on Proposal P282 Primary Production and Processing Standard for Poultry Meat
- 12. Direct-to-consumer Advertising Consultation, Department of Health and Ageing on the proposed legislative changes to the Food Standards Australia New Zealand Act 1991

Health

- NZ Ministry of Health on Direct-to-consumer advertising of prescription medicines in New Zealand
- 2. ACCC on the Medicines Australia Code of Conduct (two)
- 3. National Health Amendment (Budget Measures Pharmaceutical Benefits Safety Net) Bill 2005 and Health Legislation Amendment Bill 2005
- 4. ACCC's report to the Australian Senate on anti-competitive and other practices by health funds and providers in relation to private health insurance
- 5. TGA on public release of Australian Register of Therapeutic Goods entries

Financial Services

- 1. Reserve Bank on the reform of the debit cards system in Australia
- 2. The Treasury on the Corporate and Financial Services Regulation Review
- 3. The Treasury Refinements to Financial Services Legislation Proposals Paper May 2005
- 4. ASIC Managing Conflicts of Interest Discussion Paper
- 5. House of Representatives Economics Committee on Improving the Superannuation Savings of People Under 40

Information Technology and Communications

- 1. The Telephone Information Services Standards Council's (TISSC) Mobile Premium Services Draft Code of Practice
- 2. DCITA on the Spam Act 2003 Review Issues Paper
- 3. DCITA Discussion Paper 'Introduction of a Do-Not-Call Register'
- 4. ACIF Draft Code: Credit management in telecommunications
- 5. ACMA on Improving ID Check Processes for Pre-Paid Mobile Phones
- 6. ACIF on A Single Consumer Code for Telecommunications

Other

- 1. SCOCA working group regarding stage two of the future directions of the Travel Compensation Fund
- 2. The Taskforce on Reducing the Regulatory Burden on Business
- 3. Community Affairs Legislative Committee of the Australian Senate Inquiry into Transparent Advertising and Notification of Pregnancy Counselling Services Bill 2005
- 4. Ministerial Council on Consumer Affairs on Civil Penalties for Australia's Consumer Protection Provisions
- 5. Review of Consumer Protection and the NSW funeral industry
- 6. Consumer Affairs Victoria in response to Australia Post's application for exemption from the licensing provisions of the Travel Agents Act
- 7. Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Corporate Social Responsibility
- 8. Standing Committee of Attorney's General on advocates immunity from civil suit
- 9. Office of Fair Trading (NSW) on the Fitness Services (Prepaid Fees) Act
- 10. National Nanotechnology Strategy Taskforce
- 11. Productivity Commission Review of the Australian Consumer Product Safety System (2)
- 12. NSW Premier/Fair Trading Minister Motor Vehicle Repairs (Anti-steering) Bill
- 13. Professional Standards Council on Engineers liability scheme

Summary table

Year	Policy area	What happened	Level (firm, industry, economy)
1996	Health	Code of practice for the weight management industry (see p.24)	industry
1996	Product safety	Court action over a faulty gas heater (see p.26)	firm
1996, 1998	Food	Preventing the removal of a regulation which guaranteed Australian food Standards would not be lowered to meet NZ Standards as part of a food trade treaty: this kept more fruit in fruit yoghurt, more milk fat in dairy foods, cocoa in chocolate, etc (see p.21)	industry and economy
1997	Information technology and communications	Improvements to telecommunications regulation and consumer consultation negotiated as part of the sale of the first instalment of Telstra (see p.27)	industry and economy
1997	Health	Improved food handling, storage and premises cleanliness systems; a food recall system for all food businesses (see p.25)	industry
1997	Financial services	Concessions and transitional arrangements achieved on major bank mergers; 'Four Pillars' policy confirmed, preventing mergers between the big four banks (see p.16)	industry and economy
1997	Product safety	Introduction of mandatory safety standard for cots (see p.25)	industry
1997	Information technology and communications	Improvements to Telecommunications Industry Ombudsman scheme (see p.28)	industry
1997-98	Other	Removal of restrictions on parallel importation of CDs (see p.32)	industry and economy
1998	Financial services	Bringing life insurance commissions within the disclosure regime (see p.12)	industry
1998	Energy and the environment	Green Power — maintaining the integrity of the scheme by excluding unsuitable fuels (see p.30)	industry
1999	Food	Food labelling improves – again! (see p.17)	industry

Year	Policy area	What happened	Level (firm, industry, economy)
1999	Health	Consensus Conference propels process of regulating genetically modified organisms, particularly in food (see p.23)	industry and economy
1999	Advertising	McDonald's withdraws from sale its misleadingly named grilled chicken burger (see p.31)	firm
1999/2000	Financial services	Introduction of a comparison rate for loans (see p.16)	industry
2000	Food	Concessions won from food regulator to keep existing levels of fruit in 'fruit' yoghurt, meat in meat pies, etc. (see p.21)	industry and economy
2000	Food/health	A scheme to label foods containing genetically modified organisms; creation of the Office of the Gene Technology Regulator (see p.23)	industry and economy
2000	Energy and the environment	Improvements to energy rating (stars) scheme for appliances: scheme finally goes fully national and is updated (see p.28)	industry
2000	Health	Restrictions on the advertising of medicines direct to consumers are retained (see p.23)	industry
2001	Financial services	Bringing pay day lenders under the credit code (see p.12)	industry
2001, 2004	Financial services	Introduction of Financial Services Reform Act in 2001 (implemented 2004), requiring greater disclosure of commissions, more comprehensive licensing and training standards, mandatory cooling-off periods for most products and improved complaints handling (see p.9)	industry and economy
2001-02	Other	Removal of restrictions on parallel importation of software (see p.32)	industry and economy
2002	Financial services	Credit card reforms usher in competition from non-banks and reduce fees charged to merchants (see p.15)	industry
2003	Health	Review of regulation of complementary medicines following Pan Pharmaceuticals recall (see p.24)	firm and industry
2003	Information technology and communications	Introduction of Spam Act (see p.28)	industry

Year	Policy area	What happened	Level (firm, industry, economy)
2003	Other	Designs Act amended to allow competition in automotive spare parts (see p.33)	industry
2004	Food	Juice bars brought to account for use of substances which were not permitted, and for using other substances in quantities which were insufficient to deliver the claimed or implied benefits (see p.19)	firm and industry
2004	Product safety	Problems with strollers highlighted; one company improves design of its product (see p.25)	firm
2004-05	Food	The highest level of regulation is retained for biomarker claims (see p.19)	industry
2004,2006	Information technology and communications	Credit Management Code for telecommunications, to protect consumers against high expenditure (among other things), (see p.26)	industry
2005	Food	Flawed Country of Origin labelling gets a makeover (see p.21)	industry and economy
2005	Health	Pharmacy pricing software fixed (see p.22)	industry
2005	Health	Improvements to Pharmacy Agreement (see p.22)	industry
2005	Information technology and communications	Telstra imposes hard caps on premium phone services (see p.26)	industry and economy
2005-06	Energy and the environment	Improved refrigerator testing for the Australian Standard (see p.30)	industry
2006	Food	Signs of support from State Governments to restrain junk food advertising to children (see p.19)	industry
2006	Health	'Evergreening' provisions of the US/Australian Free Trade Agreement retained (see p.24)	industry and economy
2006	Financial services	Life insurance sales commissions must be disclosed (see p.12)	industry
2006	Financial services	ASIC ran its own shadow shopping investigation of financial planners, following CHOICE's lead (see p.9)	industry

Year	Policy area	What happened	Level (firm, industry, economy)
2006	Financial services	Financial Planning Association proposes codes of practice to deal with conflicts of interest (see p.11)	industry
2006	Financial services	Review of ATM fees in rural areas (see p.18)	industry
2006	Financial services	Regulation of mortgage brokers (see p.12)	industry
2006	Financial services	Improving the terms and conditions for reverse mortgages (see p.15)	firm
2006	Financial services	Superannuation gets a shake-up, with choice of fund, limited early access in the transition-to-retirement rules, and better disclosure of commissions and fees (see p.15)	industry
2006	Product safety	CHOICE highlights problems with dummies; ACCC introduces a mandatory consumer product safety standard (see p.25)	industry
2006	Information technology and communications	Legislation passes for the introduction of a 'Do-Not-Call' Register for telemarketing (see p.27)	industry
2006	Information technology and communications	Compulsory switch-off of analogue television is deferred (see p.27)	industry
2006	Energy and the environment	Washing machines – reintroduction and improvement of rinse effectiveness test in Standard (see p.30)	industry
2006	Advertising	Legislation to prohibit 'component' pricing (e.g. air fare extras) is on the way (see p.31)	economy
2006	Advertising	Insurance Australia Group corrects advertising of maximum no claim bonus 'for life' (see p.32)	firm

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