Consumer Representatives: Linking them to Consumers

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Consumers' Association of Alberta
Consumers' Association of Canada (Alberta)
Box 11171, Edmonton, Alberta, T5J 3K4
Tel: (780) 426-3270
Fax: (780) 425-9578
E-mail: cacab@ecn.ab.ca
Web-site: http://ecn.ab.ca/consumer/

Alberta

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Executive Summary & Key Findings

Organizations advancing the interests of big business and many other sectors in society have played an important role in the development of Canada since the time of Confederation. Some consider the growth of more public or consumer oriented interest group participation in government decision-making witnessed throughout North America in the last few decades, as a proxy for decreasing democratic participation by individual citizens. However, one of the long-standing challenges facing consumer or other public interest groups has been the free-rider syndrome. Since such groups seek maximum societal impact, reaching even beyond membership, public beneficiaries of the work and efforts of a group may not necessarily support them financially. This creates a significant imbalance between public interest groups and well-financed business lobby groups. Past government attempts to level this playing field have often been fraught with problems.

During the 1990s, rapid changes in the nature and role of business and government in Canada have run parallel with a growing loss of public confidence in government and public or consumer representatives. This has resulted in a general mood of cynicism with regard to representation of public or consumer interests in government decision-making and a view that narrow economic interests increasingly drive public policies.

One significant change during the 1990s in the nature and role of government has been the devolution of many policy making, regulatory and enforcement functions to a diverse number of governmental or quasi-governmental agencies, boards, industry councils and advisory committees. A central aspect of such an arrangement is the use of individuals and “stakeholder” interest groups to assist decision-makers, including representatives of the public or consumer groups. While the demand for credible and competent consumer or public representatives grows, the capacity of organizations supporting these representatives has diminished.

The main purpose of this study was to understand the value and expectations of external stakeholder and public or consumer group input by government and the experiences of groups and individuals from these groups in providing representation to government agencies. A second concern of this study was to determine the method of financing representation by various stakeholder interest groups, particularly consumer and public interest groups, and how representative positions were developed. Finally, an attempt was to be made to determine if any particular strategy for consulting and communicating with group members or identified public constituencies was more successful than others in generating revenue, increasing membership, or increasing effectiveness. Our findings revealed much more than we had expected.

Some highlights include:

- While high value is reportedly placed on public or consumer input by government or quasi-governmental agencies, a common definition of the term *public* or *consumer* is elusive. Consumer or public interest representatives are seen as only one of the many stakeholder interests, and some sponsoring agencies viewed different industry sectors as their "public".

- More than 50% of government agencies reported some difficulties finding qualified stakeholder representatives, particular public or consumer group representatives.

- While almost 100% of government departments and agencies agreed in principle to funding travel and out-of-pocket expenses for consumer representatives, only 50% routinely funded such expenses. Support for providing per diems or other financial support to inform or support representation received substantially less support and was subject to many caveats.

- In contrast to well-financed industry groups, most public interest or consumer groups relied heavily on the availability and sacrifices of expert and non-expert volunteers or limited part-time staffing – more by default than design. 100% of the responding business interest groups relied on paid or contracted staff for representation in contrast to 1/3 of the public interest groups.

- Although tax incentives encourage member support of business lobby groups, tax structures discourage, and even shackle, member support of consumer or public interest groups providing input to governmental agencies.

- 100% of business interest groups reported high use of unsolicited lobbying (meetings, telephone) while only 20% of public interest groups use this method extensively.

- Great emphasis was placed by most government agencies on consumer or public representatives having a legitimate constituency to lend credibility to the consultation process. However, strong support of the "consensus model" of decision-making often requires outflanked consumer representatives to abandon their obligations to constituents. It also decreases transparency and limits the accountability of regulators.

- 40% of all non-governmental organizations expected representatives to take "approved" positions, while another 40% expected representatives to take both approved positions and "general reflections" based on circumstances.

- Major identified impediments to position development and consultation are time and money. The short timelines of sponsoring government agencies are often a major barrier to consultation with members by public interest and consumer groups.

- 2/3 of all surveyed stakeholder groups considered representation to government "very important", but a number of consumer and public interest groups, particularly those with more experience, are starting to disengage.

- Although human resources and financial constraints lay behind some of these decisions, a deepening skepticism regarding the purposes and value of participation was a more identifiable trend. Some of these organizations have turned to new strategies to influence public policies – particularly use of the mainstream media.

- This environment has also led to the emergence of new types of consumer and public interest groups in order to access funding-creating new issues and concerns.

- Although more narrowly focused public interest and consumer groups and those with paid staff stood out as most successful in reaching out to an identified constituency, the only highly rated communication strategy for generating memberships or revenue and increasing effectiveness was use of the mainstream media. Moderate to high success was also achieved through meetings and newsletters that were the two most highly rated strategies for groups not using mainstream media extensively.

While our sample group was small, and thus our conclusions must be approached with caution, our research raised some interesting findings, contradictions and questions around the purpose of consultations and the very process itself. It also raised questions around the relationship between changes over the past decade in the public policy arena and the current level of public confidence in government, markets, and society at large. In particular, four themes emerged:

1. the lack of, or changing, definition of "public" or "consumer" interests
2. mixed messages from government
3. changing practices and make-up of public interest and consumer groups
4. implications for democratic traditions and fair and effective markets

Failure to proactively address these themes may have long term ramifications. Both opportunities and evidence of the ability of citizens to influence their government is profoundly tied to citizens' consent to be governed in the interests of society as a whole. If this study does indeed reflect growing trends, restoring eroding public confidence in government (and markets) is not just a matter of improving funding or participation. It is also a matter of addressing the process used and the will of public policy makers. In order to begin to address some of these issues, the following remedies should be considered.

Recommendations:

1. A funded study and policy forum to be undertaken to explore the definition of, and purpose of, public stakeholder interest groups and consumer groups. This study should be informed by the participation of self-described provincial and national representatives and the public at large.

2. A number of different funding models for consumer and public interest groups should be piloted and/or implemented based on contributing factors such as contact with the public or constituents through service provision, willingness, and demonstrated leadership and skills. Models include:
    a) limited direct core grants
    b) a CUB model
    c) intervenor funding through passing into law the Privy Council Directives

3. The process of "consensus" model decision-making in settings where there is little balance in representation or power should be abandoned in the interests of improved transparency and accountability for both regulators and consumer or public representatives.

4. The current charitable status rules and other barriers discouraging individual citizen support of public interest and consumers groups be reconsidered in light of significant tax supports of industry stakeholder interest groups and the need to ensure a diversity of funding sources for consumer and public interest groups.

1. Introduction and Context

Incorporated provincially in 1968, the Alberta Chapter of Consumers' Association of Canada (Consumers' Association of Alberta) is an independent non-profit and membership based consumer advocacy organization. Its structure, resources and activities have undergone many dramatic changes over the past decade. These changes have occurred in tandem with rapid changes in the nature of public and private markets and the nature and role of business and government in Canadian society.

One significant change during the 1990s has been the devolution of many policy making, regulatory and enforcement functions to a diverse number of governmental or quasi-governmental agencies, boards, industry councils and advisory committees. One aspect of these processes is the use of consumer or public representatives. In examining the role of consumer or public representation, our concern is twofold. First, whom do these individuals represent, and how do they communicate with their constituency? Second, how are they are financed, both for their participation and communicating with their identified constituency?

While most self-defined public interest or consumer groups recognize the need and responsibility to involve members in policy and position formulation, they often lack the means to effectively consult or inform membership. Consequently, representatives are often in the position of putting forward their personal views or the views of a core group of members. These views may or may not reflect the views of their full membership to be informed by a significant body of situational knowledge or relevant research.

Since its inception, an important part of the mandate of the Consumers' Association of Alberta has been to represent the interests of its members, and those of a broader stakeholder interest group of consumers in Alberta. Its input and positions on issues has been informed by incoming calls and letters to a staffed and advertised office and surveys of citizens' experiences and marketplace practices and prices. Other factors that have informed representation have included; targeted research into specific issues; a network of volunteers - many based in academia; links with provincial or national CAC affiliates and other consumer oriented organizations; years of experience; and an internationally articulated philosophical framework of consumer rights and responsibilities (Consumers' International). The focus has always been on promoting public and private market practices and regulation that work to the benefit of citizens and communities and improve the quality of life for Canadians.

Even before the loss of funding in 1993 that drastically altered the capacity of our organization to provide both public services and representation, the Board had been concerned about the use of many lone consumer representatives on government and industry led committees. Loss of historical sources of income (from the provincial government and national affiliate and later loss of charitable status) led to a further re-examination of involvement in such settings and consultations.

In the mid 1990s, a decision was made that the Association would no longer participate in representation to government or quasi-governmental agencies, particularly ongoing committees, unless there were adequate resources to support a representative personally as well as adequate resources for the association to provide informed direction. Participation was also restricted to arenas in which at least one other public or consumer oriented representative would be "at the table". Not only were we concerned with the risks of token participation, but also how participation in so many committees was a significant drain on our limited resources. In order to continue to have relevance and value for our members and the community, our priorities were shifted to providing information to members and the public. This was accomplished through a new member newsletter, published investigative reports and surveys, and increased media exposure and availability. Representation to government or industry was severely curtailed and limited to circumstances where the existence of some type of directed funding would increase opportunities for the Association to have a meaningful impact – such as participation in Utility Board hearings.

The Consumers' Association of Alberta has revisited and struggled with this policy many times – most recently with a request to participate in a Ministerial Committee on Electrical Restructuring without any financial supports.

Anecdotal evidence suggests that many consumer or public interest oriented groups face similar challenges. During the 1990s, cuts to public programs that had previously provided services to the populations represented by many public oriented interest groups, accompanied often by the withdrawal of funding to the groups themselves, put new demands on these organizations. At the same time, changing interpretations of the rules governing eligibility for registered charitable status left many faced with a trade-off between advocacy and financial survival - much to the frustration of their membership. Presently, those organizations without charitable status face even greater challenges raising funds, as both new and old charities have been aggressively competing for limited donor dollars in order to provide services and supports that were previously provided through public programs.

As a consequence, and despite an increasing demand for consumer or public representation in this new environment, many segments of society, and the Canadian public at large, are feeling increasingly marginalized from the public policy decision making process. This has led to a perception among many members of the public that public policy decisions are far too often determined and influenced by narrow economic and business stakeholder interests. Is this skepticism of the public justified?

2. Research and Project Objectives and Methodology

In order to explore and inform these issues, the Consumers' Association of Alberta undertook to complete a research project with the assistance of a funding grant from the Federal Office of Consumer Affairs' Contribution Program for non-profit consumer and voluntary organizations. Our identified objectives were:

1. To explore the use of stakeholder and consumer representatives by government and quasi-governmental organizations.

2. To explore the practices of represented stakeholder and consumer groups – including how representatives are financed, whether representatives are expected to present an organizational view, and, if so, how a position is determined.

3. To identify the means used by represented organizations to consult and communicate with constituencies, and

4. To identify the perceived effectiveness of these strategies in:
   - making contact with identified constituents
   - providing information to identified constituents
   - obtaining input from identified constituents, and
   - improving membership, financial viability or effectiveness

In order to meet these objectives, in-depth in-person interviews were conducted with a sample of 10 government or quasi-governmental agencies, and non-governmental organizations (NGOs) representing a range of stakeholder and consumer, or public, interest groups. Based on this input, a written survey tool was designed and completed with 25 similar organizations. A literature review of the historic role of interest groups in policy making was also undertaken. Research findings were then collated, described, explored through additional input from some organizations, and analyzed. A draft paper was developed, reviewed and commented on by individuals with both a governmental and public/consumer interest group background and by members of the Project Advisory Team of Consumers' Association of Canada (Alberta).

3. Overview of the Literature

It is a general perception among North American political scientists that interest groups are increasingly playing a more central role in the democratic process. Where voting numbers have progressively declined in North America, interest groups have increased in both number and memberships. It is hoped that, in the absence of traditional political participation, these groups have filled some of the gaps left by the unexploited political processes of the state. Thus interest groups arguably form *the* site of active citizen participation in North America today.

In Canada, interest groups have always played an important partnership role with government. Confederation was in a large part assisted by large business interests, and consequently, relationships between such interests and senior government representatives were formed and maintained. Following the Second World War, the large-scale bureaucratization of government in North America further entrenched the role of specialized interest groups in advocating positions and providing input into the government decision-making process. The Consumers' Association of Canada emerged in this environment from a coalition of community groups, to provide a balance to the power of large business interests, particularly in areas of private market failure to ensure adequate safety, reliability, fair pricing or distribution.

Owing partly to this activity, contemporary political scientists in the United States shifted their focus from the more traditional theoretically-oriented approaches to political institutions (e.g. based on constitutional provisions) to the real-world dynamics of government (Thorburn, 1985). An important aspect of these dynamics was the relationship between government and interest groups. Truman (1951) and Dahl (1961) were responsible for establishing a pluralist theory of the group, which stated that groups form due to the realization of individuals that their own interests are better served through collective action. In theory, this would eventually lead to an equilibrium of interests, by which public positions on various issues would be perceived by government through representation proportionate to the number of people that the issues affected. The government would thereby be able to make an accurate judgment of public opinion on a certain issue by gauging interest group positions.

In the 1960s, large-scale social movements, government restructuring under Trudeau and the advent of mass television each contributed to the creation and mobilization of public interest groups in Canada, that are the basis for their current forms today. Gillies proposed that this was also a reaction to entrenched elite business interest relationships within the government that had been the norm since confederation (Gillies, 1981).

At this time too, and, in response to the theories of Truman and Dahl, Mancur Olsen, proposed an alternative theory of the interest group. Olsen believed that individuals, when faced with a choice between collective and individual action, take the more rational course of doing nothing. This is because individuals can take advantage of "free-rider" opportunities, so that they minimize their costs while maximizing their benefits (Olsen, 1965). However this would mean that groups which extend benefits only to their members, would posses an advantage over non-member groups in that they would be able to focus their limited resources on a limited number of beneficiaries. For similar-sized non-member based groups, or those whose services and benefits were available to non-members as well as members, the same resources would have to be directed at the larger public as well.

In terms of representation to the government, free-rider opportunities would pose a real problem to public-good oriented interest groups, in that the precious resources that could be directed at efforts to be heard at par with exclusively member- focused groups would be drained through larger public engagement. The pluralist paradigm was therefore challenged on the grounds that, in reality, few interest groups that are better endowed would be able to skew government policy through their greater influence.

More recently, Jeffrey M Berry has produced a series of defining volumes on the subject of interest groups in the United States. Berry's most recent study (Berry, 1993) charts the increasing role that interest group lobbying has played in the United States and their increasing success. This he ascribes in part to a focus on what he calls "post-materialist" interests (interests that go beyond material parameters).

Robert Putnam's recent studies in the European and North American social setting have attempted to situate interest group activity within the larger framework of social capital theory. Putnam argues that interest groups offer one of many countertrends to the decline in civic-engagement evidenced in state and traditional associations (Putnam, 1993). There is therefore a growing appreciation in the literature for the non-tangible aspects of interest group dynamics.

The early 1990s in Canada saw renewed discussion of the role of interest groups, specifically on the issue of public interest group financing. This was led in part by MP John Bryden, who singled out the financial non-accountability of registered charities under the current Income Tax Act as a major cause of financial abuse among such organizations (Bryden, 1994). In his report, Bryden called for greater financial transparency with regard to government funds among such organizations. Moreover, he claimed that organizations, particularly public interest groups, that apply for charity status should be scrutinized, especially with regard to whom they represent, so that the financial advantages conferred by charity-status are not abused.

A discussion paper entitled "Federal Government Relations with Interest Groups: A Reconsideration" (Finkle et al, 1994) written for the Consumer Policy Secretariat, now the Office of Consumer Affairs (OCA) in Industry Canada, also provides insights into public and government discussions in the 1990s around the role of interest groups. This paper grapples with some of the complex terminology and structure of interest groups. In particular, it attempts to differentiate those interests of a narrow community of people with a common goal, and a more widely shared interest which is applicable to a broader section of Canadians. A widely shared interest, as the authors define it, is an interest that is applicable to a broad section of Canadians. Thus while safety standards for workers at automobile plants could be a narrow collective interest for automobile workers throughout Canada, better safety standards is a widely shared interest that affects all Canadians that drive (Finkle et. Al, 1994). The authors also divide interest groups into special interest groups, public interest groups and charter interest groups. The following discussion draws from their work (Finkle et. al, 1994).

Special interest groups, as the authors define them, are those groups that form in order to further the interests of their members, usually in a direct, measurable, and pecuniary way above and beyond those of society in general. The most common examples are private, commercially oriented associations, councils and organizations or unions that seek to advance the material interests of members. Sometimes, these groups also possess state-granted monopolies over certain activities and may advocate positions that could produce collective benefits in society. However, rarely do special interest groups take positions on broad social issues which are contrary to, or inconsistent with their perceived direct self-interests. Due to the fact that the interests that they pursue are narrow, the number of people affected may be smaller than those affected by positions advanced by public interest groups. Membership in special interest groups may or may not be voluntary. Examples of special interest groups are Canadian doctors or trade associations such as the Canadian Bankers Association. The authors also suggest that some narrowly focused "victim" groups may fit in this category depending on a number of characteristics.

Public interest groups are defined as those that advocate positions that could be of benefit to a wide range of Canadians. Examples would be groups that are concerned about the safety and availability of goods or services or the quality of the environment. These groups therefore advocate positions in relation to broad social interests. Furthermore, their policy objectives would not benefit members more than non-members. As Olsen proposes, such groups thus possess significant "free-rider" problems. If all of the individuals who benefit from the work of such public interest groups (as free-riders), do not contribute to generating some of the resources necessary to make a representative presence felt by policy makers, then arguably the government should be responsible for partly providing some support. From a government perspective, however, a problem arises due to the fact that government intervention could be perceived as amplifying the representation of a particularly small interest group to something that it is not. The question with regard to public interest groups therefore is, can more equitable representation among interest groups be encouraged while not unduly amplifying those groups representing a small segment of society, or whose positions have little public social support?

Charter groups advocate collective interests that are specifically singled out for protection in the constitution (Canadian Charter of Rights and Freedoms) in order to ensure equal opportunities and social justice for easily disadvantaged populations. Advocacy is focused around increasing these collective interests, as these groups interpret them. As would be expected, Charter oriented groups also suffer from significant free-rider problems, since their beneficiaries are not obligated to membership. However, given their status as protected interests under the Constitution, it is suggested that the government may be required to extend support that is not commonly granted to other types of interest groups. For example, under the Charter, aboriginals, women, older Canadians, official language minorities and others have constitutional identities. Although technically not considered a special interest group, these organizations primarily focus on benefits specific to the population represented. (Cairns, 1990).

The purpose of an interest group is commonly perceived to be to influence government policy in a certain direction in order to advance a particular stakeholder interest, although other important functions are also often served. Most important of the secondary functions, such groups provide forums for like-minded people with similar concerns to converge and benefit from interaction. Such interaction between members is in turn a function of a group's organization. As we have seen, interest groups can be organized to represent a constituency of members or have no fixed membership at all. Non-member groups are often engaged almost solely in issue related activities, while membership based groups must allocate a significant portion of their resources to maintaining and servicing members.

The organization of a group therefore directly affects the way that group allocates resources, and hence, achieves its goals. This is what Pross calls the "Communication Function" of an interest group (Pross, 1975). Often non-member groups, or groups that extend benefits to the public beyond its members, structure themselves as much to take advantage of government or legal provisions as much as to serve their constituents or members.

Groups therefore situate themselves to take advantage of government communicative and financial provisions. In the past, legislation relevant to public oriented interest groups has been unclear, but court interpretations over the past decade have resulted in increasingly restrictive arenas of influence for many such groups. However, with the introduction of the Charter of Rights and legislated opportunities for funded court challenges, the arena for charter protected interest groups has now been expanded so that they are now able to appeal to the judiciary. (Finkle et. al, 1994).

Financially, interest groups structure themselves and apply for federally registered charitable status in order to benefit from favorable tax status and create opportunities to attract private donor dollars in order to increase their financial base. This has, however, come at a price. Unlike businesses that enjoy tax concessions for expenses aimed at producing income (including membership in organizations) or political parties that also offer tax benefits for contributions, registered charities risk loss of their status when seeking to influence public policies. Restrictions on such activities are largely the result of the fact that the Income Tax Act does not include a definition of acceptable practices of charitable activities. As such, the judiciary must appeal to the 1601 Statue of Charitable Uses and an 1891 House of Lords decision in this regard.

It is not surprising that such legislation comes up with a definition that is unable to make allowances for present day activities so far removed in time and context. The unequal and seemingly arbitrary application of rules, and the inability of many public interest organizations to obtain or retain charitable status if they speak out, have received increasing public attention in recent years. A number of proposals have been made to create new categories of tax benefits for certain types of interest groups. (Webb, 2000; Impact 2002)

In sum, interest groups in Canada have had a long and significant presence. In the last few decades, the trend in interest-group formation has increased and moved primarily towards liberally minded public and charter organizations focusing on specific areas of public concern. Yet rapid globablization during the 1990s, and its accompanying restructuring of societal institutions, increased reliance on private markets, and emergence of a “cult of efficiency” has led to significant challenges for both public interest groups and the public at large seeking to provide input and influence government policies. (Gross Stein, 2001, Bricker & Greenspon, 2001).

4. Exploring Realities: Survey Methodology

In order to observe and analyze how the issues identified by the Consumers’ Association of Alberta and the literature review are reflected in the experiences of Canadian governments or quasi-governmental agencies and interest groups today, this study explored the perceptions and experiences of a small sample group.

In depth in-person interviews were conducted in Ottawa in August of 2002 with senior representatives of 10 federal government agencies, quasi-government agencies, industry organizations, and consumer or public interest oriented organizations. These interviews served to crystallize some of the issues that would be explored in the subsequent questionnaires developed for wider dissemination to similar organizations. They also raised a number of substantial challenges to exploring the identified issues.

First, the interviews identified a lack of common use of terms, meanings, concepts and language to describe representation, groups represented and processes, as well as wide ranging practices, and circumstances. These differences created significant challenges to the development of a survey tool that would be relevant and comprehensible for all parties. Separate surveys were developed for governmental agencies and interest groups representing a variety of stakeholder interests. Reviews and trial runs by the Project team resulted in repeated revisions.

Second, it was clear that it would be difficult to explore the issues in the depth desired, or obtain frank responses, unless non-attribution of responses by both organizations and individuals, and even anonymity of participation was offered. While some interviewed organizations did identify a willingness to have their organization listed as having been surveyed, given the small sample size and possibility of attribution being identified, a decision was made to not disclose the names of any the organizations participating in the research study interviews or surveys.

Third, in order to inform the identified issues, it was necessary to go beyond the limited objectives originally identified, and explore other related issues identified in the initial interviews – particularly issues of perceived value and effectiveness as well as participation.

Targeted Sample

The lists of contacts to approach for the surveys were compiled from a number of sources. One of the goals of the project was to target a wide range of both government agencies and societal interests, in order to present a diverse but representative sample. Sports organizations were excluded as they were considered to have less involvement in public or consumer oriented policy issues – a point that might be debated by many Canadian hockey fans! We hoped for a sample of 20 government or quasi-government agencies seeking representation, and 20 non-governmental organizations (NGOs) providing representatives.

A total of 54 contacts for government or quasi-government agencies were identified and approached, including 34 federal government department or agency contacts, 19 provincial contacts, and 1 federal Parliamentary Committee. This included, but was not restricted to, a list of 21 federal department contacts was provided by the Office of Consumer Affairs and a list of 18 contacts in provincial agencies across Canada participating in the Consumer Measures Committee associated with the Agreement on Internal Trade (AIT). A total of 56 contacts with provincial and nationally incorporated non-governmental interest groups were identified and directly invited to participate in the study survey. This included 19 trade or industry associations, 3 labor unions, and 34 interest groups representing consumer or generally recognized public interests with both broad and narrow mandates or constituencies. An invitation to participate was also posted to the Charities Village Web-site (with wide participation by Health, Social Justice, Educational and Humanitarian Aid Charities) and to a closed list-serve of approximately 60 individuals affiliated with diverse public interest groups active in regional, national and international public policy issues.

Initial contact was made by e-mail to an original target list of government agency and stakeholder interest group contacts by e-mail. Surveys were sent out immediately to those responding affirmatively, and a repeated invitation accompanied by a copy of the appropriate survey was sent out 5 days later to contacts that had not explicitly declined participation. Participants were offered both personal non-attribution and anonymity for their organization, and the opportunity to complete the survey by phone or in writing. An opportunity was also provided to return the completed questionnaires to a fax number.

While a number of contacts initially volunteered to return the survey, the lack of response led to telephone calls and personal appeals for participation and/or more targeted e-mail approaches appealing to the unique nature of the organization. In the end, buy-in and participation in the survey appeared to be highly dependent on personal contact by a known member of the Association with a pre-existing working relationship.

Primary identified reasons for refusing participation by both government agencies and interest groups were time, workload, discomfort with disclosure of information, and lack of relevance or value. A few commented on the length and complexity of the survey design. One provincial government contact noted that due to the speed of change in his government and department, and although he would try, he simply didn’t have the time to answer the survey or consult with the public regarding public policy issues. He also offered that, “usually upcoming policy changes are just posted to a web-site,” (Interestingly, this was subsequently verified on a survey by a public interest organization in the same province).

Many interest groups also reported overwhelming demands with minimal human resources. While these workload and time stresses were no doubt powerful influences, there were also comments from both government agencies and interest groups regarding discomfort in disclosing too much information, particularly in writing, without approval of a higher authority. This was despite the promised anonymity. It was also noteworthy that two governmental organizations with “consumer interests” in their mandate cited a lack of relevance as their reason for no participation. A number of non-governmental organizations representing particularly industry groups also cited lack of relevance. The Canadian Bankers Association noted that while it makes representations to governments and other bodies on behalf of its members, as a trade association, its processes and representation have little similarity to those of the advocacy and other volunteer organizations that appeared to be the focus of the study.

Final sample of government and quasi-governmental agencies

Despite sustained efforts, the number of completed questionnaires by government and quasi-government agencies was extremely low. (8) Due to the low returns, responses to some questions were culled from notes from the initial in-depth interviews for agencies that did not complete the more detailed questionnaire. These have been included in the survey summaries where possible and appropriate, to bring out sample up to 12. The breakdown of participating organizations is as follows:

- 1 provincial government department
- 1 provincial industry regulatory board
- 6 federal government departments or sections
- 3 delegated federal agencies or boards
- 1 standards and certification organization

Final sample of represented stakeholder interest groups

Responses NGOs were more gratifying, although the distribution among various types of interest groups was disappointing. In total 17 surveys or telephone interviews were completed. Of these, only 2 were from national business or industry stakeholder associations. The rest represented a variety of public interest, consumer and charter oriented interest groups, focused on issues as diverse as democratic reforms, gender issues, the environment, drug safety and pricing, that auto industry, fair utility rates, and wide ranging issues. While some were incorporated provincially, these groups participated in both provincial national public policy arenas. Both national and provincial affiliates of two organizations were capture in the initial interviews or detailed surveys. No unions responded. The breakdown of organizations participating in the detailed survey is as follows:

- 2 industry or business stakeholder interest groups
- 8 more broadly focused consumer or public interest groups
- 7 more narrowly focused consumer or public interest groups

The results of these surveys are captured in the next two sections.

5. Use of representatives by government and agencies

All government departments and quasi-government agencies identified that obtaining representative external “stakeholder” or public input was part of their organizational activities. However, the actual decision to consult, the method of consultation, and who is consulted was dependent on a number of different considerations. Some of the considerations affecting a decision to consult included the nature of the work and mandate of the particular sponsoring organization, the nature of the decision and existing legislated requirements or policy directives. The decision to proceed also often hinged on an assessment of the value and relevance of a consultation by the senior management. The most common purposes that representation was sought out to inform were identified as:

- working plan and strategic planning,
- current issues,
- development of position papers
- development of legislation
- development of regulation
- development of voluntary codes, and
- feedback on current operations

Methods of Consultation

The most extensively used methods for obtaining representative input identified by both government and quasi-governmental agencies identified in the initial interviews included:

- Soliciting requests for comment from identified groups and individuals
- Soliciting input through web-sites or web-sites.
- Forums
- Committees
- Working Groups
- Focus Groups
- Mailed or Web-site posted surveys, and
- Unsolicited input on record

Other less used methods of consultation or additional methods identified on the more detailed survey distributed included:

- Use of study panels
- Quasi-judicial public hearings, and
- New “citizen engagement” methods such as “deliberate dialogue”, “citizens’ jury process”, and “public meetings”.

Who is consulted to inform decisions?

The most common term encountered was the descriptor “stakeholder”, or “stakeholder interests”, although many other terms were used - none of them congruently. Public or consumer input was often not separated out from a larger group of undefined “stakeholder” interests without prompts. When asked specifically about public or consumer input, some respondents cited different federal legislative and policy directives that dictated a requirement for public input, but specifics were not provided. These included:

- a Privy Council Directive,
- a Government of Canada Accord with the Voluntary Sector, and
- Treasury Board Directives

In fact, all but two indicated a “requirement” for public input. A provincial government respondent indicated that consultation was nice but not necessary. One federal government department responded that despite there being no obligation to consult with the public since their mandate was to assist a particular industry sector, it was important to monitor public opinions and marketplace behaviors in order to assist industry planning. However, this was largely done through commercial polling and focus groups.

Quasi-government agencies appeared to be more pro-active in seeking specific public or consumer input (and were more capable of defining it), although all the agencies that responded had a strong consumer or public protection component in their mandate. For example, the standards organization referenced requirements by the Standards Council of Canada, a Crown agency that accredits standards organizations for specific consumer or public input. These agencies also appeared to have more defined roles for public or consumer representatives and narrower mandates than most of the government departments. One was required to consult with named federal and provincial ministers as well as public and industry stakeholders. While one consumer protection agency dealing with a particular industry had an advertised contact point for complaints and inquiries by the public, the provincial regulatory board relied almost exclusively on its appointed public representatives who were often chosen for their legal or accounting skills.

The challenge of exploring and categorizing the type of representatives recruited out of the many different definitions of “stakeholder” interests was significant. Words like “partners” defied categorization and would ultimately have little value in analysis. Stakeholders also varied substantially according the particular public policy arena or focus of activity. Therefore in order to limit the confusion, we chose to explore recruitment and expectations of representative input on the more detailed survey by categorizing representatives in the following way:

- organized consumer groups (public interest groups)
- knowledgeable members of the public,
- organized industry groups (special interest groups)
- individual industry experts

How are representatives are recruited?

Sponsoring organizations indicated that they use a variety of methods and sources to recruit representatives, depending on the type of representative input being sought out and the mandate of the sponsoring department or agency. Identified recruitment strategies include:

- environmental scanning,
- industry knowledge,
- self-identification by interested parties,
- contacts in academia,
- consumer group knowledge, and
- advertising in mainstream media, and
- posting to web-sites.

Most used multiple strategies to identify and recruit participants to represent stakeholder groups or individual representatives of a specific sector or identified stakeholder interest. Government departments reported relying more on multiple recruiting strategies whereas delegated agencies relied more on direct contact with organized groups or self- identification by interested parties. While consumer group representatives were most frequently recruited from the groups themselves, two government agencies reported relying more on industry knowledge. Industry group representatives were also most commonly recruited through industry knowledge.

The availability of qualified representatives was sometimes problematic - more so for some government agencies and types of consultations than others. Only two of the seven government department contacts reported no difficulties in obtaining qualified public or consumer representatives. However, these two departments primarily dealt with economic development issues and industry issues, and therefore used fewer self-described public or consumer group representatives. Other departments reported difficulties, particularly with consumer or public interest oriented representatives. Some comments were:

> " Eventually – we will find qualified representatives – although it is most difficult for consumer representatives. They tend to be more generalists when the issues are often highly specialized."

> " Public representatives can be difficult to find and too busy"

> " [Representatives] are not available as often as we would like."

> " Consumer representatives are a challenge. Organizations lack capacity to represent consumers. Not sure who the organizations represent."

> " The challenge is often in identifying who represents the public interest fairly and broadly."

> " Public input is very valuable, but it is often difficult to obtain from individual members of the public that are not part of identified groups."

In contrast, all five of the quasi–governmental agencies, with one exception, reported that qualified stakeholder representatives, including public or consumer representatives, were generally available for their purposes. This may be related to a more ongoing predictable need for representation or a narrower focus. The one exception was the standards setting organization. Similar to government departments, it had more frequent and possibly more demanding needs:

> " Recruitment is difficult - in some cases to find qualified candidates due to the technical nature of the work and volunteers need to be able to make a significant long term commitment."

Picking the right representatives to meet identified needs and expectations of government and quasi-governmental agencies came through as an important issue. Desired traits or expectations of representatives varied according to the type of decision to be made, the type of consultative process, the particular government agency, and the type of representative. For example, adopting a consensus was rated more important in Committees and Working Groups. The desired and expected characteristics of representatives fell into the following categories:

- industry knowledge
- situational knowledge
- representation of a constituency
- expression of personal opinion
- adoption of consensus view, and
- confidential input

One respondent put it this way: "Both industry and consumer representatives should be able to communicate attitude, needs, and problems."

Since all governmental organizations (with one exception) identified consensus building as central to the entire process, finding representatives willing and/or able to achieve or accept a consensus was considered important. The one exception, a delegated agency, said that it recognized that consensus could not be achieved given the differing interests of the participants. This is particularly so given the objectives of the industry to make money and the objectives of consumers to pay lower prices for an essential good. Instead it identified that the articulation of different views and perspectives assisted them, as the final authority, to come up with a fairer decision in the public interest.

Seeking representation from a variety of stakeholder interest groups within industry as well as public interest groups, and picking the right kind of consultation process were identified most often as the means used to achieve balance and facilitate a consensus. Selecting strong, knowledgeable leadership to act in key roles (e.g. chair) and providing an opportunity for all participants to present his/her views was also identified. One respondent noted his agency's obligation to ensure diverse geographic, gender, and age in seeking public input.

Finding representatives who at least nominally had been given the right to represent a group of constituents through an organization with membership and/or an election process was also an important consideration. This was despite the fact that the expectations of constituents could conflict with efforts to achieve consensus. While some stakeholder groups have minor differences that can be readily resolved in a consensus process (similar to mediation), major differences can be difficult to accommodate in this model. These may require arbitration by someone in authority. However, the value of having representatives with an authorizing constituency appeared to be more related to the perceived ability of representatives to communicate with a larger group for the purpose of buy-in and support, rather than ensuring that representatives advanced the concerns and views of a significant group of individuals.

One interviewee identified that his department generally looked for consumer representatives from groups that are knowledgeable, representative and credible, but preferred individual representatives "who are knowledgeable or can become knowledgeable about an issue". This reflects a perceived trade-off between the importance of having representatives legitimized and the ability to achieve consensus. In order to get around this, departments often used organized groups to seek a pool of expertise, but appoint representatives as individuals. Opinion leaders were also cited as a frequently considered option because of their ability to influence others. All in all, the value and credibility of the consultation process was perceived to be dependent on the knowledge and credibility of the representative and/or the groups selected to participate.

In order to determine just how much stock was put in these different characteristics of representation, previously identified as important, we asked respondents to rate their expectations of these characteristics in four different consultative settings. We also asked them to rate how these expectations varied among individual and group representatives from both industry and consumer or public interests.

Key expectations took on different hues among different categories of representatives and types of consultations. However many were not as different as one might expect. For example, the following comparisons of expectations of the four different types of representatives were drawn from our sample regarding representation in *policy forums*:

- Individual Industry experts were expected to have slightly more industry knowledge than their organizations while organized consumer groups were expected to have more knowledge than individual public representatives;

- Good situational knowledge was expected from all representatives;

- The expectation of individual industry experts representing a constituency was almost twice that of individual public members.

- While individual industry and public experts were expected to adopt a consensus view, this expectation was only marginally higher for organized groups.

A graphed in-depth breakdown of these expectations in Forums, Committees, Working Groups, and Requests for Comment can be found on the next page.

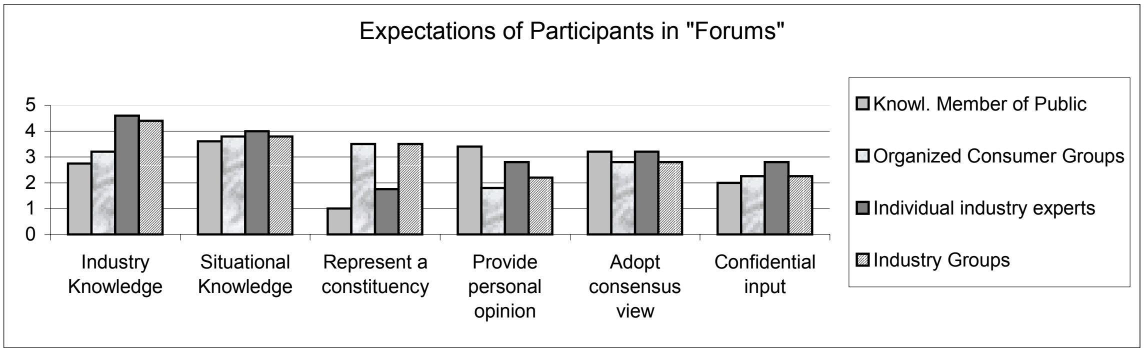
Financial support for public or consumer group representatives

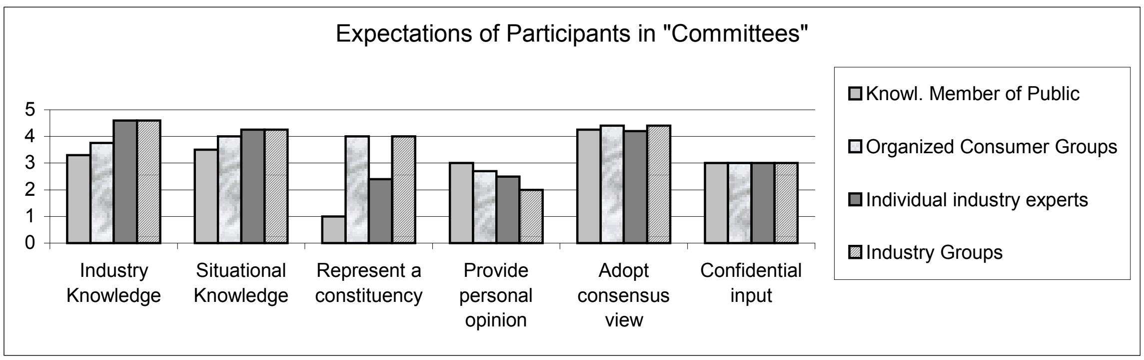
We also explored financial support for consumer and other public interest group representatives, in the context of free-rider problems identified in the literature review, and reduction in government funding over the past decade. When it came to financing the participation of public interest group representatives or individual representatives, almost 100% (11 out 12) governmental respondents agreed “in principle” that financial support of the travel and accommodation expenses, or “out-of-pocket” expenses, for consumer or public interest representatives was appropriate – *depending on the occasion*. There was less support, both in principle and in practice, for providing per diems to representatives or financial resources to organized groups to support a representative (who would otherwise be out-of-pocket for their wages), communicate with constituents, research and issue, or develop a position.

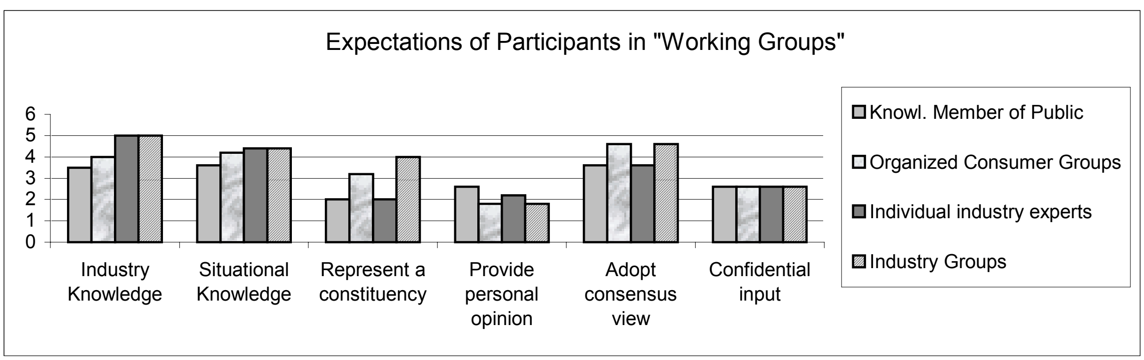
In practice, only about 50% of respondents indicated that travel and accommodation expenses were routinely covered for public and consumer representatives. Reimbursements were usually based on Treasury Board Guidelines or a provincial government guideline. The other 50%

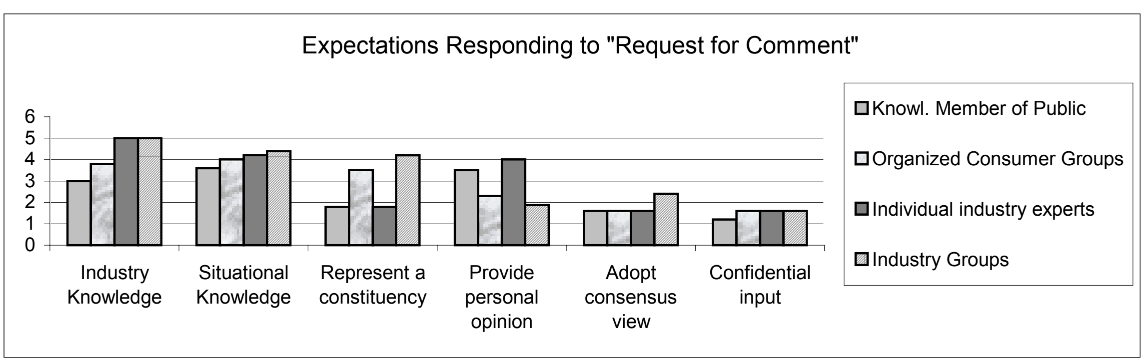
indicated that expenses were "never" or "sometimes" covered. Of these, one only paid for participants in focus groups, and two stated that their department or agency never provided any

Expectations of Stakeholder Representatives









financial support for expenses. One indicated that financing could come through “partnerships”, but this was not elaborated upon. Only the one provincial industry regulatory board surveyed identified routinely providing public or consumer representatives (on its board) a per diem. However, three respondents stated they “sometimes” provided per diems to either individuals or a sponsoring organization to compensate representatives. In some cases there was a set amount. In other cases, the amount compensated was influenced by the complexity and amount of work involved, market labor rates, and the level of expertise required. While some respondents identified legislated restrictions on per diems, others reported no such restrictions. “Optics” was also identified as problematic in providing per diems.

No respondents identified routinely providing other types of financial support for sponsoring organizations or individual representatives to facilitate participation or representation. However, just over 1/3 indicated that research fees for reports or small contracts were “occasionally” or “sometimes” provided. This could be paid either to an individual or an organization. One department identified a Grants Program that consumer and public interest groups could apply to yearly for research funding to help inform and support an organization’s participation in consultative settings. A delegated government agency provided discounted conference prices for public representatives– a highly valued and often overlooked benefit.

Perceived Value of Consultation and Representation

Finally, we explored the value that sponsoring agencies placed on consultations. How worthwhile did government departments and agencies find the consultation process? How valuable was input from public interest and consumer groups?

All respondents said they found the overall consultative process and public or consumer input valuable, although again, the definition of the term *public* was not always clear. Some departments saw their publics as the multiple business interests their department might serve as well as the general public or public interest and consumer groups.

When we asked if their department or agency had either a formal or working definition for the terms “public” or “consumer”, less than 50% responded with some sort of definition. All defined it primarily in terms of non-industry representation. One respondent also introduced the concept of “voluntary” organizations by defining public or consumer representatives as “ representatives of voluntary organizations that are working in the consumer interest”. A request for a listing of three public or consumer representatives or organizations consulted during the past year lent credence to this being an area of confusion and complexity. Examples included member-based public interest groups focusing on private or public arenas, think tanks, policy groups, private foundations, municipal government organizations, and commercial polling companies. As one respondent put it, " it is very hard to identify which groups/associations "truly" speak for the public and the consumer.

Perceptions of value were reported by contacts working in economic development as well as public protection portfolios. Some cited the consultative process and public input as integral to their work or central to the process of public policy development. Others commented on the value of keeping abreast of emerging issues, particularly in such a rapidly changing environment. One noted the importance of regular informal contact with all groups of stakeholders as well. Comments included:

> " Very important, improves diversity of views, becomes basis for developing harmonized approaches."

> " Input is key, we are encouraging more participation by public and public interest groups and are designing new and innovative methods to do so such as a Public Advisory Committee and Citizen Forums."

> " Public input is always important to the development of good public policy."

Summary of Findings from Sample of Sponsoring Agencies

In summary, we found that while government departments and agencies identified external stakeholder input as important, consumer and public interest groups are often only seen as one of the many "stakeholder" interest groups or "publics" (including multiple business interests) to be consulted. Finding qualified representatives from public interest or consumer groups or the public at large is often challenging, as is determining the significance of input. The purpose of consultations, the type of consultation, and recruitment and expectations of representatives is highly dependent on a number of factors including the department or agency in question. Great value is ascribed to consultations with stakeholders, including public and consumer groups and representatives, but little money is directed to ensuring the ability of such representatives to communicate with constituents, participate, or effectively influence outcomes. While strong emphasis is placed on the importance of representatives having a legitimate constituency to lend credibility to the consultation process, overwhelming support for the consensus model of decision-making may well require public or consumer group representatives to abandon their obligations to constituents – leading to less support.

6. Perspectives of the represented organizations

The view on representing particular interests from the other side of the consultation process was somewhat different for most reporting groups.

Our requests for participation by non-governmental organizations had turned up a diverse group spanning many different theatres. Several also identified working as part of an either an organized or loose coalition of groups, working towards a greater overall goal while each individual organization carried out a more specialized task. Membership took many different forms with varying degrees of emphasis. In some cases, membership was not an issue. Many respondents were also involved in more than one organization and had participated in different roles over the years. The organizations ranged from 50 to 2.5 years in existence although most ranged between 15-20 years. They have therefore had some exposure to the changing roles of government representation and some considerable experience from which to comment on.

Despite some organizations having carved out public constituencies (e.g. retirees, women) or narrowly focused mandates (e.g. tax reductions, drug safety, environment), our analysis suggested that 15 of the 17 could be categorized as public interest or charter groups according to the definitions identified in the literature review. This was because the benefits they sought would probably benefit a much larger number of individuals in society than just their own membership, although in some cases the benefits would be larger to a specific population in society. The sample included self-described consumer, social justice, public interest, and citizen groups.

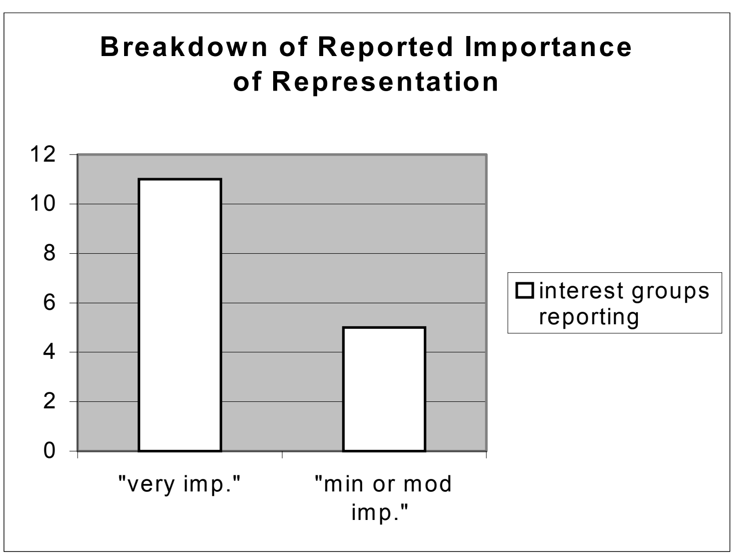
Although many industry specific business groups actively engage in representing their members' issues to government, only 2 such organizations responded. Since the benefits of their activities and services flowed almost exclusively to members and were identified in terms of pecuniary benefits, they would fall into the "special interest" category identified in the literature review. This focus on member benefits for such organizations, may also have been responsible for the high number declining to participate due to "lack of relevance", although some business organizations and trade unions are familiar and often sympathetic to certain public and consumer issues. Individual businesses also often value the role of consumer groups in ensuring fair and honest (and genuinely competitive) markets. Among the 17 organizations responding:

- All are incorporated non-profit organizations for tax purposes
- 2 represent producer or industry interests

- 15 represent public interests, but only 12 have their own membership base
- 8 of 15 are more broadly focused and 7 are more narrowly focused
- 6 hold registered charitable status (although many engage in advocacy activities that are, theoretically, forbidden to them) while 2 had had been denied charitable status, and one rejected the concept on principle.
- Only 1 identified itself as representing a population named in the Charter, although two others identified working with charter population collectives, although other groups may also fit in this category as well.

Of all the non-governmental organizations that identified providing representation to government or quasi-government agencies on a regular basis (16 out of 17) , approximately 2/3 saw this representation as a "very important" part of their mandate, although some pointed out that other organizational mandates (public education or member services) were equally important. One respondent who rated it highly noted that this issue was currently under debate.

Lower ratings by the other 1/3 of the groups correlated with more emphasis on either member or public oriented services such as providing legal support or information, assistance on specific issues, research, and/or engaging the population through the media on specific issues. For example, one of the organizations operates a complaint and assistance line for a particular class of consumer products and services and takes some 30,000 calls a year from members and the public. Another provides legal representation for consumer groups in Utilities and Telecommunications Hearings. One organization also identified a recent deliberate and substantive shift from participation in government consultations to using the media to expose issues and influence changes in society as well as public policy. It now works with the mainstream media and provides information through co-produced television programs and widely circulated Canadian magazines. Using this method, it's able to reduce costs of member communication while being able to create an impact. This



respondent also cited the value of exposing problems with the behavior of a particular industry as well as public policy.

Methods of representation

The two industry associations were unanimous in their high use of unsolicited lobbying to represent their members' interests to government and quasi- government agencies. Both ranked unsolicited personal lobbying (meetings, telephone calls) as their most frequent method of representation. Participation in other forums or opportunities diverged at that point. One relied almost entirely on this approach, giving the lowest ranking to all other identified opportunities for participation such as responding to requests for comment, forums, working groups, committees, focus groups, completing surveys, and providing unsolicited letters, briefs, and reports. The other reported being far more active in all opportunities for representation and consultations and noted that representation is " the central tenant of our purpose." Financial constraints were not an identified issue for either organization. Three (3) public interest groups also ranked unsolicited lobbying (meeting, telephone calls) as one of their top methods of representation, however, it was pointed out by some, that since most such work was carried out purely on a voluntary basis, formal consultations were not often an option. In contrast, 6 public interest groups ranked "responding to formal requests for comment" as the most frequently used method with many expending little or no energy on personal lobbying.

The table below demonstrates the differing emphasis on commonly identified types of representation by the organizations captured in our sample. Organizations were asked to rank on a scale of 1 to 5 (with 5 being the highest), the most frequent avenues of representation used their association from a pre-identified list. *Other types of representation captured in responses included representation of consumer interests before regulatory bodies such as the CRTC, utility or environmental boards, and both formal and informal media comment. One also commented on the increasing use of workbooks and surveys to solicit input - which were problematic in their view.*

MOST FREQUENTLY USED TYPES OF REPRESENTATION

Responses of 17 Stakeholder Interest Groups

(1 being the least used method and 5 representing the most frequently used)

Responding to requests for comment	1	5	5	1	4	4	5	**5**	4	1	3	4	5	5	5	5	1
Participation in Policy Forums	2	2	2	0	3	4	5	**0**	2	1	1	5	0	3	2	3	2
Participation in Working Groups	5	4	1	0	3	3	5	**0**	3	1	1	0	0	1	5	3	5
Participation in Committees	4	5	4	1	3	3	5	**0**	2	1	1	1	4	5	3	3	5
Participation in Focus Groups	0	1	3	0	3	1	1	**0**	2	1	1	2	0	1	1	1	2
Participation in Surveys	2	2	0	0	4	3	3	**0**	2	1	2	2	0	1	1	2	2
Sending unsolicited letters and briefs	3	4	0	3	5	4	1	**5**	5	1	4	3	4	5	5	2	1
Unsolicited personal lobbying (e.g. meetings/phone calls)	**1**	**3**	**0**	**0**	**5**	**5**	**3**	**0**	**5**	**5**	**4**	**3**	**4**	**5**	**3**	**2**	**2**

Recruiting Representatives

The quality of representation sent out to government consultations is central to the value of the consultation process and about 2/3 of the groups surveyed indicated they always or usually sent qualified representatives – *when they chose to participate*. Impediments identified were financing, time, and shortage of qualified representatives willing and able to participate in consultations, often due to work commitments.

The member supported industry or business associations routinely relied on full time paid or contracted staff " hired to do the job", and sometimes used [compensated] board members in tandem with paid staff. No problems finding qualified representatives were identified and one identified that board members undergo substantial orientation and training. However, one association also pointed out that it also avoided participation if at all possible in "ongoing" committees or processes so its representatives were available when needed quickly. In contrast, only 1/3 of the identified public interest organizations routinely sent paid staff to government or quasi-government consultations. Of this 1/3 that routinely sent paid staff, 50% were organizations without specific memberships. These organizations instead provided legal representation or research support for particular "publics" or other member based groups. Some coordinated with or participated in more extensive networks or coalitions.

Most member-based public interest or consumer groups relied heavily on "expert " volunteers already working in the area professionally and/or part-time paid staff. It often was dependent on timing and availability. Some groups strictly limited participation to opportunities where expenses and per diem compensation were available, noting that representatives simply could not afford to give up a day's income. One environmental group stated that only a strongly "compelling" reason would lead them to do otherwise. Most identified the need and/or desire to use paid staff whenever possible in order to be able to keep on top of an issue between meetings, enabling them to be in a better position to positively influence the outcomes either inside or outside formal consultations. As one respondent put it:

> "In my organization's particular field, the days when a volunteer could invest time and develop the expertise required to represent the association or the public interest over a long period of time, as well as undertake the research and consultation with other parties between meetings, has long passed."

Only three organizations indicated using less qualified or non-issue specific volunteers if more qualified representatives weren't available; one pointing out that participation often had more value as a learning opportunity for representatives than an opportunity to influence. Two groups with small and very specific constituents felt that most of their members were qualified to participate in consultations by virtue of their personal experiential knowledge, coupled with some preparation from a part-time staff member. Two organizations implied that using volunteers in lieu of staff was a matter of deliberate choice, although this question was not specifically asked.

Only three public interest groups did not consistently provide some kind of orientation and information to representatives prior to participation in consultation processes, adding that exceptions were made on a very limited basis – although this varied by circumstance. For other organizations, this had little relevance, since when they did decide to send a representative, it was a knowledgeable staff or “expert” board members or volunteers who were already knowledgeable in the field. There was also an expectation for board and/or committee members to stay up to date on issues through their own research and the media. One public interest organization also reported that it counted on a close working relationship with the government to keep the organization and its representative informed. It was interesting to note that while almost 100% of government departments and agencies reported providing orientation materials to participants “most of the time”, only about 50% of interest groups reported routinely being provided with orientation material. Three also noted that the information provided was not always sufficient for representatives to understand complex issues or take an informed position.

Financing for representatives

We had originally hoped to capture how interest groups surveyed were financed, however, this proved to be too sensitive a topic to explore. Therefore, we instead restricted our survey to questions about how their representatives were financed.

One out of two or 50% of the reporting public interest groups indicated that they “sometimes” or “always” received financial compensation for out-of-pocket expenses for representatives from government or quasi-governmental organizations sponsoring consultations. Some groups also identified receiving small consultation fees for the organization or per diems for representatives, but this was rare. Funding to research or develop a position for a representative was also rare. Many reported that they were unable to participate unless travel and accommodation expenses were covered for their representative due to their own limited financial resources.

Funding for representatives of industry or trade groups was largely a moot point since either staff or compensated board members were involved. While many industry groups receive substantial dollars and in kind support under the umbrella of economic development, the only compensation one of the business stakeholder groups surveyed received from government to support representation consisted of occasional compensation to pay for travel expenses in another city. The other larger organization would not consider taking any compensation from government as a matter of principle, pointing out that successful lobbies have a powerful impact on its members’ bottom lines and subsequent level of support from members.

While 2 out of 3 organizations surveyed supported financial compensation for public or consumer representatives, some identified a preference for direct funding to groups in order to enable them to support their own representatives. One cited concerns that compensation paid directly to representatives could "otherwise easily drift into 'consultants who have no accountability back." Two of the public interest groups were adamant that it was inappropriate to take "government" money. However, one of these organizations consists of retirees with regular income. It also relies heavily on business advertising revenue targeting a large membership with related group discounts. These sources of funding, or in kind support, are not readily available to many other interest groups because of their watchdog functions or their reluctance or inability to target a large membership base for business marketing purposes. One government department also identified that some groups prefer to have the representative paid directly "for administrative reasons".

Almost all public interest groups surveyed identified ongoing and consistent financial problems. For those organizations and many "volunteer" representatives choosing to participate in consultations, the irony of their situation was not lost. Some of the frustration was summed up well in the following comments:

> "I was part of an ongoing Advisory Panel for about 1 year – three meetings and then the panel was discreetly fired. The other members of this advisory panel were from the pharmaceutical industry, industry financed researchers, and industry financed patient groups, 2 members of provincial ministries of health, plus one person from the another public interest organization. Many Health Canada people participated and made presentations to us. I could look around me at the huge cost in terms of salaried time. I felt like a sucker for punishment as a volunteer. These meetings were sometimes held in the middle of the week and the fares for flight arrangements made through a government appointed travel agency were sometimes huge."

Three public interest groups identified that simply reimbursing expenses was inadequate. They felt that finance flowing to organization to support their own representative, consult with members and research issues were all equally important:

> "We need to have the revenue to investigate, identify and pursue solutions between meetings [involving] a research budget sufficient to afford someone with qualifications in the field. Even representation by qualified representatives restricted by lack of funds, leads ultimately to passivity since they cannot initiate new directions; only choose between what is presented by industry or government sitting at the table. No one pays explicitly for research and development to address an issue, and the expectations [placed on representatives] are sometimes laughable. For the cost of a couple of trips a year, we are expected to be experts on arcane areas."

One current “bright light” identified was federal Office of Consumer Affairs Grant Contribution Program that supports research on specific topics, but “if the funding is not continuing and the working group sits for three years, you eventually run out of fuel to meet the other players head-on.” Other groups also identified certain project funds in different departments.

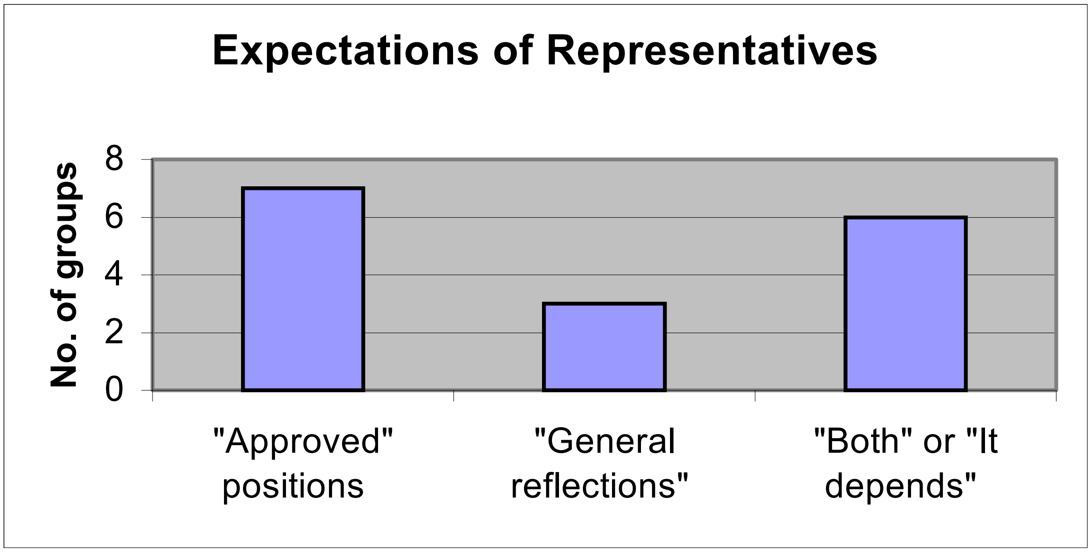
A number of public interest groups also cited a free-rider problem, since they do not receive much needed financial support from all the public beneficiaries of their efforts or services. In order to get around this free-rider problem and the cost of mailing – as well as increase the independence of consumer watchdog groups - one respondent identified his organization as a strong promoter of a consumer group development and funding strategy called a “CUB”. This model entails a legislated requirement for suppliers of services in a particular area (i.e. banking, insurance, public and private health plans, utilities, etc.) to include an insert in regular billings. This insert would appeal to users of the service to voluntarily contribute to a either a general or specific consumer watchdog organization for the particular industry or area of service in their regular billings.

It was also noted that if the federal government passed into law the draft *Policy Statement and Guidelines on Consulting and Engaging Canadians* that was drafted by a specialized team in the Privy Council Office in 2000, many of these problems would be resolved. These Guidelines reportedly contain 12 rules that, if followed, would ensure inclusive representative consultations in which those consulted would receive adequate time and resources to participate. It was compared to intervenor funding provided for certain types of quasi-judicial processes such as Environmental or Utility Hearings, which help to create a more level playing field for the public facing well financed and powerful or monopolistic industry interests. The existence of more widespread intervenor funding is one important reason that consumer and public interest groups in the United States have been far more successful and financially viable than in Canada.

Expectations of position taken by representatives and how it’s developed

Similar to earlier reported government responses, when our sample of NGOs was asked whether or not representatives were expected to take forward an “approved” organizational position, and how that position was developed, expectations differed related to a number of different circumstances and situations. When we asked if their representatives were usually expected present an approved organizational position, or a more general reflection of their constituents’ interests, the answers were mixed. Seven (7) identified “approved positions only” , while three (3) identified “general reflections” (philosophical framework), and six (6) said “it depends” or “both”.

For many public interest groups, whether or not they took forward an “approved position” would depend on the nature and purpose of the consultation or representation, the issue and the particular representative (i.e. related to knowledge and/or organizational authority).



It was also highly dependent on whether or not an “approved” position existed – or if there were time or resources to develop one. If there was insufficient time, the group might still chose to participate in a consultation to raise questions or concerns that might affect their constituents in the future. In both special and public interest groups two strategies appeared to dominate in the development of a position:

1. use of a proxy group within the organization (executive or board or staff and board or relevant colleagues) to discuss and agree on a position, and/or

2. resources directed to the development of position papers (validated by the larger membership, or a proxy group of members) that could then be used to inform both old and new issues.

The member-supported industry groups were kept on top of most issues by both executive staff. They also relied heavily on position papers and member polling that was done and updated on a regular basis – as did a few of the public interest organizations. These public interest organizations were usually those with a narrower defined focus or a specific identified objectives that they advanced rather than responding to more general requests or issues. Some groups also relied on quite extensive networks of experts or organizations (e-mails and list-serves) to provide quick and timely input and discussion inside and outside the organization. Other organization specific practices identified included:

- Staff members develop a draft position paper on an issue and send it out to all member groups with 5 weeks to consider a draft position - and then another 5 weeks if any groups propose significant changes to the draft position.

- Issue mapping activities, research in peer review or gray materials, briefs or letters to policy makers, and synthesis workshops

- Preparation of an "issue memo" composed of background information, issues arising from the background and current situation, and proposed resolutions circulated for comment. If there are no expressed objections, the position is considered adopted.

- Reliance on identified "consumer rights and responsibilities" (e.g. rights to safety, information, choice, opportunities for influence, redress and remedies, affordable essential services, sustainable environment, etc.)

By in large, organizational positions were developed through multi-pronged strategies that were highly dependent on current and constantly changing financial and human resources, and the mandate, philosophical framework and objectives of the organization. Other strategies used on a more ongoing basis to inform positions were:

- informal polls at meetings, public gatherings, or on web-sites
- review of past positions and position papers
- development of position or issue papers on specific issues
- fit with the mandate or focus of the organization or philosophical framework
- input from specific committees or committee members
- board discussions
- specific research on the issue in question
- member and/or public polls
- information meetings

However, two important themes also ran through the responses. One was the rapid time frames required for position development on an issue requested by a sponsoring organization were often beyond the means of most public interest organizations – often called in to consultations when most of the discussion and decisions had already occurred. The other was the complexity of some of the issues under discussion. Both of these trends also had an impact on consultations with constituents or identified publics.

Consultation with Constituents

All respondents identified an expectation that interest groups should communicate with their members and/or affected "publics" to inform their representation. Accomplishing this to the degree most would like was difficult. Money and time were the major barriers. Not only was a cost associated with seeking direction; the cost of pulling together complex information was also prohibitive for many public interest groups. The high cost of publication with small number runs and postage was specifically identified. Before members or constituents would be in a position to provide direction, they would need information, and while Internet use is rising, there are still many unwired homes in Canada. Nor do busy people always respond to E-mail requests, as we found out!

Financial resources were not cited as a barrier for the two industry associations, however, both cited their members' workloads and time constraints as a barrier to communication. This often limited feedback although both organizations regularly communicated with members through a variety of vehicles including e-mail, a regular newsletter, updates, and other strategies. One relied most on input from the members of the Board of Directors to inform policy positions and activities. The other found that surveys were more effective because members could do it in their free time. Since its member businesses were so busy, association representatives also visited each member one-on-one each year. This had been found far more effective in identifying the problems rather than expecting busy members to come to them. Interestingly, one public interest group had a similar strategy. They had a volunteer "phone-out" committee to solicit information on a regular basis. (Note: Similar to members of industry organizations, polls and surveys reflect that citizens and families are also increasingly time-stressed.)

Most organizations communicated and consulted with members on an ad hoc basis although many expressed a desire to do it more regularly.

- 9 groups identified regularly surveying members on issues in general
- 8 groups reported ad hoc surveys of members as needed
- Those with a narrower focus were more likely to communicate regularly
- An association for the hard of hearing used "captioning" and "direct telephone" – a reminder to us that is far too easy to miss certain groups.

The issue of the public interest groups often representing a broader public than simply their members also came into focus. Few public interest groups relied exclusively on their own membership input to inform a position. Some relied heavily on input from a broader public input through staffed telephone inquiry and assistance lines. This often provided representatives and the organization with a wealth of situational knowledge that would enable them to do identify problems and propose solutions - particularly where markets or regulators were failing individuals and communities. Others had extensive consultative networks of like-minded individuals or organizations. While these groups did not poll or communicate members as regularly, their contact with either the general public or particular informed publics acted as base of knowledge in consultations. There often appeared to be recognized trade-off and struggle between membership service and wider public service.

Impact of communication and consultation strategies

One of the most important issues we hoped to explore in these surveys was that if there was a relationship between a particular communication (or consultation strategy with members) used by different interest groups and revenue generation, membership growth and effectiveness. In order to do so, we asked each respondent to rate on a scale of 1-5, the most frequently used pre-identified communication strategies and the effect of these strategies on:

- Making contact with members or constituencies
- Providing information to members or constituencies
- Obtaining input from members or constituencies
- Increasing membership
- Generating revenue

Only two respondents did not rate the types of communication used in some manner. Based on this information, some interesting relationships were identified, although caution must be used in interpreting this data because of the small sample size, and the fact that it did not consistently capture what might be the most important emerging trend – reliance on mainstream media. The two highest rated strategies for increasing membership and generating revenue in public interest groups were physical meetings and newsletters. E-mail ranked the most effective for making contact, providing information and receiving input. While these findings may reflect the concept of interest groups serving an important function in building social capital by virtue of opportunities for interaction, the value placed on these two activities may also be a function of limited financing. However, while these methods enjoyed moderate success, four public interest groups added in and rated use of the media as the most effective. An average of the responses from the 13 *public interest* groups that filled out this section is represented in the table below.

SUCCESS OF COMMUNICATION STRATEGIES FOR PUBLIC INTEREST GROUPS

	MAKING CONTACT	PROVIDE INFORMATION	OBTAINING INPUT	INCREASING MEMBERS	INCREASING FINANCES
Meetings	3.9	4.1	3.9	3.4	2.3
Foc. Groups	1.6	2.4	2.9	1.2	1.8
Website	3	3.6	2.7	2.5	2.25
Email	4.2	4.3	3.9	2.9	1.9
Newsletter	4.25	3.9	3.5	3.3	2.6
Unsol. Com	3.1	3.4	3.3	1.8	2.3
Env. scan					

Because the industry associations fit in the "special interest" stakeholder grouping identified in the literature search, and the lack of identified problems regarding financing, these results were separated out. For the industry stakeholder associations with more direct appeal and benefits flowing exclusively to members, meetings were not even rated. Instead, unsolicited communication rated highest for generating members and revenue, while surveys and e-mail rated highest for making contact and obtaining input.

SUCCESS OF COMMUNICATION STRATEGIES FOR SPECIAL INTEREST GROUPS
(1 being the least used method and 5 representing the most frequently used)

	MAKING CONTACT	PROVIDE INFORMATION	OBTAINING INPUT	INCREASING MEMBERS	INCREASING FINANCES
Meetings					
Focus Groups					
Website	3	5	4	3	3
Email	4	3	5	4	3
Newsletter	3	4	2	3	3

Although these surveys provide some interesting insights, it is important to remember that communication and consultation strategies are not the only factors that contribute to the financial viability and effectiveness of interest groups. Other variables include: its scope of activities, leadership, pool of expertise, charitable tax status, membership benefits, staff competencies, current relevance, appeal to populations, governance, and core financing.

Perceived value of representation and participation

Finally, we were interested in exploring just what value interest groups placed on presentation in consultations, particularly given the resources directed to this endeavor, and the increasing shift to decisions being made in international arenas.

While 2 of 3 stakeholder organizations generally reported increased opportunities for participation in consultations, only about 1 out of 3 identified increased value from their participation. One noted that while opportunities overall were increasing, "opportunities for substantial engagement are decreasing". Three public interest groups suggested they had learned to use their resources and skills more effectively, thus providing better value for their own time and energy. This did not necessarily translate into increased value in terms of influence. Two older narrowly focused consumer health organizations commented on a seemingly increased effort by the federal government to consult the public (particularly on health issues) which was positive, but both noted that the government "has not included us in the process". While one industry association reported increased opportunities and value, the other indicated the situation had remained about the same, increasing in some areas, and decreasing in others.

Most indicated that they found the consultation process “worthwhile” on some level, but there were many caveats identified by the majority of organizations. Some public interest groups characterized the consultation process as a "sham", and stated that such processes appeared only to have cosmetic purposes. These organizations felt that the government merely called representatives to the table with their (government) minds already made up on an issue. Having public representatives at the table merely added legitimacy to a process and direction the government had already determined. A note of some concern is that many of these organizations have also been in existence for relatively greater periods of time, perhaps reflecting a growing sense of cynicism with regard to government consultations over time – similar to feelings expressed by the general public. There were positive and negative reviews, and many were mixed:

> “Some ministries pretend to be consulting, but in fact they are looking for approval from stakeholders after one or two days of intense orientation, often with the aid of outside facilitators. The tradition of carefully scripted meetings with well-prepared industry participants is now fully implanted. In reality these *steak holder* meetings are confabs for the people who eat steak: the consumer and public interest sector is more like the hamburger and tofu crowd. In some cases we have chosen not to participate on working groups because we know we will be outflanked and our very presence lends credibility to the process.”

> “It is critical to understanding what is happening in industry and be present to remind producers/government of the consumer interest which is often neglected. It is also a learning experience to share with other members.”

> “Yes, the association views are heard and acknowledged as we participate fully. Development of policies and decisions include our association’s input as we work for the inclusion of all people, … but opportunities for input and the value of participation has decreased considerably in the last 3 years.”

> “ The benefits of consultation are to keep the people informed of matters that are important to them. It means we get information directly and not through the press which is sometimes inaccurate information. I think opportunities and value have increased; more people seem to want to listen to various opinions, although sometimes you feel the government is only paying lip service by listening and already have their minds made up.”

> "[Provincial] government policy is represented on the Web-site with a discussion paper. Input from the public is discussed in private and a draft is put together."

There is, however, agreement on the value of the spin-offs generated by consultations and representation, namely the opportunity to network, gather valuable information and exposure to current thinking on the issues or "being able to respond publicly because we are in the loop". Others noted that the personal contacts made have paid off in terms of being able to call and ask for information, "and sometimes get answers".

In contrast, money spent on representation to government was considered money well spent by the special interest industry organizations. One large industry organization reported they did an assessment and report each year detailing the dollars saved the industry by their actions in order to demonstrate its value to members.

Summary of findings from represented organizations

While both industry and most public or consumer oriented interest groups see representation as an important part of their mandate, a number of member and non member public interest groups are starting to withdraw from participation in formal government or quasi-governmental consultations or committees. Some of these organizations have turned to new strategies in order to influence public policy and marketplace practices -notably the media. While limited finances is identified as a major contributing factor, a deepening skepticism regarding the value of participation as well as the process is also fueling this shift. In contrast to the well financed industry groups, most consumer type groups rely heavily on the availability and sacrifices of expert or non-expert volunteers or limited part-time staff - more often by default than design. Limited financial resources in turn limit the ability of many such groups to consult and communicate with an identifiable population or develop positions, as do the short timelines set by sponsoring agencies. Although more narrowly focused public interest groups and those with paid staff stand out as most successful in reaching out to a constituency, the only highly successful identified communication method for generating members, revenue and increasing effectiveness was use of the media. Moderate success was achieved with newsletters and in-person meetings. While some public interest groups remain marginally optimistic, other groups are growing more cynical about their ability to influence government policies. Although a number of possible solutions have been proposed by different organizations and government to deal with participation, financing, and process, the lack of action on these may be leading to an increasing number of Canadians being left without a voice in public policies and practices.

7. Summary of Key Study Findings

The main purpose of this study was to understand the value and expectations of external stakeholder and public or consumer group input by government and the experiences of groups representing these interests to government. A second concern of this study was to determine the method of financing representation by stakeholder interest groups and how positions were developed. Finally, an attempt was to be made to determine if any particular strategies for consulting and communicating with group members or identified public constituencies were more successful in generating revenue, increasing membership, or increasing effectiveness.

In general we found government and quasi-governmental agencies report placing a high value on stakeholder and consumer or public input. However, while the value of representation is high for industry and trade association, the value is often substantially less for consumer and public interest groups – and eroding. Some groups are already starting to disengage due to frustration with both process and lack of financial and human resources to support meaningful participation.

The extent of consultation and communication with memberships and/or interested publics in the case of consumer and public interest groups is highly dependent on the needs or desires of members and largely a function of time and money. A major impediment is the speed at which government expects responses. There is also a general divergence in views and experiences on the appropriateness and scope of financial compensation between Government on the one hand and public or consumer interest groups plagued by free-rider limitations and other constraints such as charitable tax legislation on the other hand. While all federal government departments see financial compensation for expenses as appropriate, most are not enthusiastic regarding compensation for other activities of public interest group. Nor is there agreement among interest groups over the best method of funding.

The most effective communication tools used to generate revenue, memberships and increase effectiveness appear to be largely a function of financing again. While most public interest and consumer groups report marginal success with newsletters and meetings, stakeholder business groups rely more on other more expensive routes, such as unsolicited contact. The more highly rated strategy identified by some public interest groups was use of the mainstream media. Key findings include:

- While high value is placed on public or consumer input by government, the definition of the term *public* or *consumer* was subject to many different interpretations.

- More than 50% of government agencies reported some difficulties finding stakeholder representatives, particular public or consumer group representatives.

- While almost 100% of government departments and agencies agreed in principle to funding travel and out-of-pocket expenses, only 50% reported routinely funding such expenses. Support for providing per diems or other financial support for representation received substantially less support and was subject to many caveats.

- While representation of a constituency is rated high by most government and quasi-government agencies as an important consideration in representation, all with the exception of one use a "consensus" model of decision-making.

- 100% of business interest groups report high use of unsolicited lobbying (meetings, telephone) while only 20% of public interest groups use this method extensively.

- 100% of the business interest groups identified relying on paid staff for representation, but only about 1/3 of public interest groups routinely use paid staff.

- An increasing number of public interest groups are limiting participation to settings where volunteers receive per diems either directly or through the organization.

- 40% of organizations expect representatives to take "approved" positions, while an another 40% identify both approved positions and "general reflections".

- The major impediments to position development are time and money.

- 2/3 of surveyed stakeholder interest groups consider representation to government "very important", but there is growing skepticism of public interest groups around the value of representation and the process and model of decision-making in consultations.

8. Observations and Analysis

While our sample group was small and conclusions must be approached with caution, our research raised some interesting findings, contradictions and questions around the purpose and value of consultations and the process of consultation. It also raised questions around the relationship of changes in Canadian society over the past decade and the current lack of public confidence in government and public representatives. Our comments have been grouped under four themes that emerged from this study. These themes are:

- the lack of, or changing, definition of public or consumer interests
- mixed messages from government
- changing practices and make-up of public interest and consumer groups
- implications for democratic traditions and fair markets

1. The definition of public or consumer stakeholder interests and groups

Who is the public? Who are consumers? Going into the study, an unexpected finding was the lack of common or reasonably defined terms or concepts used by both those seeking input and those providing input. Terms such as "stakeholders", "partners", "public", "interest groups", "consumers", "citizens", "experts", "charter", and "constituencies" as well as commonly described consultation processes such as "forums" and "working groups" or "lobbying" were used inconsistently among all groups. In many cases this appeared to relate differing mandates, different philosophical perspectives, or different reference points as well as a possible paradigm shift during the 1990s. For example, government departments focused more on economic development often described different industry groups as part of their "public" until provided an alternate definition. The use of the terms "constituency" and "stakeholder" were also a source of confusion. In some cases, respondents chose to respond entirely outside the matrix of such terms.

The board of the Consumers' Association of Alberta also struggled with the use of such terms back in the early 1990s when it became evident to us that the word "consumer" carried an increasingly negative connotation for many of our traditional supporters. Despite advocacy of the wise use of both personal and community resources being at the heart of the consumer groups around the world, it was clear that the word "consumer" had become identified with over-consumption and flagrant disregard for the community. Both clever marketers and well-intended media watch organizations (an outgrowth of consumer groups) cited "consumer demand" or "consumerism" as the source of many of the world's woes. At the time, the Association even contemplated a name change. In the end the Board chose to keep the name and more visibly and explicitly identify the organization's values and purpose.

The fact that the basic common-language of interest groups and government is somewhat at cross-purposes may lie at the heart of deeper misunderstandings and gaps in cooperation discussed further below. In particular, there was a striking lack of differentiation among the objectives of many different types of groups and organizations and the differing roles they serve in society.

2. **Mixed messages from government.**

While the government likes to pride itself on increased opportunities for public input, the results of our sample survey suggest that both opportunities and input may actually be more constrained – at a time when the public is demanding more transparency and accountability. If our sample indeed reflects the reality of the situation, this trend will only reinforce growing public cynicism about the government's representation of their interests, and lay credence to the suspicion that only narrow economic interests are determining public policies.

All the responding government agencies identified consultation with consumer and public representatives or public interest groups as necessary and valuable. However, there was a good deal of skepticism, and even cynicism, by many such representatives with regard to the extent to which their input actually influences change. In fact, the only consistent benefits identified by all interest groups were spin-offs such as gathering information or making contacts as opposed to having an influence on the outcomes of the process.

Further tensions appeared on the question of the requirement and timing of input. On the one hand, a number of legislated and policy directives requiring consultation with stakeholder interest groups and the public were identified. On the other hand, there were indications that senior management may be making many of the decisions about the value and relevance of public or consumer input at any given time. This in turn raises questions about other factors playing a role in such decisions. Is consultation seen as too time consuming? Are such consultations considered an appropriate use of limited financial or staff resources? Indeed, many government and quasi-governmental contacts approached to participate in the study declined, citing overwhelming workloads and time constraints. Another identified that the speed of change often precluded consultation, as well as a lack of groups to consult on many issues.

Another seeming contradiction is that while government and quasi-governmental agencies place a high value on representatives of a specific constituency that could be consulted and counted upon to support a position brought forward, a remarkably high value is also put on achieving "consensus" among groups with diverse interests and objectives. In fact, given the short time frames common for current consulting a constituency, consumer group representatives are sometimes expected, and even pressured, to take consensus positions far removed from their constituents expectations without consulting, or reporting, to their constituents. Does this reflect a desire for validation rather than information? Is the consensus model simply a way for government agencies and public or consumer representatives to avoid the accountability for public policy decisions that the public and group members so desperately seeks? Could this be one of the reasons behind the proliferation of new groups that appear to be arising out of dissatisfaction with a perceived lack of influence of already established groups?

It was also surprising to us that two government contacts refused to participate in the study citing “lack of relevance”, despite their agencies’ mandates including “consumer interests”. The number who outright refused was also interesting. In some ways, this spoke volumes. It suggested that public input or consultation is only deemed valuable when limited to structured opportunities set out by sponsoring agencies. Given the perceived lack of effect on policy outcomes expressed by many interest group representatives and accompanying increasing reliance on hired external third party facilitators to obtain input, it begs the questions: “Has the process of consultation itself become the goal rather than the means?” If so, this certainly plays into widespread public cynicism relating to government as well.

Furthermore, while a deliberate shift by government agencies to “citizen engagement” strategies is perceived as a positive step by many public interest groups, given the limited ability of experienced representatives and organizations to influence outcomes, what clout will individual Canadians involved in new citizen engagement processes have on policy? Individuals in such situations are often even more handicapped than existing public interest and consumer oriented organizations by over reliance on information disseminated by the consulting agency and lack of a large body of situational knowledge. Similar to resource poor organizations, limited time and money may prevent important consistency of participation as well. What will happen if citizens do not see their input reflected in the final policy outcomes? Will they too disengage from these new processes?

3. The changing practices and make-up of public interest and consumer groups

In the context of these mixed messages and a radically different environment from the 1980s, a number of trends appear to be emerging among self-identified public interest and consumer groups. Both the practices and the make-up of these groups are changing.

First, the identified lack of financial or human resources by public and consumer oriented interest groups, imposed legislative restrictions (e.g. charitable status), dissatisfaction with the process, and lack of perceived benefits is changing the way that many organizations do business. Together these factors appear to be leading a number to deliberately withdraw or limit participation and representation, particularly so among older and more experienced public interest groups. Some are turning to other means to influence public policies and societal practices – particularly the media. This points to a changing role of the media in getting issues on the public policy agenda along with ramifications for the depth and breadth of discussion in an environment with significant media concentration. Other groups are focusing on member benefits or research.

Many appear to be deliberately structuring themselves to take advantage of opportunities for funding and legislated provisions to maintain their existence as much as to serve members or an identified community interest. For example, the loss of core public funding for groups that historically suffer a “free-rider” problem has led to the increased creation, visibility and influence of non-member “think tanks” and “policy groups”. While not considered traditional “interest” groups in the literature, these organizations are having a powerful influence on public policy: both through media exposure and as contracted research support for government agencies. At the same time, organized business and organized labor also appear to be funding much of the research done by these think tanks and thus extending their sphere of interest.

There are benefits and limitations to government reliance on this model of public policy research and influence. The benefit is that among such groups, there is greater time to devote to research in order to provide high quality input or inform policy. This is due to the fact that they do not have to divert resources to other activities such as public service or member support. Yet this also raises the question of how the lack of ongoing engagement with specific constituencies and feedback over time could possibly take away from the value of their work. One of the benefits of a member ship based or public service oriented consumer group is regular contact with a particular affected group of people. Will public policy makers and the public lose the benefits of larger situational knowledge as such groups disappear or lose their place at the table?

Since post-war times, consumer oriented groups have played an important role in identifying areas where there has been significant market failure affecting both individuals and communities, particularly areas where the problem is unlikely to be self-correcting without government intervention. The government cannot take action on anti-competitive conduct in private markets or harmful practices in public and private markets without practical information collected and provided by consumer oriented public interest groups. The question remains how such representatives can become informed and participate in a process where the government can use the information and effectively deal with a situation. It is difficult to see how governments can develop successful consultation processes on issues where individual consumers have already failed to influence market practices (i.e. deregulated electrical markets in Alberta and Ontario) without expecting to invest money and time in reaching the appropriate representatives and input.

The loss of core funding for many traditional consumer and public interest groups has led to Charter oriented groups or educational charities often providing the only venue for concerned and informed citizens to advance broader public or consumer issues. Yet they too are often denied the right to speak out of fear or explicit threats of loss of charitable status or funding. The issues affecting communities have also been increasingly relegated to provincial forums. Stronger provincial organizations operating within loose national networks are replacing floundering national groups where a lack of funds has led to less communication and limited contact or visibility with members and the public outside central Canada. Have the reduced opportunities for building national consensus among provincial public interest organizations and publics affected the ability of the federal government to take strong national positions with provincial governments?

And true to the predictions of Pross, many public interest groups have been forced to turn to industry funding to advance at least part of their members' agenda. This raises interesting questions reflected in some of the comments received during this research project. Can a narrowly focused public interest group reliant on funding from an industry group with so much at stake sitting at the same consultation table truly provide an independent consumer or public perspective? Or will such groups become just one more of a multiplicity of stakeholder business interests already at the table? While such participation may foster consensus, will it not further erode public confidence in both regulators and the people they expect to represent their interests at the table?

This study also raised other important questions around sources of funding for public interest and consumer oriented groups. The importance of diverse funding sources and the impact of funding sources on an organization's independence, viability, and credibility was raised indirectly by two respondents in our surveys, including the standards setting organization. While government funding may be an important element of ensuring public interest and consumer voices are heard, over-reliance on public funding and its subsequent withdrawal has led to the disappearance of many important societal voices and services. Has this past reliance on single source public funding allowed and enabled narrow economic interests to dominate a more balanced citizen agenda? While study findings indicate there is a definite role for government funding of relevant public and consumer interest groups to provide both service and representation, it may be equally critical that opportunities for private funding from citizens or philanthropic foundations are expanded. It is little wonder that many members of the public feel as though they are getting the short end of the stick when members of powerful business lobbies enjoy significant tax advantages from support of organizations and individual lobby activities. While economic development initiatives are an important function of government, substantial industry-wide benefits from in kind support and direct grants from economic development ministries tip this balance even more.

4. Implications for democratic traditions and fair markets

Our research findings also raise important questions about the role and relevance of elected officials such as MPs and MLAs and the work done on their behalf by civil servants. If interest groups have acted as a proxy for dwindling participation of citizens in traditional democratic processes (i.e. voting) as identified in the literature, this dwindling participation should perhaps raise some alarm bells. Ultimately, consent to be governed is highly dependent on the confidence of a citizenry in the their ability to influence decisions.

The literature also identifies an important secondary function and value of interest groups over and above influencing public policy or providing service. This is the opportunity for like-minded people with similar concerns to converge and benefit from interaction, increasing what Putnam calls social capital. It also provides opportunities for individuals to learn and practice democratic skills such as reconciling conflicts, laying credence to another claim that interest groups are *the* site for democratic participation and education. Will this change if such groups no longer have a relevant role to play in public policy?

Finally, while this study was restricted to examining the role of consumer or more broadly defined public interest representation, it also raised important concerns regarding the decreasing resources and ability of more *consumer* oriented organizations or consumer oriented Ministries to fulfill other vital historic functions in a society. Many of these functions (specifically identified by some respondents) are arguably just as essential, if not more essential, particularly in a market economy to ensure that the best producers survive and thrive and that market economies work to the benefit of communities. These include such things as surveys and/or investigation of the prices, quality, and practices of sellers to expose good and bad practices and providing information and education on products, services and regulations to help individual consumers make informed choices. Assistance with resolving disputes and obtaining remedies when deliberate or inadvertent harm occurs are also essential. While newly emerging market economies in the world appear to place important stock in these activities, in Canada, these activities currently receive little support. For example, one survey respondent noted the powerful impact of widespread public exposure of dishonest and misleading marketplace practices in a specific industry based on an investigative survey done by his organization on changing these practices - to the benefit of both responsible competitors and the public at large. The Consumers' Association of Alberta's work in some areas such as grocery store pricing and cataract surgery has had similar effects at a local and regional level. Yet, these important activities have decreased significantly in Canada over the past decade while changing marketplace practices have created many new challenges. Will the lack of resources available to carry out these important tasks, and increasing reliance on industry itself to fund (and influence) such activities, ultimately influence the ability of Canada to ensure safe products, fair and honest dealing, and genuinely competitive or effective markets? Has it already?

9. Recommendations

If our small sample reflects growing trends, the challenges related to eroding public confidence in government (and the markets it supports and regulates), as well as public interest and consumer groups, is not just a matter of funding or participation. It is also a matter of process and will. Therefore all of these factors will need to be considered if public confidence in government and society is to be restored. Based on our research we suggest the following remedies be considered:

1) A funded study and policy forum to be undertaken to explore the definition of, and purpose of, public stakeholder interest groups and consumer groups. This study should be informed by participation of self-described provincial and national representatives and the public at large.

2) A number of different funding models for consumer and public interest groups should be piloted and/or implemented based on factors such as contact and services provided to the public or constituents, willingness, and demonstrated leadership and skills. Models include:

    d) direct core grants
    e) a CUB model
    f) intervenor funding through passing the Privy Council Directives

3) The process of "consensus" model decision-making in settings where there is little balance in representation or power be abandoned in the interests of improved transparency and accountability for both regulators and consumer or public interest representatives.

4) That current charitable status rules and other barriers discouraging individual citizen support of public interest and consumers groups be reconsidered in light of significant tax supports of industry stakeholder interest groups and the need to ensure a diversity of funding sources for consumer and public interest groups.

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