

# Reaching Consumers:

## Learning from the U.S. Citizens' Utility Board Experience

*An issues paper prepared for "Building the Future," the January, 1996 meeting with consumer groups exploring options for enhancing the self-sufficiency and effectiveness of the Canadian consumer movement*

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This paper is intended to stimulate discussion and does not necessarily represent the views of the Office of Consumer Affairs, Industry Canada or the Government of Canada.

## Foreword

At the March, 1995 "Exploring the Future" meeting with consumer groups, presentations were made concerning three approaches that could enhance the effectiveness and financial self-sufficiency of the Canadian consumer movement:

*Citizens' Utility Boards:* The first set of presentations discussed the American "Citizens' Utility Boards" (CUBs) concept, and the transferability of CUB features to the Canadian context. Using mailing inserts to communicate with ratepayers, CUBs are membership-driven, issue-based consumer groups which make representations to government bodies on matters of particular importance to consumers/ratepayers.

*A Consumer Foundation:* The second presentation dealt with the possible role of a Canadian Consumer Foundation (CCF) as a specialized fund-raising and distribution body for the consumer movement. Similar to the United Way, the CCF would have the profile and specialized capability to raise funds for the benefit of consumer groups.

*A Consumer Network:* to close the meeting, a representative of the Canadian Environmental Network (CEN) explained how that organization facilitates communication among environmental groups, and with government. In this way, CEN can encourage the development of alliances around common issues. Possible creation of a consumer counterpart to the CEN, the Canadian Consumer Network (CCN), was briefly discussed.

For many of the groups attending the March 1995 meeting, the presentations were their first exposure to these approaches. While cautious interest was expressed, there was a general feeling that more time was needed to think through the implications before committing to any course of action.

An important objective of "Building the Future," the January, 1996 follow-up meeting, is to allow groups to discuss approaches and work out next steps, now that they have had an opportunity to consider the proposals on their own. OCA has facilitated this process by exploring the issues associated with these approaches in three papers. These papers attempt to reflect comments made by groups at the March meeting. Leadership on these initiatives must come from the groups themselves. They are in the best position to decide whether such initiatives are needed and, if so, the most appropriate processes for putting them in place.

Projects concerning CUBs/inserts, the CCF, and the CCN could be developed and operate independently from each other. However, there is considerable merit in considering them as an inter-linked package (although implementation could be phased over time). Thus, for example, the Canadian Consumer Foundation could be a beneficiary of CUB-type inserts, and could fund research undertaken in support of CUB work. The CCF could also be the institutional "home" for the Canadian Consumer Network, while the CCN could assist groups in forming coalitions so that they can more effectively engage in CUB-type advocacy activities.

There are also important linkages between the CUB/insert, CCF, and CCN proposals and the Office of Consumer Affairs study on the Grants and Contributions (Gs and Cs) Program, which will also be discussed at the January, 1996 meeting. An important conclusion emerging from that study is that groups can become more financially self-sufficient and effective by developing a more focussed understanding of their identity and the services they provide, and by improving their ability to market their expertise, specialized information and other services. Funding advocacy activities exclusively through these techniques, however, may be difficult. The CUB, CCF and CCN proposals may be particularly useful in addressing that concern.

## Table of Contents

Introduction .....	1
<b>Part One: Key Operating Characteristics, Strengths and Potential Drawbacks of Citizens' Utility</b>	
Boards .....	2
How CUBs operate .....	3
The Results: CUBs in Practice .....	4
Potential Advantages of CUBs .....	5
Issues and Considerations arising from the U.S. CUB experience .....	5
Inserts .....	5
Democratic Operation of CUBs .....	6
<b>Part Two: Issues Which Need to be Addressed Regarding Any Effort to "Transplant" the</b>	
American CUB Experience to Canada .....	6
Issues Associated with Using Billing Inserts in Canada .....	7
Issues Associated With Use of the CUB Organizational Structure in Canada .....	10
Issues Associated with the Specialized Focus of CUBs .....	10
Issues Associated With the Democratic Operating Structure of CUBs .....	12
The Way Ahead .....	13

## Introduction

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Consumer input into policy decisions pertaining to the marketplace can lead to more appropriate, efficient and effective laws and programs. In order for their participation to be meaningful, groups need to conduct research and engage appropriate personnel to make accurate and relevant representations on behalf of consumers. The ability of groups to do this effectively is constrained by several obstacles, including:

(1) *difficulty attracting funding.* Financial support from governments at all levels is decreasing. At the same time, consumer groups participating in public policy decision-making often have difficulty attracting members and donations because the benefits from their advocacy activities accrue to all individuals equally, whether or not they contribute to the group's efforts. This is the so-called "free-rider" problem, experienced by many public interest organizations.<sup>1</sup> (footnote)

(2) *technically complex and rapidly changing marketplace issues.* Consumer issues are not static; they change as technologies, government priorities, consumer tastes and economic climates change. The networking, information-gathering and analysis required to remain current with these changes are time-consuming and expensive, but essential for credibility.

These operational conditions compel the consumer movement to consider new ways of ensuring effective consumer participation in public policy decision-making.

One approach which has been used with considerable success in the United States is the Citizens' Utilities Board, or "CUB." By soliciting memberships and donations through mail inserts in utility billing envelopes<sup>2</sup> (e.g., gas, electric, and telephone bills) CUBs have proved highly effective in representing ratepayer interests while avoiding reliance on government funding. They are in essence grassroots organizations, run by democratically elected boards accountable to their ratepayer-members. Among other things, CUBs have successfully challenged proposed rate increases, saving consumers millions of dollars.

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<sup>1</sup>Economists maintain that rational actors will tend not to join groups if they can benefit from (or "free ride" on) the group's activities without joining. The free rider effect thus detracts from the ability of groups to induce individuals to become members. From this standpoint, the phenomenon of the free rider is particularly troublesome for organizations such as consumer groups which produce "public" goods, and thus cannot limit receipt of the benefits they produce to only those persons who are members.

<sup>2</sup>Due to a successful court challenge, CUBs are no longer able to use utility mailing envelopes for their inserts. This point is discussed further later in the paper. Due to those legal difficulties, the CUB in Oregon was created without the use of utility billing inserts.

The CUB model, or component parts of it, may be transferrable to the Canadian experience. CUBs have not been without their share of problems, however, including constitutional challenges to the use of billing inserts and stresses on their democratic structure. Moreover, it should be noted that the key characteristics of American CUBs-- the use of billing inserts and the adoption of a specialized focus and democratic structure-- need not be mutually dependent. It may be possible to use inserts as a communicative device for the consumer movement without tying those inserts to the creation of a specialized and member-driven consumer organization, just as it would be possible to develop a specialized and democratic consumer group without using inserts. There may also be distinctive characteristics of Canadian government and society which could affect how well the CUBs approach would work in Canada. These points are discussed in greater detail later in the paper.

In light of these concerns, the objectives of this paper are two-fold:

- (1) to describe and analyse briefly American CUBs, identifying their key operating characteristics, strengths and potential drawbacks; and
- (2) to set out issues which need to be addressed regarding any effort to "transplant" elements of the American CUB experience to Canada.

In Part One, a short examination of the CUB experience is offered. Part Two sets out some of the issues surrounding the feasibility of introducing elements of the CUB model in Canada. The paper concludes with a brief discussion of the way ahead.

### *Part One: Key Operating Characteristics, Strengths and Potential Drawbacks of Citizens' Utility Boards<sup>3</sup>*

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American CUBs are independent, non-profit consumer organizations mandated to monitor a particular regulated sector (e.g., electric, gas or telephone utilities) and to advocate on behalf of consumers in public policy decision-making. In some respects the name is misleading, since the CUB concept need not be limited to utilities. In theory the CUB model could also be applied to other sectors, such as cable TV and financial institutions (e.g., banking).

In the U.S., CUBs have filled a number of roles. First, they provide government, regulatory bodies, and the courts with informed, well-researched consumer input. They also serve

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<sup>3</sup>Information concerning CUBs used in this paper is derived primarily from B. Givens, *Citizens' Utility Boards: Because Utilities Bear Watching*, Center for Public Interest Law, University of San Diego School of Law, 1991. See also PIAC's new report by Michael Janigan, *CUBs for Canada? Can the Citizen Utility Board Model Organize Canadian Consumers and Will it Work for Cable TV?* (Draft: Ottawa: 1995).

as industry watchdogs, monitoring corporate behaviour and conducting independent research on issues affecting their members, such as choice, quality, price, and privacy protection. Conceivably, they could also be involved in dispute resolution, but our research did not reveal any examples.

Although their structure varies U.S. CUBs share some basic characteristics:

- (1) membership is voluntary;
- (2) funding comes from ratepayer contributions, so the CUB is independent of both government and industry;
- (3) they are democratically run, with a board of directors elected by the membership; and
- (4) they have a relatively narrow and tailored mandate-- to promote consumer interests in relation to a specific industry, entity or sector.

#### How CUBs operate

In the U.S., the key to getting CUBs off the ground was the use of billing inserts. In the early 1980s a number of states passed legislation allowing CUBs to enclose an insert in the billing envelopes of utility companies. Usually confined to a single page, the insert introduced ratepayers to the CUB and invited them to join for a nominal (\$10-\$15) annual fee. As will be discussed later in the paper, the legislated use of inserts was successfully challenged in court. Consequently, U.S. CUBs now use inserts in government mailouts, and other solicitation techniques, to sustain the membership base they built through billing inserts.

In a sense, CUBs are defined as much by their method of communicating with consumers as they are by their advocacy. Utility bill inserts have several key advantages. By "piggy-backing" on existing mailouts the CUB is guaranteed to reach every ratepayer, and to do so when they are most likely to pay attention: when they are looking at their bills. Moreover, the cost of including some inserts was so low utility companies did not even ask for compensation. Although since the court case CUBs have been able to survive without access to billing envelopes, it is an open question how many could have been initiated without that access. The only CUB to get off the ground without using billing inserts, in Oregon, has had considerable difficulty attracting members (see table below for comparative membership information).

Between one and five per cent of American ratepayers have joined CUBs in the jurisdictions where they exist. A similar recruitment rate in Canada would create an annual revenue base between \$100,000 and \$500,000 based on a ratepayer base of 1 million (assuming a \$10 membership fee). Billing inserts do not necessarily rectify the free rider problem for the consumer movement, since it is still possible for ratepayers to benefit from CUB activity without joining a CUB. But the "free ridership" is transparent: non-members are reminded of the benefits they are receiving through the inserts, which provide regular and timely exposure of

the group's activities. Similarly, sceptical consumers may be won over as the group matures and real savings are visible. Inserts give CUBs regular opportunities to communicate their success.

### The Results: CUBs in Practice

There are currently four operational CUBs in the U.S., all established prior to 1985 (see table, below). Except for the Oregon CUB, all were established using billing envelope inserts. The largest, in Illinois, played a key role in advocacy leading to the Illinois Supreme Court throwing out a \$495 million electricity rate increase. Others have achieved similar-- if less spectacular-- successes, including reduced rate increases, refunds based on findings of mismanagement, and legislative amendments. Efforts are also underway to set up a CUB in New York.

Table 1-- *CUBS operating in the U.S.*

	FOCUS	MEMBERSHIP	BUDGET	STAFF (FTEs)
ILLINOIS (est'd. 1983)	energy	170,000	\$1.7 million	12
WISCONSIN (est'd. 1979-80)	energy and telephone	60,000	\$250,000	4
SAN DIEGO (est'd. 1983)	San Diego Gas & Electric	24,000	\$150,000	1.5
OREGON (est'd. 1984)	energy and telephone	10,000	\$150,000	2

From: *Citizens' Utility Boards: Because Utilities Bear Watching*, by Beth Givens. University of San Diego School of Law: Centre for Public Interest Law, 1991.

Our research did not reveal any organizations similar to CUBs outside the United States. The Australian government is exploring the feasibility of CUBs as part of deregulation efforts. Although there are no CUB-like organizations in Canada, several insert initiatives have been undertaken. A charity devoted to water conservation and other projects in the developing world has had some success soliciting donations through inserts in municipal water bills. In the past, the Bureau of Competition Policy has inserted a "consumer tips" brochure with Canada Pension Plan cheques. It should be noted, however, that while these initiatives communicate with a particular target group, they are not designed as advocacy or fund-raising tools.



## Potential Advantages of CUBs

As the American experience has shown, CUBs have the potential to enhance the consumer voice significantly and encourage consumer participation in regulatory proceedings. By aiding communication between consumers and industry, CUBs can play a broad marketplace role, sensitizing industry to consumer concerns before problems develop. In addition, their specialized focus enables CUBs to commit staff full-time to monitoring and researching a single industry or sector. This clearly defined mandate can also make for a more streamlined organization, and, as the CUB develops expertise, lead to enhanced credibility while ensuring that the most representative, carefully-researched and articulate consumer input possible is provided. There is also a large role for CUBs to play in consumer education.

The CUBs approach decreases dependency on government funding, a critical goal given current criticisms of government grants and contributions programs. Their unique funding structure also frees CUBs from the perceptions of bias attendant on receipt of government assistance, and decreases reliance on intervenor funding. At present, consumer groups sometimes rely on such funding or cash awards when appearing before regulatory tribunals. Exclusive dependence on this ad-hoc system -- groups are never sure which of their projects will receive intervenor funding, or whether it will be enough -- erodes the ability of consumer groups to focus, set and carry out their own agendas.

Finally, their democratic structure allows CUBs to be sensitive to consumer demands. As noted above, regular elections and ratepayer-only membership tend to ensure CUBs remain responsive, credible, and representative.

## Issues and considerations arising from the U.S. model

### Inserts

The American CUB movement received a significant setback in 1986, when the U.S. Supreme Court, in a split decision, ruled that inclusion of CUB inserts violated the utility companies' "negative free speech rights"-- their right *not* to speak-- under the First Amendment. Since that time, CUBs have been soliciting members through less direct means, such as piggy-backing on government mailouts not specifically pertaining to the utility the CUB is mandated to monitor. As the Oregon experience shows, the ability to attract members and donors and to communicate with ratepayers is diminished when only indirect means such as government mailouts and canvassing are available. Later in the paper we will examine the possibility of a similar constitutional challenge occurring in Canada.

Further, when billing envelope inserts were allowed there was some evidence of utilities

attempting to defeat the purpose of the inserts by criticizing the contents, or diluting the message by stuffing billing envelopes with non-CUB material. This might be an argument in favour of a voluntary partnership approach between the utility (or other supplier) and the consumer group. This is discussed in greater detail below.

### Democratic Operation of CUBs

Once a CUB is up and running, there may be problems maintaining its democratic structure. As happens in many voluntary organizations, some American CUBs have had difficulty finding new people to run for office once the original core of activists have served their terms. Board members are commonly re-elected by acclamation, and in some cases seats have been left vacant for long periods. One problem seems to be the nomination process; people willing to serve on the board may be reluctant to collect the signatures necessary to run for election.

Nonetheless, democratic elections provide a check on leadership and give members an active role in the organization they fund. Elections also help legitimize the governing body, publicize the CUB and its role, and remind office holders of who they represent. Consequently U.S. CUBs have worked to maintain the democratic process. Publicity and organization appear to be key; the more visible the CUB, the more likely it is to attract people willing to run for office. Although this democratic structure may leave CUBs susceptible to "high-jacking" by particular interest groups, there is no evidence of this happening. The fact that a CUB's success ultimately depends on ratepayer support may act as a check on groups taking positions not widely supported by CUB members.

### *Part Two: Issues Which Need to be Addressed Regarding Any Effort to "Transplant" the American CUB Experience to Canada*

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The above analysis suggests that there are two facets to the CUBs experience which are both innovative and potentially useful in a Canadian context. The first is the success of billing inserts. The second involves issues of mandate and organization: CUBs in the U.S. have been democratically run, with a very specific mandate. While CUBs represent a seemingly harmonious marriage of these two features, one need not depend on the other. That is, it is possible to use inserts as a communicative device for the consumer movement without tying those inserts to a specialized and member-driven consumer organization, just as it is possible to develop such a specialized and democratic entity without using inserts.

What follows is a brief overview of some of the issues emerging from this analysis.

## Issues Associated with Using Billing Inserts in Canada

The use of billing inserts was key to the establishment of U.S. CUBs. By including CUB information with utility bills, CUBs were able to reach consumers at very little cost, at a moment when they were most receptive to the CUB message. Would a similar approach achieve comparable results in Canada? Several issues emerge, among them:

- **Are there any constitutional obstacles to legislating the use of inserts in Canada at the federal level?**

The federal government can only legislate the use of inserts to the extent that it has jurisdiction over the subject matter. Thus, for example, the federal government may be able to require that banks include inserts in credit card bills, but would have no authority over inserts included in credit cards issued by provincially regulated entities such as caisses populaires and credit unions.

As mentioned above, the legislated use of inserts in the U.S. has been successfully challenged as a violation of the utility companies' freedom of expression. It is possible a similar challenge could be launched under the Canadian Charter of Rights and Freedoms. According to recent Supreme Court of Canada interpretations of the Charter, if a court were to find that legislation requiring inserts violated freedom of expression the government would have to demonstrate that the violation was justified. Even in a regulated industry such as broadcasting, that would likely involve showing that alternative, less invasive ways of reaching consumers had been explored. This leads to the next issue.

- **Is there merit in testing the efficacy of inserts through a voluntary pilot program?**

A voluntary insert program would likely be easier to initiate than a legislated one. It would allow the insert concept to be tested in Canada, and could demonstrate the potential for innovative industry and consumer group partnerships. A voluntary approach would avoid the constitutional concerns which might face legislated insert initiatives. Moreover, while there is a danger that a failed pilot program would taint the concept for industry, consumers and government alike-- possibly making it more difficult to introduce legislation-- a voluntary approach would be in keeping with a federal government directive that non-regulatory techniques be considered before new laws are put in place.

- **If only one group was to receive insert privileges, would this create a monopoly for that group contrary to principles of fairness and public choice?**

A strong argument can be made that granting insert privileges to one organization gives that group an advantage not available to other organizations concerned with the same issue. This underlines the importance of ensuring that different viewpoints are adequately represented in the development and operation of any insert initiative, and that a multi-stakeholder, partnership approach is used. Decisions about whether new groups should be formed or whether insert privileges should be granted to existing groups would affect these questions.

- **With electronic bill payment systems becoming more prevalent and popular, should electronic equivalents to the billing envelope be considered?**

As an increasing volume of financial transactions are carried out electronically it may be important to look beyond conventional billing techniques. Electronic equivalents to mail inserts could include messages printed with bank machine transaction slips, or recorded CUB options on telebanking or other telephone bill payment systems. In sectors where both conventional mail and electronic billing occurs, care should be taken that the insert technique chosen does not exclude particular groups of ratepayers. For example, an electronic "insert" would not reach consumers who prefer to pay by mail, or who are not issued bank cards-- and it may be that a majority of older consumers or people on low incomes fall into those groups. Analysis provided by the Office of Consumer Affairs' (OCA) *Electronic Commerce* project may be useful in assessing options.

There may also be opportunity to develop Internet equivalents, whereby users would receive messages when they visited particular net sites. Possibilities in this area will take shape as the net evolves. OCA's *Consumer On-Line Information Network Services* project is currently exploring ways to enhance consumer group interaction through the Internet and could provide a forum for developing and testing the idea of electronic inserts. Again, access issues are critical; although the Internet is expanding rapidly, at present only a limited number of people have access to it.

- **Are there alternatives to inserts that would achieve the same objectives?**

Since legislation compelling inserts was over-turned in the U.S. other techniques for using billing envelope space have been considered, including compelling utility companies to offer advertising space in the envelope for sale and donate the proceeds to the consumer organization (thus avoiding the First Amendment

issues). If the key objective is to get the message out at the same time as a billing notice, less direct means may be possible-- such as direct mail campaigns timed to coincide with bill mailouts, or television or radio advertising. Attention should be paid to how the medium chosen may limit or expand the audience reached. In preparing inserts or any alternative message, literacy and language issues need to be taken into account. There is also the question of whether recipients who don't want to receive inserts should be able to refuse them. (The same issue arises with the company newsletters and advertisements commonly included with utility, telephone and other billings.) Exploration of the issues around these alternatives should be considered.

- **Are there differences in the Canadian cultural/political/economic context which may bear on the effectiveness of billing inserts?**

It may be incorrect to assume that the comparatively high response rate to utility bill inserts in the U.S. would be reflected in Canada. There is some evidence to suggest that American utilities have historically had a more fractious and adversarial relationship with consumers, which could mean Americans are more likely to respond to a consumer group insert. Traditional Canadian reliance on government for solutions to problems may also make Canadian ratepayers less responsive. At the same time, concern about negative option marketing (including the Rogers Cable incident) and growing protests about provincial electricity rates suggest that consumer confidence in government and the private sector is decreasing. There may also be regional differences in how inserts are received. More research is needed into the potential effectiveness inserts in Canada. Surveys and pilot projects might be particularly useful in this regard.

- **In what contexts would inserts be most effective as a tool for reaching Canadian consumers?**

Inserts appear particularly well suited for use in regulated monopoly or oligopoly markets, as is the case with telephone services, cable TV, electrical utilities, and banking. In these cases there is a single regulator with a mandate covering the entire industry. Conceivably, a single billing insert could be included in the billing envelopes of all the firms operating in that sector, thus reaching all consumers. Consumers may also be particularly responsive to inserts in sectors where they face rapid changes in either the pricing or structure of services, as in cable and telecommunications. It may also be possible to include inserts in government mailouts, such as those pertaining to income tax, pensions, unemployment insurance, and welfare.

• **What criteria would need to be met before a voluntary pilot insert arrangement could be initiated?**

The above suggests there is value in exploring how well inserts would work in a voluntary context. The first step in setting up a voluntary pilot insert program would be to determine which industry or service provider would be the most suitable. As noted above, inserts would appear to be most effective in regulated monopoly or oligopoly markets, such as telephone services, banking, cable, and provincial utilities (e.g., hydro). The entity involved would have to be willing to participate and there would have to be a demonstrable need for action in that area (e.g., a lack of adequate consumer participation in decision-making relating to cable t.v. services or electricity rates). The following issues would also need to be explored and agreed upon:

- (1) the purpose of the insert: whether it would be used to solicit donations for an existing consumer group, create a new fund for existing groups, or fund a new group;
- (2) who would control the content of the insert;
- (3) the costs involved and who would pay them;
- (4) the minimum rate-payer target base, frequency of inserts, and time commitment (duration) required to achieve meaningful results; and
- (5) how success would be measured.

## **Issues Associated With Use of the CUB Organizational Structure in Canada**

As we have seen, two features of CUBs are their specialized focus and democratic structure. Because of their focussed mandate, CUBs are in a position to develop a specialized knowledge base and to become recognized as experts in their area. Moreover, their democratic structure gives CUBs a credibility associated with their representativeness which might not be available to other groups (e.g., a CUB can claim "We represent x numbers of ratepayers, and based on the following in-depth research our position is this..."). Several questions emerge concerning the potential for CUBs in Canada, and are set out below.

### Issues Associated with the Specialized Focus of CUBs

• **How does the specialized focus of CUBs compare with existing consumer group organization in Canada?**

Some existing consumer groups in Canada have a wide focus, while others are more specialized. Coalitions of groups have been set up to address particular

concerns. There are advantages and disadvantages to each of these approaches. But to date, there are no Canadian consumer groups organized specifically and exclusively to address a particular regulated sector, such as telecommunications, banking, energy, or insurance. An exploration of why such groups have not developed would be useful. This leads to the next issue.

- **Are there benefits to the specialized focus model represented by CUBs which cannot be replicated through non-specialized groups?**

Some method for assessing the value of specialized focus consumer organizations is needed. Perhaps this could be accomplished through a survey of existing groups, government, business leaders, and consumers. This may point to the value of a pilot project where the effects of using such a focussed organization could be measured. The Office of Consumer Affairs' evaluation of its *Grants and Contributions* program, and subsequent discussions concerning it, may provide useful insights in this regard.

- **If a positive answer is reached to the previous question, what regulated contexts could a specialized focus consumer organization operate in?**

At the federal level, possible candidates include telephone and/or cable, and banks. Electrical utilities and insurance are possibly the most obvious examples at the provincial level.

- **Could a CUB-type organization operate without use of a mail insert?**

We have seen how mail inserts represent a particularly effective method of communicating with consumers since they reach consumers at a crucial decision-making point. We have also seen how there might be problems getting access to such billing envelopes. In light of these observations, an exploration of other methods of soliciting donations and communicating with consumers would be useful.

### Issues Associated With the Democratic Operating Structure of CUBs

- **How does the democratic, membership-driven CUB model compare with existing consumer groups in Canada?**

Some Canadian consumer groups have developed extensive democratic, membership-oriented structures. An exploration of these groups and how well the democratic approach is working for them would be useful. The Office of Consumer Affairs' *Grants and Contributions* study, mentioned above, may be of assistance on this subject.

- **Are there benefits to democratic, membership-driven consumer organizations being used in regulated sectors which perhaps cannot be replicated through use of organizations not possessing these characteristics?**

It may be that there is a credibility and "weight" given to democratic, membership-driven consumer organizations which makes them particularly effective advocates in certain contexts. There also may be significant disadvantages, such as the amount of resources expended on sustaining the democratic structure, and the constraints such structure puts on the organization's leadership. Again, a survey and/or pilot may be useful in providing more information to assist in answering these types of issues.

The above discussion suggests that there is merit in exploring how well CUBs would work in at least one context by running a voluntary pilot. Again, a voluntary initiative is in keeping with a federal government directive stipulating that non-regulatory techniques be considered before new laws or regulations are put in place. For our purposes here, it is assumed that a pilot CUB would use inserts to raise funds and communicate with ratepayers and members. Consequently, many of the same questions would need to be answered as for the voluntary insert pilot proposed earlier in the paper. Issues to be addressed include:

- (1) which industry or sector would be most appropriate;
- (2) whether there is a demonstrated need/benefit;
- (3) what role government, consumer groups, and the private sector would play in developing the pilot;
- (4) the minimum target audience needed to support a workable pilot CUB;
- (5) what costs are involved, and who would pay them;
- (6) whether the dangers of a less-than-successful voluntary CUB experience might outweigh the advantages of lessons learned;
- (7) whether there are there distinctive Canadian legal, operational or cultural



- factors which might affect the success of the pilot;  
(8) how long the pilot CUB would have to operate before results could be meaningfully evaluated; and,  
(9) how success would be measured.

## The Way Ahead

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Discussion in this paper has identified two distinctive features of CUBs which could potentially be applied in Canada: the use of mail inserts or their electronic equivalents as communicative devices, and the value of a specialized, democratic and membership-driven organizational structure. The two features work well together, but could work independently.

In considering the potential for applying these features in Canada, a range of issues emerge. A "voluntary pilot" and survey approach allowing all parties to get a better idea of how inserts and CUB-type organizations might be received in this country may be an effective way of exploring these questions. The merits of adopting this approach are reinforced by federal government directives stipulating that non-legislative alternatives be explored before statutory techniques are used, and by court pronouncements indicating that intrusions on constitutional rights and freedoms (and compulsory inserts may be considered as such intrusions) will only be permitted where less intrusive techniques would be demonstrably inadequate.

If there is general agreement regarding the value of proceeding in this fashion, next steps might include identifying possible pilots and surveys, the structure and process for developing those pilots and surveys, and techniques for evaluating the results.