



**Submission to
Consultation Regulation
Impact Statement
*Paper Billing***

December 2017

About National Seniors Australia

National Seniors Australia is a not-for-profit organisation that gives voice to issues that affect people aged 50 years and over. It is the largest membership organisation of its type in Australia.

We give our members a voice – we listen and represent our members' views to governments, business and the community on the issues of concern to the over-50s.

We keep our members informed – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

We provide a world of opportunity – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

We help our members save – we offer member rewards with discounts from thousands of businesses across Australia. We also offer exclusive travel discounts and tours designed for the over-50s and provide our members with affordable, quality insurance to suit their needs.

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Introduction

National Seniors appreciates opportunity to provide feedback to Treasury's consultation Regulation Impact Statement on paper billing.

Cumulative cost of paper billing fees across a range of services are felt disproportionately by older people on limited fixed incomes. National Seniors considers exemptions from paper billing fees should be an underlying principle for all Age Pensioners and all concession hard holders. It is critical that vulnerable cohorts of the community, particularly older consumers who do not have capacity or the resources to transact online, are not penalised in any way for paper bills.

Option 1 – the status quo, with industry led consumer education campaign

National Seniors does not support Option 1 because it does not guarantee those who are eligible for exemption from paper billing fees will receive that benefit.

Current exemption programs appear to be underutilised as it requires consumers to apply directly with businesses. In some sectors like financial services, there is relevant information available (e.g. Age Pension payments each fortnight) to enable proactive application of exemptions. In the absence of such financial information, the current exemption programs will be applied inconsistently and many older consumers eligible for exemption are inadvertently being charged.

National Seniors commenced an online poll to gauge whether consumers had applied for an exemption from paper billing fees. Early indication of results suggests the majority (75 per cent) have never applied for an exemption from paper billing fees. Notwithstanding the limitations of this being an online poll, the results suggest improving awareness of current exemption programs would be a challenge and a voluntary education campaign led by industry is unlikely to achieve the desired results.

Given the timing of this consultation, National Seniors has been unable to further gauge awareness of exemption programs amongst older consumers. There may be opportunity to explore this issue further in the first quarter of 2018 in partnership with Treasury.

Option 2 – prohibition (ban) on paper billing fees

Option 2 is the simplest, provides an immediate positive outcome for all consumers and would be welcomed amongst older cohorts. National Seniors acknowledges this option fails to encourage behavioural change that would deliver cost savings ultimately shared by all in the community. However, we are also cognisant of prevailing views amongst our membership that paper billing must be accepted as a reasonable cost of doing business.

Feedback from National Seniors members suggests some older people believe seniors should not be expected to go online for information but must be engaged with face-to-face, and provided with printed material that has a large enough font for them to read.¹

While some older consumers may be able to use a computer or device to transact online, they still prefer paper billing, which in turn provides additional payment options including paying in person.

¹ Rees, K. McCallum, J. & Cantwell, J. (2017) Be Heard: Snapshots of members' views. Brisbane: National Seniors Australia.

Concerns about digital literacy, online scams and security of information are often cited as factors influencing their preference for paper billing.

Recent research by National Seniors found that older people regard the digital divide as a form of discrimination.² The study confirmed that without policy and infrastructure changes, the digital divide cannot be eliminated and alternatives to digital delivery of information and services should be maintained.

If implemented, Option 2 would need to ensure businesses maintain paper billing templates that are easy to understand and facilitate ease of transacting for older consumers. Monitoring industry compliance with existing requirements for transparent pricing under the Australian Consumer Law will be important to ensure changes to paper billing templates are not used as a means of encouraging digital use by stealth.

Option 3 – prohibiting essential service providers from charging consumers to receive paper bills

National Seniors considers this option has merit. Our engagement with members highlights that services that have utility for older people (particularly social contact, health, lifestyle and financial information) encourages them to improve their digital skills.³

However, Option 3 is likely to be more complex and costly to administer. We also anticipate difficulty in reaching agreement on the definition of essential services that adequately captures the full range of services used by older people. The list of definitions provided in Box 2 of the consultation paper are a useful starting point and we consider the definition under the New South Wales *Essential Services Act 1988* to be the most comprehensive. This is because it includes health and medical services, which National Seniors considers to be essential services in addition to common recurrent items such as water, gas, electricity, telecommunications, public transport and taxi services, and banking services.

We support the intent of exemptions being targeted to those most vulnerable in the community. On this basis, our preferred approach would be to prohibit all businesses from charging Age Pensioners and all concession card holders for paper bills, regardless of the type of service. In addition, any charges for paper bills for those not eligible for concessions would need to be strictly on a cost recovery basis.

This alternative approach has the benefit of being targeted and avoids the need to define essential services. National Seniors recognises the identification of concession card holders by businesses would need further consideration to ensure adherence to privacy laws.

Option 4 – limiting paper billing fees to cost recovery

National Seniors does not support Option 4 as a first response solution. Instead, we see the requirement to limit paper billing fees to a cost recovery basis as being complementary to a targeted first response of prohibiting charges for all Age Pensioners and all concession card holders.

² McCallum, J., Rees, K. & Maccora, J. (2017) Bridging the Senior Digital Divide. Brisbane: National Seniors Australia.

³ *Ibid*

Further, we suggest the cost recovery for paper billing be capped at current postage rates for standard letter delivery plus a nominal amount for printing, recognising many businesses would receive discounted bulk printing rates. We believe this would contain any charge to around \$1.0-\$1.5 per paper bill. Although consultations with industry stakeholders may substantiate higher actual costs, we believe there should be some good will from businesses to maintain nominally low paper billing fees. We consider this to be mutually beneficial, protecting those who prefer paper billing from excessive charges while also enabling businesses to build customer loyalty and trust.

Option 5 – promoting exemptions through behavioural approaches

National Seniors understands Option 5 would involve government introducing a requirement for businesses offering exemption programs to include a statement at the bottom of their paper bills alerting consumers to these exemption programs. We also note Option 5 places a requirement on businesses and differs from Option 1 which involves voluntary implementation by industry.

We see potential benefit for Option 5 in improving consumer awareness of exemption programs, but it still does not guarantee eligible customers will receive the benefit of an exemption from paper billing fees. The billing template will have a significant impact on actual uptake of exemption programs. To be effective, the statement about exemption programs on each bill would need to feature prominently, in bold and large font and positioned near the total amount and due date.

Importantly, businesses would need to ensure their contact centres are adequately resourced so consumers can readily access their exemption. It would be counter productive to promote the exemption programs and then impose barriers through lengthy wait times, which frustrates consumers and prevents them from realising any benefit.