



**Submission to
Treasury, Australian Government**

**Regulatory Impact Assessment of Fees for
Paper Bills**

**Prepared by
COTA Australia**

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COTA Australia

COTA Australia is the national consumer peak body for older Australians. Its members are the State and Territory COTAs (Councils on the Ageing) in each of the eight States and Territories of Australia. The State and Territory COTAs have around 30,000 individual members and more than 1,000 seniors' organisation members, which jointly represent over 500,000 older Australians.

COTA Australia's focus is on national policy issues from the perspective of older people as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

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Introduction and Summary Position

COTA Australia appreciates the opportunity to provide brief comments to Treasury regarding its Consultation Regulatory Impact Statement (RIS) on fees for paper bills, further to meeting with Treasury officers in December 2017 to discuss the paper and issues.

This consultation is significant for older Australians, who are disproportionately not online and who have lower levels of digital literacy than younger age cohorts. COTA hears regularly from members and older consumers who are alarmed and indignant at having to pay a fee to receive a commercial bill in paper form – either the only format they can access and/or the format with which they are confident and literate and which they trust. The monetary cost is also significant for many older Australians, who generally manage on very low incomes and extremely tight budgets. A couple of \$3 fees on paper bills may be an annoyance to someone on the average wage, but to an age pensioner it can cost an outing with a friend forgone or a small treat for a grandchild.

COTA is repeatedly on the record as calling on the Australian Government to:

- recognise that there will be a group of older people who will not ever access the internet (as well as in other age cohorts);
- ensure that they are not penalised with social exclusion or second-class service delivery;
- use regulatory and policy levers to ensure appropriate, sustainable and adequately resourced non-digital systems, including face-to-face, phone and paper based communications (at no extra cost to the consumer) are in place for people who are unable to access digital services.

Therefore, at the outset of this brief submission we wish to state that **COTA Australia strongly supports Option 2: Ban fees on paper bills** in the RIS Consultation Paper. We expand briefly below on our reasons for taking this position, but a key consideration for COTA is that billing is part of the business process and should be included in pricing. The fact that new technology used by many, but not all, customers becomes available and is cheaper for the provider does not mean that customers without that technology should be penalised.

The fact that a business or service provider is able to make a charge or place a condition of service on a customer that it is impossible or difficult for the customer to avoid is not a justification for that practice. COTA contends that it is not fair and reasonable for a provider to bill a consumer for using one method of payment over another when that method is indeed universally available and alternate means are not, and indeed require the consumer to incur costs to make payment.

Regarding the additional options provided in the Treasury paper, COTA strongly holds the view that:

- Option 1 – status quo with industry education – is not acceptable for the range of equity reasons outlined below in this submission;
- Option 3 – a ban on fees for paper bills in essential services – is a significant compromise

- on Option 2, but if Option 2 is not pursued, then Option 3 will require careful consideration and consultation about what constitutes an essential service, and we draw your attention to our response to the consultation question on this issue, below on P6; and
- Option 4 – limiting fees to cost recovery – is inferior to both Options 2 and 3 and should only be considered in conjunction with an extension and promotion of exemptions as per Option 5. That said, we regard it as unconscionable that fees should be charged at above cost recovery; that is clearly a punitive action directed at people without access to online capacity.

Issues

Digital exclusion

As in most policy contexts, it is important to note that older Australians are a diverse group with very different experiences and needs, especially across the different age cohorts within the span between 50 and 100 (and increasingly beyond). It is relevant to this discussion that the characteristics of these age cohorts will change over the coming years as the younger generations age, highlighting the need for continual reassessment of needs of and engagement with older people. Nonetheless, in the current context the digital divide by age is a crucial factor for Treasury to take into account in this RIS.

People aged 65+ are Australia's least digitally included age group (42.9, or 13.6 points below the national average).¹

In the three key indicators of digital exclusion/inclusion (access to digital technologies and data, digital ability and affordability) older Australians rank poorly. Further, Australians with low levels of income, education, and employment are generally significantly less digitally included, with older people once again disproportionately over-represented in each of these indicators².

Many older Australians are reliant on the age pension, and a majority of those are on a full pension which means they have little if any income other than the pension. Many pensioners do not have digital access because of its cost, especially if they have significant transport, health, housing or other costs.

Declining digital inclusion increases with age, particular among those over 65, and older Australian women have lower levels of overall digital inclusion than their male counterparts. Worryingly, the digital divide between older and younger Australians also seems to be increasing.³

The simple fact of digital exclusion should make it clear that older Australians will

¹ Thomas, J, Barraket, J, Wilson, C, Ewing, S, MacDonald, T, Tucker, J & Rennie, E, 2017, Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2017, RMIT University, Melbourne, for Telstra. P6

² Ibid P5

³ Ibid P14

disproportionately and unfairly bear the brunt of fees for paper bills, when they are among the group of Australians least able to pay.

Privacy, security and self-sufficiency

COTA hears from many older Australians that they hold a strong belief in the importance of the privacy of their personal, financial and medical information. Recent research reinforces this with the finding that older people are more likely than younger people to take steps to protect their personal information.⁴

Issues related to privacy and security can create anxiety for many older Australians, and this is exacerbated by regular stories in the media of hacking or sharing of personal and financial data online. This remains one of a number of stumbling blocks for some older Australians when it comes to conducting any financial transactions online, such as bill paying.

Along with privacy concerns, older Australians frequently cite concerns about security and viruses as a reason for not accessing the internet^{5,6}. These are valid concerns as people over the age of 65 years are increasingly vulnerable to scams, particularly those involving the loss of money.⁷

In 2016, over one quarter (26%) of reports to Australian Competition and Consumer Commission's (ACCC) Scamwatch were made by people aged 65 years and over. This year alone, there have been almost 16,000 reports involving a loss of over \$9 million to Scamwatch by people aged 65 years over.⁸ User capability and digital literacy are important factors for online security and protection from scams, and once again it is important to recognise that overall these are at a lower level among current cohorts of older Australians.

Elder abuse is also a rising concern in our community. Governments and industry are beginning to acknowledge its impact and look for ways to prevent and respond to it. Lower levels of digital literacy and capability among older people, especially those in the oldest cohorts, will make older people more reliant on others to assist them to conduct the basic business of their lives when account management (including bills) is only online. For most, this support will be conducted appropriately, with care and in the best interests of the older person. For some however, the outcome of engaging others in helping to manage their financial business online will not be so positive.

Leaving aside the potential for mistreatment of older people who are reliant on others to

⁴ Souwe, JV, Gates, P, Bishop, B & Dunning, C 2017, *Australian community attitudes to privacy survey 2017*, Office of the Australian Information Commissioner (OAIC)

⁵ Borg K and Smith L. *Digital Inclusion Report of Online Behaviours in Australia 2016* Prepared for Australia Post. Behaviour Works Australia Monash University August 2016 p 38

⁶ Productive Ageing Centre *Older Australians and the Internet: Bridging the Digital Divide* September 2011 p 21

⁷ Australian Competition and Consumer Commission (ACCC) *Targeting scams: report of the ACC on scam activity 2016*. ACC, 2017. <https://www.accc.gov.au/publications/targeting-scams-report-on-scam-activity/targeting-scams-report-of-the-accc-on-scam-activity-2016> p 13

⁸Australian Competition and Consumer Commission (ACCC) Scamwatch statistics accessed at <https://www.scamwatch.gov.au/about-scamwatch/scam-statistics> on 21 September 2017

conduct their business online, the basic self-reliance and independence of an older person can be compromised. Their ability to manage their own lives and finances competently in the offline world can disappear and render them dependent on family, friends or neighbours when forced to operate online to conduct their business. This outcome is not in the interests of individual older people, their families or society more generally.

Therefore, it is clear that older people hold a number of valid concerns about conducting financial business online, and those choosing to continue to receive paper bills are acting rationally for their circumstances. It is not a case of needing ‘nudges’ towards changed behaviour that will be ‘in their own interests’.

Consultation Focus Questions – COTA Response

In addition to the comments above we have chosen a small number of Focus Questions from the Consultation Paper for further response.

Q: How much would you pay in paper billing fees per month?

Response: COTA believes that the issue is not primarily a matter of willingness to pay, nor a matter of price elasticity. We view it primarily as a question of:

- equity and fairness across various groups of consumers; and
- management of change and transition as we move into the digital epoch.

The question of willingness is not relevant if the consumer actually has no effective choice because they do not have capacity to receive and pay bills online and the provider is surcharging them.

Q: Of the bills that you receive, how many of these do you consider to be a bill for an “essential services”?

Response: The definition of ‘essential services’ is highly contested. It is relative, not absolute, and is conditioned by time and place. For example, COTA believes that the internet and telephone voice services in our current era should be viewed as essential services, while some regulators and communications businesses do not. If Treasury is going to use the concept of ‘essential services’ as a key framing device in this RIS, then COTA encourages you to approach the definition broadly.

Q: Did you know that many businesses have exemption programs for paper billing fees?

Response: COTA often speaks to members and older consumers who are not aware of exemption programs for paper billing fees. This is not surprising as there is variation in availability across industries and providers and the communication of their existence and processes for their use is patchy. Indeed, it often relies on information to be found on businesses’ websites – a Catch 22 for those who are not online in the first place.

Ends