



20 December 2017

By email: consumerlaw@treasury.gov.au

Peta Dixon
Paper Billing Consultation Paper
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Ms Dixon

Consultation Regulation Impact Statement – Paper Billing

Consumer Action Law Centre (**Consumer Action**) is pleased to make this submission in response to the Paper Billing Consultation Paper (**Consultation Paper**).

About Consumer Action

Consumer Action Law Centre is an independent, not-for profit consumer organisation based in Melbourne. We work to advance fairness in consumer markets, particularly for disadvantaged and vulnerable consumers, through financial counselling, legal advice and representation, and policy work and campaigns. Delivering assistance services to Victorian consumers, we have a national reach through our deep expertise in consumer law and policy and direct knowledge of the consumer experience of modern markets.

Option 2 – prohibition on paper billing fees

Consumer Action supports Option 2, which would ban companies from charging consumers for paper bills, for the reasons outlined below.

As set out in the Consultation Paper, a significant number of Australians are digitally excluded and are unable to receive electronic bills. These Australians are often our most vulnerable and disadvantaged citizens, including low-income households, remote and regional communities, and elderly people. These groups are therefore disproportionately impacted by having additional fees and charges imposed on them for paper bills, and have no mitigating option. In effect, this means that often those least able to afford it are paying more for services (including essential services such as utilities and telecommunications), while wealthier and digitally-included households are paying less.

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While there are exemptions to paper billing fees offered by some service providers, eligibility for these exemptions is ultimately at the discretion of the service provider and often relies on consumers identifying their own eligibility. As outlined above, digitally excluded Australians are generally vulnerable and disadvantaged, which means it is less likely that they will engage with service providers or identify themselves as eligible for exemptions.

We are also concerned about businesses engaging in disaggregated charging practices, whereby consumers pay separately for basic elements of a product or service, such as paper bills or booking fees. This is analogous to drip pricing, which is the practice of incrementally disclosing the various fees and charges consumers must pay for goods or services. While the value of an individual paper billing fee may appear small, the aggregate cost can be significant and in effect result in a price rise for certain marginalised groups. Further, as noted by The Conversation:

“...drip pricing can be used deceptively to defraud consumers. Typically, this will occur in a manner which, although infuriating, will involve such relatively small amounts that immediate retaliation by the consumer is not provoked. On the other hand, the accumulated value of those small amounts can make it a highly profitable for the perpetrator.”¹

Many people also simply prefer to receive paper bills as they find it a more convenient way to manage their finances. Digital Finance Analytics recently found that around 430,000 Australians had no inclination to go digital, even if they could.² Consumers should be able to manage their finances in a way that best suits their needs, rather than being pushed towards an inconvenient or unsuitable option simply to boost company profits. Businesses are clearly able to save money by sending electronic bills, but savings from electronic bills are rarely passed on to consumers.

Option 3 – prohibiting essential service providers from charging paper billing fees

While our strong first preference is Option 2, as outlined above, we believe that at a minimum essential service providers should be prohibited from charging paper billing fees. Essential services should include utilities, telecommunications and financial services (including insurance).

If Option 2 or 3 is implemented, it is possible that some businesses would remove the option to receive paper bills. This would be a wholly unsatisfactory outcome, and would cause considerable detriment to consumers. We therefore recommend Treasury review current regulations that relate to providing paper billing options to consumers, to ensure that

¹ The Conversation, *The ACCC wants to take the drip out of pricing*, 25 February 2014, available at: <https://theconversation.com/the-accv-wants-to-take-the-drip-out-of-pricing-23520>

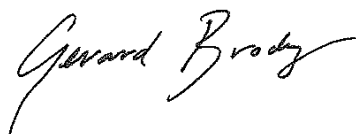
² Digital Finance Analytics, *Why paper statements must be free*, 27 November 2017, available at: <http://digitalfinanceanalytics.com/blog/why-paper-statements-must-be-free/>.

businesses (particularly essential service providers) are not able to withdraw paper billing services.

Please contact Katherine Temple, Senior Policy Officer on katherine@consumeraction.org.au or 03 9670 5088 at any time for more information.

Yours faithfully

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