



December 5, 2013

John Traversy  
Secretary General  
Canadian Radio-television and Telecommunications Commission  
Les Terrasses de la Chaudière  
1 Promenade du Portage  
Gatineau, Quebec J8X 4B1

Dear Mr. Traversy,

**Re: CWTA Comments, Part 1 Application by PIAC and CAC Regarding the charge imposed on customers for paper bills**

1. The Canadian Wireless Telecommunications Association (CWTA) is the recognized authority on wireless issues, developments and trends in Canada. It represents cellular, PCS, messaging, mobile radio, fixed wireless and mobile satellite carriers as well as companies that develop and produce products and services for the industry, including handset and equipment manufacturers, content and application creators and business-to-business service providers. CWTA is pleased to file its comments with respect to the above-noted Application.
2. CWTA supports the transition to electronic billing and payment. Virtually every industry now recognizes the environmental benefits and increased efficiency of migrating from paper-based to direct and electronic processes. This includes the transition from physical pay cheques to direct deposit, electronic tax returns, and electronic billing and payment practices. The Government of Canada continues to increase efficiency by eliminating paper processes and has committed to phasing out cheques for all government payments by April 2016.
3. In the telecommunications industry, the benefits of eliminating paper processes are impossible to ignore. For instance, completely eliminating paper billing from the wireless industry would keep more than 300 million envelopes and paper bills out of circulation per year. Transitioning the majority of a customer base away from paper billing, however, is challenging. Many of the hurdles that were overcome when acclimatizing Canadians to direct deposit paycheques and automated teller machines are being addressed again to spur the adoption of electronic billing and payment options.
4. Canada's wireless service providers have employed a number of methods to stimulate the move to electronic billing. The Public Interest Advocacy Centre and the Consumers' Association of Canada (the Applicants) object to the practice of charging a fee to customers to receive a paper copy of their bill in the mail. While the Applicants do not support charging for paper copies of bills, the arguments in their application do not support a regulatory prohibition of this practice. On the contrary, prohibiting service providers from recovering their costs in any area of their business would be akin to rate regulation and sets a precedent of regulatory uncertainty with respect to all other telecommunications business practices.

5. CWTA is pleased to address the Applicants' submission below, and notes that counter to the Applicants' claims:
  - a. Requesting a change to the Wireless Code at this juncture is out of process;
  - b. The diversity of approaches to paper bills is evidence of a competitive marketplace;
  - c. Paper bill fees do not disproportionately target any specific class of consumer; and
  - d. Direct mail marketing is a legitimate business practice in competitive markets.

**Requesting a change to the Wireless Code at this juncture is out of process**

6. The Applicants have requested the Commission "Amend the CRTC Wireless Code to include a provision prohibiting charges for providing paper bills." This request should be treated as being out of process and dismissed. The Applicants had 90 days from the CRTC Wireless Code Decision (Telecom Regulatory Policy 2013-271) to file an application to review and vary the decision under the Commission's Rules of Practice and Procedure. No such application was filed.
7. Suggesting amendments to regulatory policies like the Wireless Code on a piecemeal basis and outside of existing procedural rules sets a dangerous precedent. It also creates risk and uncertainty to those companies who are undertaking significant investments to implement the Code requirements in time for the December deadline.

**The diversity of approaches to paper bills is evidence of a competitive marketplace**

8. Wireless and other telecommunications service providers give decisions respecting paper bill fees, credits or discount the same consideration they give any other pricing decision. In the highly-competitive telecommunications marketplace, the decision to motivate customers to move to electronic billing using a fee to receive a paper copy of their bill in the mail could potentially result in customers moving to a different service provider.
9. Indeed, as the Applicants' Environics survey indicates, 59% of respondents indicated they would take their business elsewhere if their service provider began charging for paper copies of bills. The current varieties of fees, credits and discounts with respect to bills are evidence that service providers are aware of this fact. Diversity of billing practices is also evidence of a competitive marketplace, and market forces will dictate if this practice is acceptable to consumers or not.
10. As the Applicants note, across Canada, practices with respect to paper copies of bills range from providing them free of charge, to charging up to \$4 per bill, and almost everything in between. For instance, depending on the service provider, consumers at given times have been offered 10 Air Miles reward miles, a \$5 service credit, a \$5 credit towards other services offered by their provider or a one-time \$2 donation to the Nature Conservancy of Canada for switching to electronic billing. As well, the Applicants note that many telecommunications service providers offer fee exemptions, including not charging a paper bill fee to customers without an internet connection.
11. The evidence provided by the Applicants overwhelmingly indicates that whether a WSP charges for issuing a paper bill through the mail is a competitive marketplace decision. No single policy exists for every provider and there is significant competitive differentiation on this issue overall. Customers, therefore, have the option of

selecting a service provider whose billing policies they desire, and to make a decision about whether to receive a paper bill in the mail based on the particular service provider's billing practices.

12. The Applicants, however, contend that market forces "do not appear to have had any significant impact in dissuading TSPs from imposing paper billing surcharges." They add "In a fully functioning competitive marketplace, one would expect that service providers... would be mindful of consumer perceptions regarding the imposition of punitive surcharges such as those for paper bills."
13. The Applicants' contentions are counter to the evidence. The assertion ignores the fact that a significant number of customers have availed themselves of the offers or incentives provided to migrate to electronic billing. In fact, as the evidence shows, there are a number of service providers that do not charge for paper bills, ensuring that option is available in the marketplace.

### **Paper bill fees do not disproportionately target any specific class of consumer**

14. Although the Applicants contend that "the paper bill fee has a disproportionately harmful effect on vulnerable and low-income consumers, many who essentially have no choice but to pay it," their own evidence indicates this is not the case. The Applicants present the 2010 Canadian Internet Use Survey results – which note that only 54% of households in the lowest income quartile had home internet access – as evidence that "these consumers are more likely to pay the paper bill fee."
15. The Applicants' claim is pure conjecture, and is not supported by the evidence in their application. In fact, their own Environics survey results indicate that no particular class of consumer is more likely to pay to receive a paper copy of their bill in the mail. Question 8 of the survey demonstrates that there is very little deviation across the five income brackets tested with respect to who has paid to receive a paper bill.
16. The survey also demonstrates that lack of internet access is not the leading reason Canadians do not choose electronic billing. Rather, the leading reason some Canadians are uncomfortable receiving bills online is "security concerns (i.e. identity theft/fraud)," which was indicated by 33% of respondents. The second most common reason was "just prefer paper," at 16% of respondents. A full 49% of respondents indicate they are not comfortable receiving electronic bills for reasons related to personal choice, not lack of an alternative option. Neither of these reasons can lead to the Applicants' conclusion that paper bill fees "unfairly target consumers who, for a variety of reasons, effectively have no choice but to accept them."
17. Finally, an additional 11% of the survey respondents indicated a preference for receiving bills in the mail because its "easier to read paper bills" (4%), they "like to be able to file away paper bills" (4%) and there is "more detail in papers bills" (3%). However, none of these responses are exclusive to receiving a paper copy of a bill in the mail. Electronic statements, which are often much more detailed than mailed copies, can be printed for ease of use and for filing purposes. Also, while the survey notes that some respondents are not comfortable paying their bills online, electronic billing and electronic payment are mutually exclusive. A consumer that receives their bill online can still pay through any method of their choice, including through the mail or at their bank.

## **Direct mail marketing is a legitimate business practice in competitive markets**

18. As noted above, completely eliminating paper billing from the wireless industry would keep more than 300 million envelopes and paper bills out of circulation per year. This would be accompanied by eliminating the impacts resulting from producing and distributing those bills. The positive impact of eliminating the distribution of paper copies of bills is undeniable. The Applicants, however, argue that “if TSPs are in fact committed to the suppression of paper billing for environmental reasons, they should also be prepared to provide evidence that they are doing away (or have done away) with direct mail marketing campaigns.”
19. The Applicants’ reasoning is completely specious. Committing to green-friendly practices is not an all-or-nothing proposition. The commitment to the environment is about making choices to respect the environment. Fees to receive a paper copy of their bill in the mail allow customers to choose to reduce their impact on the environment by moving to electronic billing, with the incentive being the avoidance of a paper bill charge. Service providers also make choices about commitment to green practices. Our membership, for example, is committed to recycling of used handsets and old batteries, reducing energy usage in their respective operations and eliminating paper and plastic waste wherever possible.
20. Direct mail campaigns do not detract from these commitments. Rather, the commitments are made where it is reasonable to do so. If direct mail marketing campaigns have not been reduced (although the Applicants admit they have no evidence on this subject), it is because the practice continues to be a valuable method of attracting new customers. Direct mail marketing, in particular, allows service providers to reach potential customers who may not have internet access or pay television service, and therefore would not be alerted of promotions through other advertising methods.
21. The Applicants’ are effectively saying that to fully demonstrate a commitment to green-friendly practices, service providers should eliminate paper usage entirely, or not at all. And that service providers should also stop using all available means to compete with each other for new customers if it means relying on paper to do so. CWTA supports competition in the wireless market, just as it supports its members’ efforts to reduce paper waste where they are able to do so.

## **Conclusion**

22. CWTA supports the transition to electronic billing and its inherent environmental benefits. History has demonstrated that such beneficial migrations, however, can be spurred by a variety of incentives, fees and discounts, and Canada’s wireless service providers have employed a number of methods stimulate the adoption of electronic billing.
23. The Applicants clearly do not support fees as one measure to expedite the transition to paperless billing. Their application, however, fails to establish much else. Rather, the Applicants present arguments that are both counter to facts and logic, and ignore the survey research they themselves commissioned.
24. In conclusion, CWTA submits that this application should be rejected because:
  - a. Requesting a change to the Wireless Code at this juncture is out of process;
  - b. The diversity of approaches to paper bills is evidence of a competitive marketplace;

- c. Paper bill fees do not disproportionately target any specific class of consumer; and
- d. Direct mail marketing is a legitimate business practice in competitive markets.

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