

Your Current Bill

Account charges & credits

Oct 22	Paper Invoice Fee	2.00
	Total before taxes:	\$2.00
	HST	0.26
⑤	Total account charges & credits:	\$2.26

Nope.

Paying to Pay Going Away

After some twists and turns, paying for your communications bill looks to be ending early next year

If you've received a paper bill from a communications service provider in the last few years, be it for TV, internet, or phone, it's likely you saw an extra charge on that bill *for the bill*. This is the practice of 'pay to pay', where companies charge the consumer for the bill that they're sending. The fee is generally in the \$1-\$2 range and it can add up for consumers.

This practice was the subject of PIAC's report "How to Pay the Piper". The fee is generally painted as 'environmental'; a way to encourage consumers to use online billing. The report recommended that a discount to encourage consumers to switch to online billing. In the meantime, the fee is making companies a lot of money. PIAC estimates that, from this charge, communications and banking industries combined are making between \$495 and \$734 million dollars annually from this practice. This ends up being costly for people who either can't afford, or choose not to have, internet service. Especially considering, for many years, sending out a bill was simply considered a cost of doing business for companies.

PIAC took their research and their gauge of the public opinion to the CRTC in the form of a part 1 Application to end the 'pay to pay' practice for telecommunications. The concern prompted

Best Financial Friends Forever

PIAC is working with Quebec consumer groups Option consommateurs and Union des consommateurs to respond to consumer financial consultations

The Office of Consumer Affairs' (Industry Canada's) Contributions Program for Non-Profit Consumer and Voluntary Organizations awarded PIAC, Option consommateurs and Union des consommateurs funding to work collaboratively on consumer issues in financial services and, in particular, to encourage cooperation and innovative input to public consultations on consumer financial rights.

So far, the groups have submitted comments in response to current consultations on the National Strategy for Financial Literacy and attended a national conference on the issue, represented consumer concerns at a recent meeting of the Canadian Payments Association's Consumer Management Advisory Committee, and met with Finance Department officials and members of the Minister of Finance's political staff to discuss the Financial Consumer Code, interchange fees and an electronic payments legislative framework.

The groups look forward to continued collaboration and will continue to work towards enforceable rules and appropriate redress for consumers of financial services in Canada.

the government to address the issue in the Throne Speech and it seemed only a matter of time before it was ended. The CRTC, took a different approach. Instead of ruling on PIAC's application to end the billing, the CRTC 'closed' the file and had a closed-door meeting with the companies to try to work out a deal.

"Before the closed-door meeting started we had said that it was unfair that they had this private meeting and that we weren't invited. We thought that they were going to fail to deliver on what they had promised," said John Lawford, Executive Director for PIAC.

Without any pressure from PIAC's application against the practice, the CRTC found themselves with little leverage against the companies. The deal they worked out was not an end to the practice, but just an exemption for certain groups. That left a lot of consumers footing the extra charges because they either didn't have internet or didn't want to pay their bills online.

PIAC continued to pursue the issue, pushing for the removal of the fee in the media and with political powers. With all the momentum it had, as well as the promise in the Throne Speech, it was difficult to explain a 'compromise' to consumers. It was James Moore who announced the government would be putting legislation into the upcoming budget to finally

end 'pay to pay' billing in communications services. While there was some dramatic back and forth on the issue, John Lawford says this is textbook public advocacy.

"We did all the groundwork to discover how big the problem was, we looked at the rationale, which they said was 'environmental', which wasn't true. We showed the general displeasure of Canadians, with enough evidence to bring an application to the CRTC," Lawford stated. "When they closed it, it became a political matter and the government listened to, what I think was, a large portion of the population who didn't think this was a fair practice. It costs money, is unnecessary and people dislike it, so we helped to get rid of it."

While unnecessary fees on paper bills for communications are probably going to be eliminated for Canadians, there is a looming issue with banks. Banks still charge this fee for account statements and have taken the position that statements are not bills. PIAC believes consumers do not see the difference and continues to work on elimination of fees on banking 'statements'. While the banks have provided relief for some groups, such as seniors and veterans, this compromise was rejected for communications bills. PIAC is keeping a close eye on this issue to make sure that all Canadians are not financially burdened next by receiving their banking 'statements'.

Life Lines

Help Lines in Canada

In our last newsletter, we told you about the work we were doing to make help line calls a free service. PIAC and Chimo Community Services asked the CRTC to make cell phone calls to helplines and crisis lines free of charge and to preserve the confidentiality of helpline callers (e.g. remove those item lines from monthly bills).

In a domestic abuse situation, the protection of a user's confidentiality is paramount to getting them the help they desperately need. Calls for help shouldn't be limited by the minutes you have left or be inhibited by not having a better plan. These ideas were the basis of the application.

The CRTC has since denied the application stating that it needed more evidence to approve PIAC and Chimo's Request. Since then, PIAC has been collaborating with a network of organizations in order to gather more evidence for a second application.

We are continuing to work on this important issue so that Canadians will have the confidential help they need without undue financial burden.

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ABOUT PIAC

PIAC is a non-profit organization and registered charity that provides legal and research services on behalf of consumer interests, and, in particular, vulnerable consumer interests, concerning the provision of important public services. Charitable registration number:
BN: 130592405RR0001

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T-Up The Next One

When is a deposit not a deposit? When it's a non-refundable pre-payment for a new smartphone.

PIAC and the Consumers' Association of Canada filed complaints before the CRTC in June against the Rogers' *Next* and TELUS' *T-Up* programs alleging that they violate the Wireless Code. PIAC and CAC argued that the programs were structured to deter customers from switching wireless carriers and that the deposits collected under the programs exceeded the allowable cancellation fee under the Code.

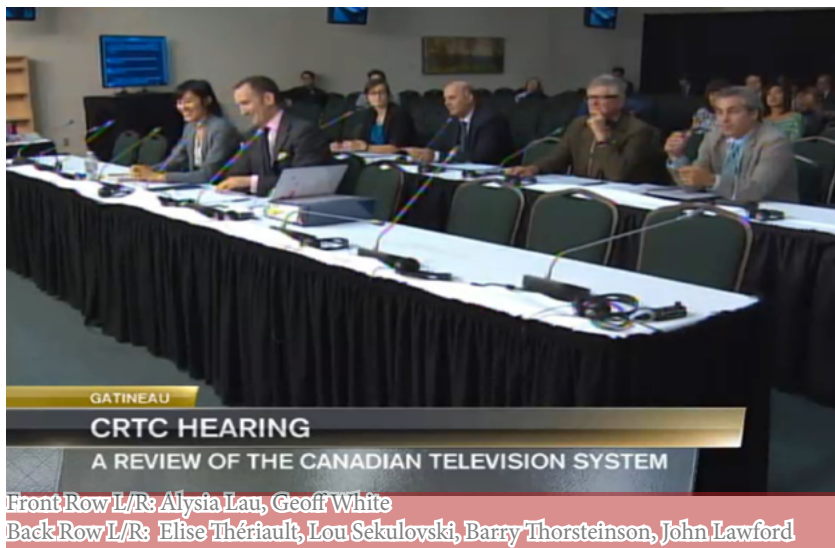
Both companies argued that the upfront payments that consumers made were advantageous to consumers. Neither company denied, however, that the amounts paid in advance

were non-refundable if the customer changed carriers before taking advantage of the offer.

In October, Rogers discontinued its *Next* program. The CRTC continues to study the complaints and has asked TELUS, which continues to defend its program, for additional information.

"These wireless deposit complaints are an interesting test of the scope of the Wireless Code," said John Lawford, Executive Director of PIAC. "We think the Code was designed to empower consumers through choice and that pricing that punishes consumers for exercising that choice is wrong."

PIAC expects a decision in early Spring 2015.



out into wireless, internet and telephone. Their complaint was that the 30 day notice requirements were dissuading customers from leaving their current providers. PIAC immediately supported the application, and submitted their own observations to the CRTC.

Typically, in telephone and in wireless, the CRTC has rules in place where, by the time the consumer confirms their intention of migrating their service to a new provider, there are very strict deadlines. In most cases the transfer of a customer's account has to take place within about 48 hours. While the carriers, between them, have to migrate service within a very short interval, the customer is then hit with a 30 day charge. The consumer cannot originate calls on the old provider once the line has been migrated to the new service provider.

"The way it's typically presented to consumers, and usually only when they leave, is that you can terminate your service but we'll tack on another 30 days of service," says Jean-François Léger, Counsel to PIAC. "In theory, with how bundles work, you could be hit with up to four 30 day charges at once when migrating."

The strong application by Eastlink, combined with PIAC's intervention and the disapproval of consumers during the Let's Talk TV proceeding spelled the end for 30 day cancellation fees on the remaining services. As of January 23rd, 2015, there can be no extra charge for a month's service for television, internet, or wire-line telephone.

30 Day Cancellation Fees Cancelled

The first decision from PIAC's work with the "Let's Talk TV" hearings is a huge win for consumers

The past precedent PIAC set when they worked to end 30 day cancellation fees for cell phones will now be the rule through internet, cable TV and wire-line phone services. This is the first decision by the CRTC to come out of the Let's Talk TV hearings, a process that has been gauging public opinion on Canadian television over the last year.

This sweeping change began as an application against just one service; the 30 day notice charge was a practice by some wireless companies to, upon termination of a contract, charge for an additional month's services if they were not given a full 30 days of notice prior to the customer changing to a new cell phone provider, effectively double billing them in the last month.

PIAC filed an application opposing this practice and it was ended for wireless services in the Wireless Code. It was not long after this that Eastlink, an Atlantic-region cable company, filed an application complaining that there were no rules to protect consumers from these 30 day advance notice requirements in regards to cable TV, internet and wire-line telephone. Eastlink is an established provider in cable TV, but more recently branched



Changing the Conversation on Affordability

PIAC wants to bring the definition of affordability into the 21st century

What some people find easily affordable, others may struggle to pay. The affordability of everyday services has a tremendous impact on how we are able to participate in society. However, affordability of communications services has not been defined by regulators or policy makers in Canada. Some services, such as cell phone, internet, and cable TV, have not been looked at through the lens of affordability recently or, in some cases, at all.

Wireless phones and broadband internet are virtually essential to participate in key aspects of daily life. Many jobs, for example, are posted solely on the internet and accessibility via phone is often expected from potential employers. Affordable communications services are therefore in the interest of all Canadians.

"Going through PIAC's archives, affordability of telephone service was all over the place in the 90's," said John Lawford, Executive Director of PIAC. "We realized this would apply in other areas: internet, wireless; everything that's come along since the 90s."

The first step of making affordability a priority is defining what this term means. In Canada the conversation is lacking, while in places like the US and Australia, they speak of affordability in terms of getting everyone connected to broadband. These countries are designing systems to get people online and are considering innovative options for low-income citizens. The question is not whether communications prices are low, but whether the average Canadian can afford the services they need to actively participate in society. Food, shelter, and heating are given necessities, but most people rank communication services (e.g., cellphone and broadband Internet) as almost as important.

"The goal is to understand what affordability for communica-

tion services means today," said Alysia Lau, General Counsel for PIAC. "Once we understand that, we can talk about making changes for Canadians."

Prices for many communications services are not currently regulated. While there is a general idea that prices should not be exorbitant, there has never been any affordability test for them to pass. One measure PIAC looked at is percentage of income. PIAC's research has found that the lowest quintile of income earners in Canada pay 8-9% of their income for communications services. The highest income quintile pays under 2%. The report notes that affordability must be looked at in context and not measured by a single factor. Consumer

"The Canadian market hasn't really delivered to those people. There are not a lot of low income options."

control over expenses also plays a large role, such as in the case of seniors on fixed

incomes. Finally, the report notes that penetration rates are not a good proxy for affordability because consumer demand for communication services is highly inelastic; in other words, consumers will find a way to pay for them.

"We talked with groups who work with low income people and also with low income people directly and they pretty much confirmed the cost of communications was burdensome," John Lawford stated. "But since they feel it's an essential service they would spend more on communications and cut back elsewhere if they have to. So it's a dangerous area. The Canadian market hasn't really delivered to those people. There are not a lot of low income options."

PIAC is finishing up its report within the next month. With the new definitions of affordability in hand PIAC intends to study what combination of services consumers rely on and how they can be provided in an affordable manner for all Canadians.



Chinese Delegation Visits PIAC to Study Wireless Consumer Issues

PIAC was honoured to have a delegation from the Ministry of Industry and Information Technology in China visit our offices. The delegation was seeking information on consumer complaint mechanisms and redress in wireless service, which PIAC is deeply involved in.

The Ministry is the telecommunications and internet regulator and is looking to use a similar wireless code and ombudsman system for wireless consumers in China. PIAC members fielded questions from the 23 delegates about the Wireless Code's implementation

and how it is working for consumers as well as protection of consumers interests in the wireless sector.

PIAC and the group also had a discussion about related issues such as increasing competitiveness amongst providers, and establishing common ground for information exchange between Canada and China.

PIAC was pleased to participate in this professional exchange of ideas and wishes the delegation the best of luck with their work.

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