

## **No Australian Left Offline: ACCAN pushes for affordable broadband**

A new affordable home broadband product for financially stressed Australians on low incomes should be a key priority for political parties ahead of the 2019 Federal election, according to consumer organisation ACCAN.

Australia's peak body representing telecommunications consumers, ACCAN, is urging the nation's political parties to consider a proposal for a wholesale broadband concession that would provide financially stressed Australians with cheaper home broadband.

ACCAN considers that a 50 mbps unlimited broadband service offered at a wholesale price of \$20 per month by NBN Co to households receiving government financial support to be the most effective way to achieve affordable broadband for all. This would mean eligible households would pay approximately \$30 per month for unlimited broadband – almost halving the current average cost.

Initial estimates indicate that providing this concession to the 1 million plus households on the lowest incomes can be budget neutral.

"Broadband is no longer a luxury; it is an essential service that should be accessible and affordable for all Australians," said ACCAN CEO, Teresa Corbin. "We use broadband daily for everything from connecting to government services and job seeking, to helping children complete their homework."

The latest available statistics from the Bureau of Communications and Arts Research (BCAR) show that Australia's poorest households are paying nearly three times more of their income to stay online than their more fortunate counterparts.<sup>1</sup> While mostly positive, recent changes to NBN's pricing and the removal of many lower cost plans in the market have also disproportionately affected low-income Australians as they are forced onto higher priced or mobile plans to stay connected online.

"Low-income families are increasingly under financial stress, particularly when it comes to cost of communications," said Ms Corbin. "Over 15% of Australia's lowest-income earners haven't been able to pay their utility bills on time – it's clearly time for change."<sup>2</sup>

The implementation of a \$20 wholesale concession broadband price will allow telcos to offer cheaper broadband plans to disadvantaged Australians receiving government financial support, such as pensioners, people with disabilities, and struggling parents.

In developing this proposal, ACCAN consulted with a wide range of consumer-focused organisations that expressed their support for ACCAN's affordable broadband plan, including Anglicare Australia; Australian Council of Social Service (ACOSS); the Benevolent Society; Australian Seniors Computer Clubs Association (ASCCA); and digital inclusion advocates InfoXChange, WorkVentures, and the Australian Digital Inclusion Alliance.

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<sup>1</sup> Bureau of Communications and Arts Research, *Trends and drivers in the affordability of communications services for Australian Households*, Working Paper, 10 July 2017.

<sup>2</sup> Australian Bureau of Statistics, *Government Benefits, Taxes and Household Income, Australia: Summary of Results 2015-16*, 20 June 2018.

Kasy Chambers, Executive Director of Anglicare Australia highlighted the importance of affordable broadband for low-income families.

“Broadband has become a necessity to meet today’s work and schooling requirements, so everyone should have the same opportunity to be online. But many low-income families are missing out or doing it extra tough to stay connected. That’s why Anglicare Australia supports ACCAN’s work to make broadband affordable for everyone.”

Dr. Cassandra Goldie, CEO of the Australian Council of Social Service (ACOSS) said:

“We know that households on the lowest incomes spend almost 10% of their income on communications, far more than the 3.5% spent by the average household. For many people on low incomes, being on broadband is simply unaffordable. Making broadband affordable and accessible for people on the lowest incomes is now essential, indeed a lifeline. People must be connected online in order to access government and other services, participate in education, engage in employment, and to avoid deep social isolation.”

“It's become more expensive for people to stay connected to basic government services, whether that be to arrange their payments with Centrelink or apply for support through Myagedcare. Everyone should have access to telecommunications, regardless of income, and especially as we rely on services more as we get older,” Kirsty Nowlan, Executive Director Strategic Engagement, Research and Advocacy at The Benevolent Society explained.

“The Benevolent Society has been calling for the National Broadband Network to deliver affordable broadband and voice services through our advocacy on the Fix Pension Poverty campaign, and we see these ACCAN proposals as a simple solution that is affordable to government.”

Jennine Blundell, CEO of WorkVentures said:

“For 40 years WorkVentures has seen access to technology make a significant difference to people’s lives. Increasingly digital inclusion is vital to social inclusion and WorkVentures understands that all Australians need affordable broadband to be actively involved in their community. WorkVentures supports ACCAN’s call for urgent action on this issue.”

“The internet opens up countless possibilities for older Australians; however, it must be affordable if we are even to consider using it,” said Nan Bosler, President of Australian Seniors Computer Clubs Association (ASCCA).

#### Supporting Organisations



[Australian Communications Consumer Action Network \(ACCAN\)](#)

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## Notes to the Editor

### ***What is affordable broadband?***

Affordable broadband is an internet service that enables all Australians to be online regardless of their personal circumstances or where they live without putting them into financial stress.

Without affordable home broadband, it is harder for school age children to do their homework and keep up at school both academically and socially; it is harder for young people to prepare for the post-school world of further training, education or employment. For adults, it is virtually impossible to find opportunities and gain employment, in order to lift themselves and their families out of poverty. For frail, less mobile consumers, it is harder to reduce social isolation and access important support services.

For Australia, the absence of affordable broadband means our aspirations of better economic and social outcomes won't be attained, as the digital divide further entrenches existing disadvantage and stifles our productive potential for decades to come.

### ***How do we know broadband is currently unaffordable?***

The story we hear from households on low incomes is that they are financially stressed, with the cost of communications, particularly broadband, being a significant source of this stress. The statistics from the census and on household expenditure illustrate these circumstances, with low income consumers spending a far higher proportion of their income on communications than their wealthier counterparts.

The average household spends approximately 3.5% of disposable income on communications, whereas:<sup>3</sup>

- The bottom 10% of households spend just under 10%;
- The bottom 20% of households spend around 6%; and
- 15.6% of consumers in the lowest income quintile indicated they had been unable to pay their utility bills on time in the year prior to the census - an indicator of financial stress.<sup>4</sup>

Economic modelling shows that the higher a household's communication spending as a proportion of income means the higher the likelihood that these households are experiencing financial stress.<sup>5</sup> Households where individuals identify as Indigenous, where members are receiving social security payments and regional households (which face typically face higher communication costs) are identified as being at particular risk of financial stress.

Another indicator that broadband is unaffordable, is that low income households are not buying it. ACCAN's own estimates indicate that the cost of services may mean that approximately a million low income households are at risk of not switching over to NBN. Support for families on low incomes, such as those on Family Tax Benefit A and households on social security payments, is necessary to ensure that all Australians can afford to access the services they need.

ACCAN's concerns over the cost of services has been shared by others, with the ACCC expressing concern over the effect of NBN's pricing and its impact on price sensitive users, and the reduction in the number of lower cost plans in the market.<sup>6</sup>

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<sup>3</sup> Bureau of Communications and Arts Research, *Trends and drivers in the affordability of communications services for Australian Households*, Working Paper, 10 July 2017.

<sup>4</sup> Australian Bureau of Statistics, *Government Benefits, Taxes and Household Income, Australia: Summary of Results 2015-16*, 20 June 2018.

<sup>5</sup> Breunig, R. & McCarthy, O. 2018, *Telecommunications Expenditure in Australia*.

<sup>6</sup> Australian Competition and Consumer Commission, *Update on ACCC assessment of NBN Co's SAU variation*, 2 November 2018.

## ***What are the benefits of affordable broadband in Australia?***

Affordable broadband means that consumers will use the infrastructure available to them and access the multitude of services that broadband enables. The take-up of broadband services has been demonstrated to improve economic outcomes through:

- increases in average incomes of 0.85% GDP per capita;<sup>7</sup>
- creation of new businesses, with 1900 to 5400 businesses formed and an additional 3400 to 6400 individuals to create new employment opportunities for themselves in areas with high NBN rollout;<sup>8</sup>
- increased tax revenues through higher economic activity, and reduced unemployment;
- potential cost savings for government in the order of \$20.5 billion;<sup>9</sup>
- reduced costs for individuals and households when accessing essential services, particularly for Australians in regional and remote areas who face significant barriers when accessing services.

## ***How do we achieve affordable broadband for all?***

ACCAN considers that the most effective way to achieve affordable broadband for all Australians is for NBN to offer a 50 mbps service for \$20 per month available to households receiving financial support from government.

We believe that a concessional service at the wholesale level will enable retail service providers to make competitive offerings available to low income consumers and allow consumers to shop around for the best offer for their needs. However, safeguards must be put in place so it is sold as a standalone product for only those that need it (e.g. prevent bundling with other services such as content) and that the full value of the concession is passed through to consumers. The creation of appropriate safeguards will allow consumers to shop around and for regulators and ACCAN to benchmark offers in the market to preclude potential abuse.

Initial estimates indicate that providing support to the 2 million households on the lowest incomes can be budget neutral and can be funded via offsets within the budget and savings through a reduction in the cost of service delivery.

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<sup>7</sup> Greenstein, S. & McDevitt, R. *Measuring the Broadband Bonus in Thirty OECD Countries*, OECD Digital Economy Papers, 19 April 2012.

<sup>8</sup> NBN Co, *Connecting Australia: A report by AlphaBeta Consulting*, 2018.

<sup>9</sup> Deloitte Access Economics, *Digital government transformation*, 2015.