



Pre-Budget Submission 2018-19

Submission by the Australian Communications Consumer Action
Network to the Australian Treasury

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Contact ACCAN

PO Box 639

Broadway NSW, 2007

Email: info@accan.org.au

Phone: (02) 9288 4000

Fax: (02) 9288 4019

Contact us through the [National Relay Service](#)

1. Introduction

About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak body that represents all consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as consumers work towards availability, accessibility and affordability of communications services for all Australians.

Consumers need ACCAN to promote better consumer protection outcomes ensuring speedy responses to complaints and issues. ACCAN aims to empower consumers so that they are well informed and can make good choices about products and services. As a peak body, ACCAN will represent the views of its broad and diverse membership base to policy makers, government and industry to get better outcomes for all communications consumers.

Essentiality of communications services

Telecommunication services have always been essential for public health and safety, but today they are a necessity for participation in civic society and transacting with government, for business operations, productivity and growth. The economic benefits of digital technology to government and the community as a whole are well established – if 20% more transactions with government were to be conducted online by 2025 it is estimated that this would result in productivity, efficiency and other gains to government of approximately \$17.9 billion, and overall savings of \$8.7 billion to the community.¹

Market gaps

While private sector investment in the telecommunications market is delivering many benefits for consumers in general, there are areas where public sector funding is required for service delivery in geographically unprofitable areas, and to support sectors of the community who are excluded from participation by affordability barriers², low levels of digital literacy³, and disability.

¹ <https://www2.deloitte.com/au/en/pages/economics/articles/digital-government-transformation.html>

² See <http://accan.org.au/our-work/research/1257-connectivity-costs>

³ <http://digitalinclusionindex.org.au/the-index-report/report/>

1.1. Summary of recommendations

Given the above, ACCAN would like to make the following recommendations:

Recommendation 1: That the Government funds further rounds of the Mobile Black Spot Program or commits to longer term programs to expand mobile services.

Recommendation 2: That the Government allocates additional funding for an updated Commonwealth Telecommunications Allowance with baseline levels that reflect the real cost of contemporary telecommunications services, and improved targeting to assist those who need it most.

Recommendation 3: That the Government investigates funding and possibilities for a telecommunications concession that will better target support and ensure that consumers receive an amount that is proportionate to their need.

Recommendation 4: That the Government provides funding to assist vulnerable consumers to switch to the NBN.

Recommendation 5: That the Government allocates additional funding to the ACCC to expand its Broadband Performance Monitoring Program to include Fixed Wireless and Satellite areas.

Recommendation 6: That the Government allocates dedicated funding in the 2018-19 Budget to introduce permanent audio-description services across all Australian television broadcasters.

Recommendation 7: That the Government allocates dedicated funding in the 2018-19 Budget to establish a National Disability Telecommunications Service.

2. Recommendations

The following are priority areas that ACCAN believes are in need of increased government focus and funding.

2.1. Continued commitment to further mobile network expansion

Expansion and improvement of mobile coverage is a priority issue for regional and rural Australia. Current and previous programs have resulted in further coverage. However, there remain premises, vital community areas and high traffic areas that are at risk from having no mobile coverage. Continuation of publically funded mobile network expansion, through the Mobile Black Spot Programme (the program) or similar, to maximise infrastructure sharing by all network providers, needs to be guaranteed and funding committed. As expansion is required into more remote areas the funding and conditions required to meet community needs will require increased flexibility from the program.

Mobile broadband is an important contributor to the economy, with an estimated 2.28 per cent contribution to Australia's total GDP in 2013.⁴ Funding further rounds of mobile expansion will fuel economic growth by increasing productivity and participation. Deloitte Access Economics found in 2016 that mobile technologies contribute \$34b to Australia's economy. Mobile has also contributed an additional \$8.9b to labour force participation.⁵

Rounds 1 and 2 of the program represent the type of successful co-investment model that is needed to expand mobile coverage in rural and remote Australia. We urge the Australian Government to commit beyond Round 3 of the program to longer-term programs, designed for greater open access by mobile networks to publically funded infrastructure, to encourage efficient use of resources and avoid costly duplication of infrastructure.

ACCAN notes that the community initially nominated 6,221 black spots on the Department of Communications database in December 2016. This total rose to 10,802 during the Round 2 consultation. We estimate that Rounds 1, 2 and 3 of the program may cover up to 5,356 black spots, leaving approximately 5,446 remaining. It is also highly likely that there are a number of other areas where black spots exist, that have not been nominated as many communities were not aware of the call for contributions.

In order to address this demand, ACCAN recommends that the Government commits at least \$100m each year to the Mobile Black Spot Program, or equivalent program, which prioritises community-identified areas of need, and open access facilities.

Recommendation: Fund further rounds of the Mobile Black Spot Program or significant commitment to longer-term programs to expand mobile services.

⁴ ACMA, Mobile broadband boosts Australia's economy, 2014 <http://www.acma.gov.au/Industry/Spectrum/Spectrum-projects/Mobile-broadband/mobile-broadband-boosts-australias-economy>

⁵ Deloitte Access Economics, *5G Mobile – enabling businesses and economic growth*, AMTA, 2017, pp. 7-8.

2.2. Low-income measures: Review of the Centrelink Telephone Allowance (CTA) and investigation into a Federal Telecommunications Concession

Current Commonwealth assistance available to help low-income Australians get and stay connected to phones and the internet is inadequate and poorly targeted. The current CTA payment rates and eligibility criteria no longer effectively meet the needs of low-income consumers. A recent ACCAN/South Australian Council of Social Services (SACOSS) report found clear evidence of a digital divide where low-income consumers are missing out on telecommunications because of affordability barriers, and are more likely to cut back or stop their use of telecommunications for financial reasons.⁶ Headline findings of this report are that:

- 66% of low-income consumers rated telecommunications costs in the top five most important factors in their day-to-day household budgets;
- 62% reported difficulty paying, having to cut back, or having to stop using one or more telecommunications services for financial reasons in the past 12 months;
- those on Newstart, Youth Allowance, and Parenting Payment are most likely to have difficulty paying, be cutting back on, or stopping services, while those on Age Pension have the fewest problems.

While per unit costs of telecommunications plans (data, voice minutes, SMS rates) are decreasing, the use of services is increasing significantly. The reduction in unit costs does not balance the increased use of services. There has been an increase in the number of connected devices in the average household, currently more than nine, and this is expected to grow to 29 by 2020.⁷

ACCAN and SACOSS also analysed the telecommunications data in the Australian Bureau of Statistics' *2015-16 Household Expenditure Survey*⁸ and found that:

- Telecommunications is a significant household expenditure item and on average, households spend more on telecommunications than on energy or water.
- Children are a key factor in increasing telecommunications expenditure.
- Telecommunications expenditure is significantly regressive, accounting for nearly three times the proportion of household disposable income for the lowest income quintile as for the highest quintile.
- Lone person households, pensioners, and other social security recipients, and renters (particularly state housing):
 - spend proportionately more of their income on telecommunications than other households, but

⁶ SACOSS and ACCAN, *Connectivity Costs: Telecommunications Affordability for Low-Income Australians*, <http://accan.org.au/our-work/research/1257-connectivity-costs>

⁷ NBN, *Internet uninterrupted: the connected future of Australian households* <http://www.nbnco.com.au/blog/connected-homes/internet-uninterrupted-the-connected-future-of-Australian-households.html>

⁸ ABS (2017) *6530.0 Household Expenditure Survey, Australia 2015-16*, Australian Bureau of Statistics, Canberra. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyReleaseDate/45244540252D2FDDCA25710800769AD8?OpenDocument>

- spend significantly less on telecommunications – and are therefore likely to be more digitally excluded.
- Since 2003 telecommunications expenditure has been increasing for households on lower incomes, while average households have seen decreases in recent years.⁹

An updated CTA will help avoid the problems of the digital divide and support all citizens to participate fully in the digital economy and society, and with government. Low-income consumers are likely to engage to a higher degree with government agencies, therefore the benefit of ensuring that they can engage through a digital channel is likely to result in significant cost savings in program delivery costs.¹⁰

Recommendation: Allocate additional funding for an updated CTA with baseline levels that reflect the real cost of contemporary telecommunications services, and improved targeting to assist those who need it most.

As an alternative to altering the settings of the CTA, the Government should investigate possibilities for a Telecommunications Concession, much like the energy concessions available to consumers at the state level. A carefully designed concession would more effectively target government funding to where it is needed most, and would increase or decrease in line with the price of telecommunications services. A concession could also target support depending on household and family size. New eligibility criteria would help to address inconsistencies in who is able to receive the support, and how much. An added benefit of a telecommunications concession is that it could be ‘tied’ – in that it could only be used to contribute to the costs of maintaining telecommunications connectivity (unlike the CTA, which can be spent on anything).

Recommendation: Investigate funding and possibilities for a Telecommunications Concession that will better target government support and ensure that consumers receive an amount that is proportionate to their need.

2.3. Assistance with NBN migration

For a number of consumers migrating to the NBN will be too difficult to complete on their own. Unsuccessful migration may create a significant risk to the safety of vulnerable consumers by leaving consumers without a way to contact emergency services. This was recognised a number of years ago with funding allocated to assist vulnerable voice-only consumers (\$150million over 10 years through the Department of Communications and the Arts’ Voice Only Migration contract with Telstra).¹¹

As the process for migrating to the NBN is increasingly moving to a self-install model, assistance is needed all the more. In circumstances where consumers are not tech savvy or there are complications within the premises (such as internal wiring that needs updating), consumers could either face hefty charges or be faced with having no services.

⁹ Ogle, G. 2017, *Telecommunications Expenditure in Australia*, Australian Communications Consumer Action Network, Sydney.

¹⁰ Deloitte, Digital Government Transformation, <https://www2.deloitte.com/au/en/pages/economics/articles/digital-government-transformation.html>

¹¹ DoCA 2016-17 Annual Report, Table 5.1, https://www.communications.gov.au/sites/g/files/net301/f/dept_comms_arts_annual_report_2016-17.pdf

Assistance should be available to ensure that all vulnerable consumers can migrate successfully and continue to have services. No consumer should experience barriers as a result of having to switch to the NBN. Extending this program could provide assistance with funding professional installation, additional costs associated with upgrading the premises to be suitable to switch, information about migrating and information about retail options for consumers. Without this assistance consumers may struggle to successfully migrate.

Recommendation: The Government should provide funding to assist vulnerable consumers to switch to the NBN.

2.4. Expand the scope of the ACCC Broadband Performance Monitoring Program to include fixed wireless and satellite broadband

ACCAN welcomed the announcement in April last year of funding for the Broadband Performance Monitoring Program. This program will significantly improve consumers' understanding of broadband speeds and ability to choose NBN plans and providers that suit their needs.

ACCAN is concerned that around one million households will not benefit from this program as they are in fixed wireless and satellite areas, and these technologies are excluded from the current program. These households may have more to gain from such a program, as they have moved from a limited to relatively large number of available service providers to choose from thanks to the NBN. These consumers will find it difficult to navigate these new choices without an independent verification of speed expectations that the program would provide. Due to differences in the technologies and plans that are available, general information provided by the program will not include key information that these consumers need. Expanding the program to include fixed wireless and satellite technologies will deliver benefits to the NBN and the Government by ensuring that consumers' needs are met and that they have a positive experience over the NBN.

Recommendation: Allocate additional funding to the ACCC to expand its Broadband Performance Monitoring Program to include Fixed Wireless and Satellite areas.

2.5. National Disability Telecommunications Service

Communications access has become an essential requirement for economic, social and community participation in Australia. While the majority of Australians take this connectivity for granted, many people with disability face barriers that make it difficult and sometimes impossible to enjoy the benefits of connection. Barriers include: lack of access to appropriate equipment and devices, lack of awareness about mainstream options, lack of equipment set-up, training and ongoing support, and unaffordability.

One of the recurring messages from ACCAN's member base is the lack of appropriate and accessible information, training, and support about communications products and services suitable for people with disability. To address this, ACCAN has repeatedly called for the development of a 'one-stop-shop' National Disability Telecommunications Service, a national resource for communications product and services information, training and support.¹² A National Disability Telecommunications Service will benefit people with disability, their families and carers; increase economic, social and community participation for people with disability; and alleviate many of the barriers that people with disability currently face in accessing communications.

Recommendation: ACCAN recommends the Government allocate dedicated funding in the 2018-19 Budget to establish a National Disability Telecommunications Service.

2.6. Audio Description

Audio description is an essential access feature that enables people who are blind or vision impaired to understand and enjoy television. There continues to be no audio description on any Australian television service, leaving hundreds of thousands of Australians who are blind or vision impaired without equitable access to televised news, information and entertainment. Many comparable countries such as the United Kingdom, the United States and Canada have mandated the provision of audio description services for their television broadcasters. The New Zealand Government funds national broadcasters to provide in excess of 40 hours per week of audio-described content on television.

In December 2017, the Department of Communications and the Arts provided the Audio Description Working Group's report to the Government. The report outlines a number of possible options for introducing audio description across Australian television services. It is clear from the report that Government financial support will be integral in implementing any of the proposed options.

Recommendation: ACCAN recommends that the Government allocates dedicated funding in the 2018-19 Budget to introduce permanent audio description services across all Australian television broadcasters.

¹² <https://accan.org.au/files/Submissions/ACCAN%20submission%20NDS%20outcomes%202017.pdf>