Addressing Telecommunications Affordability: Evaluating Support for Low Income Consumers

Research Aim

ACCAN commissioned a report by Action Market Research, which assessed the effectiveness of **programs and offers** being provided by the telecommunications industry to assist low income households and individuals with the affordability of their telecommunications services. These programs and offers include, for example, discounted services, certain fee exemptions or free data.

Research Approach

The research encompassed primary fieldwork with community organisations involved in delivering some of the programs (program partners), community organisations who work with low income individuals and households, and low income individuals themselves – both those that have received programs and offers from telcos (program recipients) and those that haven't.

As the survey of low income individuals was carried out online, the respondents had some level of connectivity. Whilst the survey couldn't reach those who are not digitally connected, the in-depth interviews with community organisations provided an insight into the needs of this cohort.

Key findings

Affordability is a key issue faced by many low income households when it comes to their phone and internet needs. The research found that existing telco low income measures can contribute to addressing the needs of low income households, with those that had accessed the affordability supports reporting benefits from doing so. The key benefits program recipients reported included greater feelings of connectedness,

an ability to remain connected to telco services, and being more able to afford the telco services they need. Nearly two-thirds of those who had received telco affordability supports said that the assistance they received was important to them.

While it was difficult to determine the exact number of households accessing the programs and offers, the research found that the demand and need for such measures outweigh their availability. Additionally, there is a lack of awareness amongst low income consumers of the measures. The research identified areas to improve consumer education to support consumers to navigate the telco market. Increasing awareness and expanding the availability of existing programs and offers among low income households will assist in helping them to better understand and find a suitable offer that is right for them.

The research also made findings around what successful collaboration between telcos and community organisations involves, and how relationships between community organisations and telcos can help support low income households. Community organisations were keen for telcos to understand how to better support vulnerable individuals and households with their telco needs.

The need for a government review of affordability provisions

Currently a significant share of the measures available to assist low income consumers with the affordability of their telecommunications services are provided by Telstra. Telstra is required to offer products and arrangements to low income customers under its Carrier Licence Conditions. These low income products and arrangements are developed in conjunction with low income consumer advocacy groups and program partners. The research found that people who accessed an affordability measure mostly had experience with Telstra's low income measures over any other measures offered by other providers. This possibly reflects that existing affordability measures were designed when Telstra was the ubiquitous telecommunications provider.

Given the structural changes in the telecommunications industry, and the fact that this research highlighted unmet need amongst low income consumers for affordable services, a comprehensive review is required to understand how the current gaps in low income measures can be appropriately addressed.

There is a need for a comprehensive review of telecommunications affordability provisions. This could inform new regulatory requirements on telecommunications providers to offer affordable services targeted to people on low incomes.

Telcos need to improve the breadth and depth of supports

The research showed that people who had accessed measures aimed at improving the affordability of telecommunications services benefitted from those supports, but it also revealed a need to increase the breadth and depth of available supports.

Households and individuals benefit from accessing programs and offers aimed at improving affordability of services...

Three in four low income individuals (74%) who had accessed a program or offer (program recipients) believed the support was either extremely or somewhat effective, with just under half (45%) saying it was extremely effective. The majority of program recipients (81%) found it very easy or somewhat easy to access the offer.

Program recipients had higher rates of service usage than those who hadn't accessed measures, across all service types. A slightly higher percentage of respondents who had not accessed supports reported feeling not connected at all (23%), compared with those who had accessed supports (20%).

Community organisations helping to deliver programs considered that program recipients experienced relief after accessing the program as they were able to stay connected. Additionally, in-depth interviews with program recipients indicated that they were helpful.

"Many of the participants told The Smith Family at the time that they couldn't have afforded the extra data before and, in particular, parents were relieved that they could stay connected to their kids and call/text them at any time."
– The Smith Family

...Yet the need for support outstrips supply

Findings from the survey of low income households

The research demonstrated that affordability issues are the main obstacle to people connecting to services they would like. A quarter of survey respondents who wanted to connect to another telecommunications service or services had not connected because they had other more important expenses that took priority. A similar proportion of respondents indicated they hadn't connected to a service that they wanted because they were simply not able to afford it.

Where low income households and individuals were connected to a service, paying for it could be a challenge.

- 57% of respondents experienced some difficulty paying for an NBN or other broadband service.
- 59% of respondents experienced some difficulty paying for a mobile phone service with data.
- 1 in 10 respondents usually or always had difficulty paying for their mobile phone with data or an NBN or other broadband service.

Low income individuals reported experiencing the following top three problems:

- 22% - running out of data
- 20% - struggling to afford a phone or internet service
- 16% - struggling to afford a device.

Where survey respondents said they found it somewhat or extremely difficult to find a phone or internet offer that was relevant or interesting to them, 58% of comments related to issues of affordability.

"Finding something I can afford but that still gives a good service, i.e., data and speed is difficult" – Survey respondent

Despite these challenges with affordability, just under a quarter of survey respondents reported that they or their household had used a program or offer designed to assist with the cost of their internet or phone service.

Community organisations' perspectives

The research found that community organisations believe that telcos need to improve the affordability of and access to telecommunications for low income households. 9 of the 10 community organisations interviewed considered that telcos were not doing enough to support the needs of low income groups with their connectivity and telecommunications needs. Given their role in supporting people on low incomes or in crisis, community organisations are well placed to understand the connectivity needs of these cohorts.

The research identified that demand for low income telco programs is increasing year on year, particularly given a growing reliance on digital technologies and the consequences of social issues related to the COVID-19 lockdowns. Interviews with community organisations helping to deliver programs found that the current measures offered by telcos aren't meeting demand. Concerningly, multiple program partners mentioned that future funding for such initiatives is not certain and/or being stopped.

Given an increasing demand for such programs, there is a need for telcos to expand programs and offers which assist with meeting need into the future.

Broader take-up of affordability programs and offers benefits low income households and individuals, and telcos. For instance, households and individuals would be able to access the social and economic benefits that digital inclusion provides while reducing the risk of financial hardship, and telcos would benefit from the acquisition of customers who may have otherwise remained disconnected. It is also likely to reduce the number of financially over-committed customers.

"The cost of living is expensive and as technology has advanced it is now essential to have access to [the internet] to be able to study and do basic tasks like pay bills …" – Survey respondent

There are design and eligibility gaps in existing programs

The research identified some offers and programs that were specifically targeted at low income consumers, while others assisted with affordability for a broader range of household types.

When considered collectively, design and eligibility gaps between existing measures mean some people on low income are missing out. There is a need for a deeper consideration of affordability, so that telco measures can better address consumer need.

The following product design and eligibility issues are areas for improvement.

Service type and eligibility issues – A range of service types were identified in the list of offers and programs considered by this research. Yet due to eligibility criteria, there is currently no offer for affordable broadband available to all low income households, meaning that some households miss out on this service.

"We have a lot of people around without access to NBN so that is still a big problem." – WESNET

There is a need for a concessional NBN service to meet the connectivity needs of low income households.

Method of access - Certain programs and offers are accessed directly through community organisations. This may prevent a low income individual or household in need of support from accessing it, as they may not have an existing relationship with that community organisation or meet specific eligibility criteria. This highlights the need for multiple methods of receiving support.

The majority (80%) of low income individuals reported a preference for receiving support directly through their internet and phone providers. Given this consumer preference, telcos have a clear role to play in providing relief directly to low income consumers.

Retailer choice – The research found that in some instances consumers had to change retailers to access a low income support. In some cases these consumers experienced issues with number porting. The research also found that when devices and services were linked to a particular retailer, it may not necessarily be the consumer's retailer of choice, or the most affordable retailer, meaning that subsequent credit top-ups were costly. Many of the measures examined in the research were provided by Telstra, meaning that there is significantly less support available for low income consumers who are not Telstra customers.

There is a need for all major retailers to offer affordable mobile phone services with sufficient data targeted to low income consumers.

Type of support – The majority of low income individuals said a discounted service would be the most helpful support for them (87%), followed by hardware/device affordability support (69%) or access to free public Wi-Fi (62%). The research found that discounts can make a significant difference in helping with cost and connectivity needs.

When asked about the top communications and connectivity needs of low income households, the majority of community organisations mentioned the need for a phone, followed closely by access to the internet as one of their most important needs overall. They also highlighted access to devices as a top connectivity need and reported that clients enter into lease agreements for devices, which can be problematic as they can get scammed or end up paying more than the device is worth.

"There are houses with families of five people who might not even have a single computer between them, and the government expects all their paperwork to be submitted electronically these days –this makes it very difficult." - Bidwill Uniting

"You can't access schoolwork on a mobile phone" – Unnamed organisation

There is a need for the Commonwealth Government to work with State and Territory Governments and the telecommunications industry to fund a relief package of basic telecommunications equipment for households without functional equipment, or who require additional equipment to meet the needs of school age children.

Another important need flagged by community organisations was that of free Wi-Fi. Some community organisations suggested that Wi-Fi should be provided free of charge in public spaces and public housing.

There is a need to review the availability of free public Wi-Fi across Australia. Funding should be allocated to support the expansion of these services where necessary, and the production of consumer information materials to ensure low income households are aware of the services available to them.

Consumers need to be better supported to understand where to go for affordability assistance

The research found that more must be done to support individuals, households and community organisations to access low income offers and programs. The research suggested that multiple approaches to expanding community awareness about these programs are necessary.

There is a lack of awareness about the availability of low income offers and programs

Almost half of survey respondents (46%) were not aware of any telecommunications affordability programs or offers available to them via telcos. Indeed, the Optus Donate Your Data program was the most well-known, but only a quarter of low income individuals surveyed knew about that program.

"Awareness of the [Telstra Top-up] Program could be improved (from both the client's and service providers' perspectives) and the continually increasing demand for such programs … means that there is an opportunity for other telcos … to offer similar programs to assist with meeting this demand in the future" – Action Market Research

While the lack of awareness may be partially explained by the low number of offers and programs available on the market and their limited eligibility requirements, survey responses and interviews with community organisations indicated that available programs are not adequately advertised in many cases.

There is a need for affordability measures to be more broadly advertised on telco websites and through program partners and community organisations.

Lack of awareness means people on low incomes are missing out on supports

Roughly a quarter of survey respondents had recently been the recipient of some form of phone or internet program or offer that assists with affordability.

However, over half of the surveyed people on low incomes (55%) indicated they have experienced some kind of affordability difficulty (such as running out of data, unable to keep up with bill payments, struggling to afford a device) with their telecommunications service in the last 12 months. This suggests there is a substantial gap between those in need of affordability supports, compared to those accessing them.

As noted, the online survey was unable to capture data from consumers who are currently digitally excluded because some level of connectivity was required to complete the survey. This means the real number of consumers experiencing affordability difficulty is likely higher than the rates identified in the research.

"I rang Telstra years ago to ask how can I make my phone bill cheaper and they told me what deal I could switch to. If I had not called and asked, I would not have known." – Sherilyn, program recipient

There is a need for telcos to proactively identify and offer assistance to consumers who may be in need of affordability assistance.

Telcos have a responsibility to increase awareness

Qualitative evidence overwhelmingly suggested that telcos are best placed to support consumers struggling with telecommunications affordability through providing simple, tailored, and accessible communications about the measures available.

"I prefer in person consultations over online consultations ... I need a clear explanation on services and options on offer." – Catherine, program recipient

"I really like having clearly laid out expensive and cheaper options ... this would help me make decisions about which plan is right for me" – Esha, program recipient

There is a need for telcos to broadly distribute consumer education materials about affordability offers and programs in simple language and accessible formats.

Multiple approaches to improving consumer awareness are needed

No matter the type of support needed and how it is accessed, it's essential that telcos understand and adequately respond to the needs of consumers on low incomes.

Survey data indicated that some individuals had difficulty finding an affordable telecommunications plan relevant to their needs. This, coupled with evidence regarding the gap between those accessing and those requiring affordability assistance, and qualitative feedback from community organisations, suggests a range of responses are needed to address

consumer awareness of low income programs and affordable offers. Measures to improve awareness could include the distribution of simple to read consumer education materials, as well as a comparison tool so consumers are able to compare offers and find a service suitable for them.

"An education piece around the plans that are available is needed." – Infoxchange

"It would be lovely if all the Telco companies could be on one page where there is a standard price and we could compare prices." – Catherine, program recipient

There is a need to develop an independent phone and internet plan comparison tool so consumers can easily search and compare affordable plans and offers.

Better collaboration leads to better outcomes for people on low incomes

The research heard from community organisations partnering with telcos to deliver programs and offers to people seeking assistance with the affordability of their telecommunications services. Community organisations that don't have program delivery partnerships with telcos were also interviewed to understand what additional supports could be provided to consumers struggling with affordability.

Interviews indicated that telco support measures delivered in collaboration with community organisations – for example, voucher programs for mobile phone credit, or mobile data donation programs – can deliver far-reaching benefits for individuals and households struggling with telecommunications affordability. However, there are interconnected challenges that undermine the delivery of these support measures and reduce their impact and reach to consumers in need. These include complex eligibility and program delivery requirements, poor communication, low uptake, and ineffectively-managed partnerships.

Programs delivered in collaboration with community organisations can provide significant benefits to people on low incomes

Whilst the majority of connected low income individuals surveyed in the research prefer to receive assistance directly via their phone or internet provider, there remains a high demand and need for assistance which is accessed through community organisations. In certain situations, for example during a crisis, community organisations will be better placed to provide relief and support to households or individuals.

Interviews indicated that telco affordability measures offered via community organisations create significant benefits for households or individuals already linked into an agency, and for those experiencing high levels of marginalisation and vulnerability whom our survey may not have reached.

"When specialist organisations work with telcos to draw on their respective skills and capabilities, the result is a much more targeted and meaningful program that is tailored to meet the needs of the communities it is aimed at serving" – Action Market Research

Most community organisations interviewed said that their clients and community members struggle with mobile data affordability, and access to home broadband, devices, and technical assistance. Many organisations indicated that programs delivered by program partners to address affordability are positive and deliver benefits to the community, but the availability of programs largely does not meet demand and more telcos should be on board with support programs and offers.

"Telcos are making changes … but more can be done … [they] need to provide cheaper and more economical plans because internet and phone access is still quite expensive …" – WESNET

It is clear from the research that delivering low income measures through existing networks and linkages into communities, especially communities experiencing vulnerability or those who have difficulty navigating the telecommunications market, is an effective way of addressing affordability challenges. However, given low income households indicated that this is not their preferred method of accessing these supports, there needs to be multiple avenues for consumers to access programs and offers to assist with the affordability of telecommunications services.

Co-design and genuine partnerships are essential to meet the needs of people on low incomes

Telcos working with a range of community organisations to address delivery challenges creates enormous benefits for individuals and households struggling with affordability, according to research participants.

A key theme emerging from interviews with community organisations was that genuine and ongoing partnerships and collaboration – built on principles of transparent communication, co-design and learnings from previous program iterations – were essential to the successful delivery of low income measures.

"There needs to be a co-designed approach … rather than programs that are developed without [the community's] involvement. Conversations need to be had early on, so [telcos] can truly understand the issue" – The Venny Inc.

"It is important to ensure that any partnership enhances outcomes for clients rather than taking away from them, or creating additional complexity" – Centacare SA

"They [telcos] need to speak to the right people and connect to the right systems in a way that is genuine with the intent to actually support communities" – Jesuit Social Services

The research found that strategies to support collaboration between telcos and delivery agencies included:

- Having a dedicated communication channel to support program recipients and program partners – for example, a contact person or team at the telco.
- Designing longer-term programs and offers in conjunction with community organisations and consumers.
- Flexibility in program design and a willingness to incorporate feedback.

"There needs to be better teams managing the program and more points of contacts from telcos to support partners in ensuring their delivery meets communities' needs." – Unnamed organisation

There is a need to avoid short-term and one-off supports where program recipients require longer-term affordability solutions.

There is a need for telcos to provide easily accessible technical support and communication channels for program partners and program recipients, separate from general customer service communication channels.

Interviewees also expressed the need for government to take a leadership role in addressing telecommunications affordability challenges, especially due to the online delivery of many government services.

"I would love to have a working group across government portfolios, telcos, and [community] service providers because no one is going to step up alone; we need to work together and not impose a solution but come up with a collective solution that works."
– Bidwill Uniting

"For families that have multiple issues going on at home, without the right support, they won't be able to access the program or activate their SIM as it's just too difficult. For many, English is not the first language so there are issues on how that information is explained and we have had to develop easy-to-read materials…" – The Smith Family

There is a need for community organisations and program partners to be adequately resourced to overcome capacity constraints and program delivery challenges to provide access to affordability supports for low income individuals and households.

Partnerships between telcos and community organisations need to overcome a range of delivery challenges

Offering affordability support measures via community organisations is not without its challenges. Generally, smaller community organisations can find it more difficult to deliver programs due to a lack of resourcing and the complexities of support programs.

The research identified a number of challenges in delivering affordability assistance, including:

- Complexity and inflexibility in eligibility and delivery requirements (for example requiring forms of ID), which can result in low program uptake and limited incentives for community organisations and low income individuals to participate. This includes onerous application processes.
- Technical and operational limitations, such as requiring account numbers from recipients, or recipients needing to transfer their phone numbers between services.
- Confusion about where recipients and delivery partners can access technical support or communicate with the participating telco.
- Participants' online safety and security concerns and how these are appropriately addressed.