

Submission

13th March 2023

Select Committee on Cost of Living
PO Box 6100
Parliament House
Canberra ACT 2600

Re: Select Committee on Cost of Living

Dear Secretariat,

The Australian Communications Consumer Action Network (**ACCAN**) thanks the Select Committee on Cost of Living (**the Committee**) for the opportunity to provide feedback on the Cost of Living.

ACCAN is the peak body that represents consumers on communications issues including telecommunications, broadband and emerging new services. ACCAN provides a strong unified voice to industry and government as we work towards communications services that are trusted, inclusive and available for all.

Australian consumers are enduring significant cost-of-living pressures, and telecommunications affordability is a prominent issue for low-income consumers. ACCAN regularly receives feedback from low-income representatives and community organisations that the cost of telecommunications services, an essential service, is a contributing factor to financial hardship. A recent survey showed that 38% of consumers experienced phone and internet payment problems in the last 2 years.¹

Furthermore, a fifth of consumers reported missing a payment for a phone or internet service because they could not afford it.² Over a quarter (26%) of consumers regard their phone and internet costs as unaffordable.³ For more detail on the affordability of telecommunications services, please see **Attachment A**.

Digital exclusion has significant impacts on educational, health and career outcomes.⁴ It is crucial that people are supported by digital inclusion initiatives, noting the government's plan to have all federal government services available online by 2025.⁵ Therefore, it is critical that the government take steps to improve the affordability of telecommunications for all.

¹ ACCAN, March 2023, Ipsos Telecommunications Survey, Forthcoming.

² Ibid.

³ Ibid.

⁴ Good Things Foundation, 2022, *The Digital Divide*, Available at: <https://www.goodthingsfoundation.org/the-digital-divide/#:~:text=A%20lack%20of%20digital%20skills,access%20to%20jobs%20and%20education>.

⁵ Australian Government, 2021, *Digital Government Strategy*, Accelerating the digital future of our Australian Public Service, p13, Available at: https://www.dta.gov.au/sites/default/files/2021-12/Digital%20Government%20Strategy_web-ready_FA.pdf

ACCAN recommends the government establish:

- A concessional broadband service for households receiving government financial support.
- A national strategy for affordable devices.
- An independent plan comparison tool.

A concessional broadband service for households receiving government financial support

Research conducted by ACCAN has shown that 57% of surveyed low-income households and individuals experienced some difficulty paying for an NBN service.⁶ ACCAN recommends the government establish a concessional broadband service for households receiving government financial support.

ACCAN's No Australian Left Offline initiative details the benefits of introducing a 50Mbps unlimited broadband service offered at a wholesale price of \$20 per month by NBN Co to households receiving government financial support.⁷ Implementing a concessional broadband service would make it easier for consumers receiving government support to access education services, find and gain employment and reduce social isolation.⁸ Not only would this ease the cost of living pressures, but it has the potential to increase economic outcomes for individuals and households and benefit the Australian economy.⁹

A survey of 1000 consumers demonstrated that 92% of respondents agreed with the statement that "all telecommunications companies should provide an affordable internet plan so that everyone can remain connected." Broadband is an essential service, as such ACCAN encourages the Government to establish a concessional service that meets the expectations of consumers.

A national strategy for affordable devices

Implementing a long-term device supply and replacement program at a national level to assist consumers in attaining affordable and replaceable mobile devices would provide significant benefits to all Australians. Assisting consumers in accessing devices will overcome one of the most significant barriers to accessing the internet. The federal government should create a national strategy for affordable internet devices to ensure all Australians have access to affordable internet devices.

An Independent Plan Comparison Tool (IPCT) for the telecommunications sector

Consumers are often at a disadvantage when finding suitable telecommunications services and products, due to their lack of knowledge about available offers. 87% of consumers agree that it should be easier to find and compare information around phone and internet plans.¹⁰ An IPCT would help to decrease the information asymmetries that telecommunications consumers face and allow

⁶ ACCAN, *Addressing Telecommunications Affordability: ACCAN Analysis*, P3, Available at:

<https://accan.org.au/files/Reports/Addressing%20Telecommunications%20Affordability%20-%2020211025a.pdf>

⁷ ACCAN, *No Australian Left Offline*, Available at: <https://accan.org.au/accans-work/no-australian-left-offline>

⁸ Ibid.

⁹ Ibid.

¹⁰ ACCAN, *ACCAN research snapshot: Consumer expectations – reliability and fairness*, August 2022, p. 14, Available at: <https://accan.org.au/accans-work/research/2003-consumer-expectations-2022>

consumers to find independent and complete information about voice, data, and broadband products and services.¹¹

We thank the Committee for the opportunity to provide this submission. Should you wish to discuss any of the issues raised in this submission, please do not hesitate to contact me at andrew.williams@accan.org.au.

Yours sincerely,

Andrew Williams
Chief Executive Officer

¹¹ ACCAN. Pre-Budget Submission 2023-2024, 27 January 2023, P8, Available at: <https://accan.org.au/accans-work/submissions/2055-pre-budget-submission-2023-2024>

Attachment A

The cost of broadband is increasing

Between 2021 and 2022, consumers experienced steady price increases on NBN services without a corresponding increase in service standards.¹²

According to the ACCC, 2021-2022 price changes to NBN services included:

- Entry-level or basic NBN plans with lower speeds increased by 3.6% or \$2.50 per month.
- Middle-of-the-range NBN plans increased by 4.7% or \$4 per month.
- Consumers on higher-end and very high-speed plans paid around 9% or \$9 per month more.¹³

For non-NBN fixed services, these changes included:

- Lower-priced plans (at the 25th percentile) increased by 7.8% to \$70.
- At the median price point, plans increased by 6.3% to \$85.
- Higher-priced plans (at the 75th percentile) increased by 11.2% to \$100.¹⁴

Many households bear the aforementioned price increases due to the necessity of broadband for engaging in the economy, yet doing so contributes to financial stress.

For low-income consumers, staying connected takes up a significant proportion of their household budget

According to the Australian Digital Inclusion Index, “14% of all Australians would need to pay more than 10% of their household income to gain quality, reliable connectivity”.¹⁵ These costs represent a significant cost of living expense for Australian families. As such, even small increases to the cost of service can have a detrimental impact on the overall financial wellbeing of low-income household.

Young people and low-income households struggle with the cost of telecommunications services

Low-income households and young people have trouble affording telecommunications services in particular, research conducted by ACCAN has shown:

- 57% of surveyed low-income households and individuals experienced some difficulty paying for an NBN service and 59% experienced some difficulty paying for a mobile phone service with data.¹⁶
- 40% of surveyed youth telecommunications consumers indicated some form of payment difficulty in relation to their phone or internet bill.¹⁷

¹² ACCC, *Communications Market Report 2021-22*, viii, Available at: <https://www.accc.gov.au/publications/accc-communications-market-report/accc-communications-market-report-2021-22>

¹³ Ibid, p8.

¹⁴ Ibid, p11.

¹⁵ Australian Digital Inclusion Index, *Digital inclusion: the Australian Context in 2021*, Key Findings, available at: <https://www.digitalinclusionindex.org.au/digital-inclusion-the-australian-context-in-2021/>

¹⁶ ACCAN, *Addressing Telecommunications Affordability*: ACCAN Analysis, P3, Available at: <https://accan.org.au/files/Reports/Addressing%20Telecommunications%20Affordability%20-%20211025a.pdf>

¹⁷ ACCAN. *ACCAN Youth Check-In Research Report*. 19 October 2020, P6, Available at: <https://accan.org.au/accans-work/research/1813-accan-youth-check-in-research-report>

- 16% of low-income consumers surveyed by Action Market Research struggled to afford a device such as a mobile phone, laptop, or tablet.¹⁸

Consumers are turning to other means to cope with increasing costs

Consumers are turning to alternative means to help pay with phone and internet costs. A recent survey found that in the last 2 years, consumers used the following methods to help pay for their telecommunications products and services:

- 29% used buy now pay later services.
- 14% used a payday loan.
- 16% used wage advance products.
- 24% borrowed from friends or family.¹⁹

Not being able to afford telecommunications services results in further disadvantage

Not being able to afford telecommunications products or services can result in additional harm. When considering their telecommunications bills in the last 2 years, consumers reported:

- 21% went without other essentials such as food or medicine to pay a bill.
- 20% used their phone and/or internet less than they needed to help save money.
- 9% were contacted by a debt collector about a phone or internet debt.
- 19% incurred fees from their phone or internet company for paying their bill late.²⁰

The Australian Communications Consumer Action Network (ACCAN) is Australia's peak communication consumer organisation. The operation of ACCAN is made possible by funding provided by the Commonwealth of Australia under section 593 of the Telecommunications Act 1997. This funding is recovered from charges on telecommunications carriers.

¹⁸ Action Market Research. *Addressing telecommunications affordability: Evaluating support for low income consumers*. September 2021, p. 80, Available at: <https://accan.org.au/files/Reports/Addressingper cent20Telecommunicationsper cent20Affordabilityper cent20Evaluatingper cent20Supportper cent20forper cent20Lower per cent20Incomeper cent20Consumers.pdf>.

¹⁹ ACCAN, March 2023, Ipsos Telecommunications Survey, Forthcoming.

²⁰ Ibid.