



Pre-Budget Submission 2019-20

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

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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 communications services that are trusted, inclusive and available for all.

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.

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Introduction

ACCAN thanks the Treasury for the opportunity to submit to the pre-budget consultation. As the primary process for determining the allocation of government funds to essential programs and projects, ACCAN welcomes consideration of the policy priorities we have identified.

Communications are an essential service for consumers and play an increasing and important role in accessing private and public services. Access to communication services ensures that individuals can remain socially connected, engage with health and emergency services as well as educational and employment opportunities.¹

The affordability challenge

Access to communications is inexorably linked with the financial position of those households seeking to use services and the infrastructure available to them. Although the quality and variety of services on offer in Australia have increased significantly over time, and there have been improvements in affordability more generally, affordable communications continue to be a challenge for many consumers on low incomes.²

The affordability of broadband services has become a defining question for low income households, and increasingly a challenge to the underlying economics of the NBN with almost a million households at risk of not switching over. Recent changes to the pricing of NBN services have resulted in households facing a minimum wholesale price of \$45 per month for a broadband connection, before a retail margin is applied.³ For many households this price is simply out of reach, and ACCAN is concerned that the material increase in the pricing of broadband services on the NBN will result in the exclusion of low income Australians from the benefits of broadband.

Affordability has become a brake on the exceptional promise of communications services to be a transformational force in promoting improved and more equitable outcomes across Australia, irrespective of an individual's circumstances or the region in which they live.

Addressing the affordability challenge as with any policy program entails costs, and to this end ACCAN has developed a concession model to maximise the benefits of the technical capacity of the NBN and identified offsets to ensure the proposal is budget neutral.

¹. Productivity Commission 2017, *Telecommunications Universal Service Obligation*, Canberra, p. 29; Graham, N. 1999, 'Amartya Sen's capabilities approach to the evaluation of welfare: Its application to communications.', *Communication, citizenship and social policy: Rethinking the limits of the welfare state*, pp. 113–24.

². Productivity Commission 2017, *Telecommunications Universal Service Obligation*, Canberra, p. 24.

³. Australian Communications Consumer Action Network 2018, *ACCAN's Analysis of NBN Co's recently announced price changes*, <<http://accan.org.au/hot-issues/1511-accan-s-analysis-of-nbn-co-s-recently-announced-pricing-changes>>.

The affordability challenge extends beyond those households that use broadband. ACCAN is concerned that the cost of home phone services over the NBN remains stubbornly high for older Australians. Although technical advances have reduced the underlying cost of providing voice services and effectively eliminated the variable cost of making calls, obsolete pricing models continue to impose high charges on those Australians that need a home phone and who seek to use it.⁴

NBN Co. has recently taken steps to address the affordability challenge faced by voice only users through the introduction of an entry level bundle, but ACCAN believes there is scope for further pricing relief to be provided via a concession for voice only customers on the age pension or the disability support pension.

ACCAN believes that providing further pricing relief for those households relying on voice only services can be undertaken with a modest outlay from the budget, for which we have identified offsets. However, the greatest relief that could be provided to consumers would be achieved through the implementation of cost-reflective charges for the placing of calls.

Re-establishing the Communications Fund

The long-term funding needs of programs to support access to essential communication services should be matched by a genuine commitment to their long-term funding. For many programs the funding requirements and policy rationale for government support is enduring, and consequently a similarly enduring commitment should be made to funding.

ACCAN considers that the most effective way to fund ongoing communications programs into the future will be through the re-establishment of a dedicated funding mechanism in the form of the communications fund. A re-established communications fund will eliminate the need for ad-hoc program funding to be found within general revenues for recurrent programs.

ACCAN proposes that a re-established communications fund be capitalized through the allocation of a proportion of overall spectrum auction revenues. As the spectrum auctions occur on a frequent basis and provide a material source of funds ACCAN believes that the re-established communications fund could be adequately capitalized over a series of years, and subsequently provide ongoing program funding from the revenues it generates from investment.

The re-establishment of the communications fund can be undertaken with minimal impact on the budget position, with reductions in revenue to be offset by savings over the longer term. As the spectrum auctions are recurrent there will be opportunities to increase the capitalization over the longer term as the need for program funding increases.

⁴ The pricing of home phone calls where the marginal cost of provision has fallen to a fractional amount reflects a material dead weight loss to society. ACCAN is in the process of estimating the total value of this dead weight loss.

ACCAN considers that the following programs could be funded via a re-established communications fund:

- an expanded and ongoing program of infrastructure investment in regional Australia through the mobile blackspot program or similar programs;
- investment as part of a formalised Indigenous Digital Inclusion strategy; and
- ongoing funding for the *National Disability Telecommunications Information and Referral Service*.

Summary of Recommendations

Recommendation 1

That the government funds an affordable broadband concession to support low income Australians to access services on the National Broadband Network.

Recommendation 2

That the Government allocates funding to provide an affordable voice service concession to support age pension and disability support pension recipients to access home phone services on the National Broadband Network.

Recommendation 3

That the Government re-establishes the Communications Fund with a mandate to invest its assets commercially, and use the proceedings for funding essential communications programs.

Recommendation 4

That the Government allocate funding from general revenue or a re-established Communications Fund for further rounds of the Mobile Black Spot Program or commits to long term programs to expand mobile services.

Recommendation 5

That the Government allocate funding from general revenue or a re-established Communications Fund to support the creation of an Indigenous Digital Inclusion Strategy.

Recommendation 6

That the Government allocate funding from general revenue or a re-established Communications Fund to support the continuation of the National Disability Telecommunications Information and Referral Service beyond June 30 2020.

Recommendation 7

That the Government allocates dedicated funding in the 2019-2020 Budget to introduce an independent, provider neutral audio description service for Australian television.

Recommendation 8

That the Government allocates dedicated funding in the 2019-2020 Budget to support television broadcasters to increase the hours of captioning on all channels to that of a full 24-hour broadcast day.

Recommendation 9

That the Government allocates dedicated funding in the 2019-2020 Budget to support multi-platform access features for video content in Australia.

Affordable broadband for all Australians

Although a wealthy country by international standards, Australia is characterised by significant inequality which leaves certain groups within the population facing considerable challenges in affording access to communications services.

For households on low incomes, the cost of communication services can represent a significant proportion of their total income. For those in the lowest 10% and 20% of earners pay on average around 10% and 6% of their disposable incomes respectively.⁵ In comparison the average household pays around 3.5% of their disposable income on communications, with the proportion of income spent on communications declining as incomes rise.

For many households the consequence of high communications cost has been financial stress, with 15.6% of consumers in the lowest income quintile indicating that they had been unable to pay their utility bills on time in the year prior to the census.⁶ More recent modelling has shown 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.⁷ ACCAN believes that all Australians should have access to an internet service that enables them to be online regardless of their personal circumstances or where they live without putting them into financial stress.

ACCAN has undertaken research into which groups face the greatest affordability challenges and identified the following groups as being particularly vulnerable:

- Individuals and families with members on Newstart payments;
- Individuals and families on Disability Support Pension payments;
- Individuals on Youth Allowance payments;
- Families on Parenting Payments;
- Individuals and couples on the Age Pension;
- Indigenous Australians on low incomes;
- Families on FTB A.

The effects of being unable to afford broadband are significant and extend beyond mere inconvenience. ACCAN is particularly concerned about the potential for the affordability challenge to constrain the opportunities of young Australians from low income families. A failure to ensure affordable access for more than 3 million children and young adults has the potential to be both inequitable, and a stifling influence on Australia's economic growth and productivity potential for decades to come.⁸

⁵. Bureau of Communications and Arts Research 2017, *Trends and drivers in the affordability of communications services for Australian Households*, Working Paper, Canberra, p. 27.

⁶ Australian Bureau of Statistics, *Government Benefits, Taxes and Household Income, Australia: Summary of Results 2015-16*, 20 June 2018.

⁷. Breunig, R. & McCarthy, O. 2018, *Telecommunications Expenditure in Australia*.

⁸. Department of Social Services, 2018, *DSS Payment Demographics June 2018*, Canberra, figure obtained by combining the total number of FTB A recipient children and youth allowance recipients.

Affordable broadband has economic benefits...

Affordable broadband means that consumers will activate 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;⁹
- 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;¹⁰
- increased tax revenues through higher economic activity, and reduced unemployment;
- potential cost savings for government in the order of \$20.5 billion;¹¹
- reduced costs for individuals and households when accessing essential services, particularly for Australians in regional and remote areas who face significant access barriers.

ACCAN considers that the overall benefits associated with higher rates of broadband are likely to be underestimated with recent nbn studies modelling the broadband bonus on the basis of completion of rollout – rather than take-up. As a consequence, areas with slow take-up are likely to understate the overall economic benefits and suffer from a lag-effect.¹²

Aside from the macroeconomic benefits that arise as a consequence of affordable broadband, for the individual, families and communities' access to affordable broadband can be transformational. A means rather than an end, affordable broadband allows individuals to access a variety of services that make life easier, reduce the cost of living and increase educational and economic opportunities. This effect is even greater in the regions where remoteness has been a historic barrier to education and training opportunities.

The private benefits that accrue to low income Australians from having access to affordable broadband are material. For individuals on Newstart, of whom more than half a million are long term unemployed, and for individuals on Youth Allowance, access to affordable broadband means access to training and employment opportunities.¹³ For many in regional areas, there is no practical substitute to using broadband to search for jobs or engage with educational opportunities or training to become job ready.

For children in low income households, access to affordable broadband will allow them to keep pace with their peers in and out of the classroom. For Australia, this investment will ensure we have a workforce with the digital skills that the future economy will demand. ACCAN believes that in

⁹ Greenstein, S. & McDevitt, R. *Measuring the Broadband Bonus in Thirty OECD Countries*, OECD Digital Economy Papers, 19 April 2012.

¹⁰ NBN Co, *Connecting Australia: A report by AlphaBeta Consulting*, 2018.

¹¹ Deloitte Access Economics, *Digital government transformation*, 2015.

¹² A consequence of this approach to modelling is a material understatement of the benefits. Although correlations and R² results may indicate a strong linkage the underlying co-efficients are likely to be a fraction of the true values.

¹³ DSS (Department of Social Services) 2018, *Labour Market and Related Payments: a Monthly Profile*, Canberra.

addition to being smart economics, that ensuring equitable access to broadband services will allow these children to attain their personal potential and to contribute to stronger communities.

...and can be achieved within the budget envelope

ACCAN considers that the most effective way to achieve affordable broadband for all Australians is for nbn to offer a 50 mbps service at a wholesale price of \$20 available to households receiving financial support from government. The creation of a concessional NBN product at this price point is feasible within the budget envelope and ACCAN has identified a series of offsets that if implemented would allow for the proposal to be implemented with a budget neutral effect.

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 to ensure 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.¹⁴ The cost of providing this assistance at the household level is materially lower than alternative policy instruments and leverages existing public investments to achieve cost-effective service delivery.

Recommendation 1

That the government funds an affordable broadband concession to support low income Australians to access services on the National Broadband Network.

¹⁴. Deloitte Access Economics, Digital government transformation, 2015.

Affordable phone services for all Australians

ACCAN believes that there is a strong case for government intervention in order to provide support to consumers and ensure all Australians have access to an affordable home phone service. An affordable home phone service is one that enables consumers to be connected regardless of their financial circumstances and without facing financial stress. An affordable voice service means being able to access a fixed line service that meets consumers' needs and reflects their preferences and their accessibility requirements.

Voice services cost consumers a minimum of \$20 per month in line rental, and often entail significant additional costs for placing calls to local, national and mobile numbers. Consumers can often face charges of up to \$3 for placing a phone call, costs which quickly add up, all for a service which has limited or no incremental cost when provided over the NBN. The continuation of this pricing construct, which may have made some economic sense on Telstra's legacy network, has led to vulnerable consumers facing unnecessary financial stress.

As consumers move to the nbn and voice over internet protocol becomes the norm for providing voice services, a two-part pricing approach is at risk of becoming redundant, highly inefficient and redistributive, signalling to consumers a scarcity of supply that does not exist.

There are over 2.5 million older Australians relying on the age pension for financial support, of whom over 1.5 million are full rate pensioners with limited financial means. Within this cohort there are 415,000 pensioners who do not own their own home and who have less than \$50,000 in assets.¹⁵ The average assets held by these individuals is around \$7,000 and these individuals are consequently totally reliant on the pension. This cohort is exceptionally financially vulnerable and has limited capacity to meet the cost of communication services.

There are also approximately 750,000 individuals on the Disability Support Pension who depending upon their accessibility requirements may continue to use home phone services in order to remain connected. Although detailed statistics are not available on the extent to which individuals and households receiving the DSP are voice only users, ACCAN considers that the extension of concessional arrangements is appropriate.

ACCAN believes that the adoption of fiscal measures to directly address affordability can be complemented through regulatory constraints on the charging of variable fees in circumstances where there are no underlying variable costs.

Recommendation 2

That the Government allocates funding to provide an affordable voice service concession to support age pension and disability support pension recipients to access home phone services on the National Broadband Network.

¹⁵. Department of Social Services 2018, *DSS Payment Demographics June 2018*, Canberra.

Re-establishing the Communications Fund

There are many programs and projects that merit and require recurrent funding commitments to be made by the government to ensure all Australians have access to affordable and suitable communications services. The funding of these programs is, however, often ad-hoc and inconsistent despite the enduring need for service provision and investment.

ACCAN considers that the re-establishment of the communications fund, to be capitalised through the apportionment of spectrum auction revenues, represents the most appropriate long term funding solution. The re-establishment of the communications fund with a mandate to attain a market return on invested capital would allow for the generation of funds on a recurrent basis to support programs in the communications portfolio.

The renewed communications fund would seek to maintain its capital base, and use only the returns on investments to fund programs. ACCAN considers that an adequate proportion of spectrum revenues should be allocated to establish and create the capital base of the fund, with additional capital inflows as future auctions are held.

In the preceding five years, the auction of spectrum licenses has yielded government revenues of approximately \$5 billion. At a capitalisation of \$5 billion the communications fund could, on an annualised basis be able to commit \$250 million in revenues to the funding of programs based on a conservative rate of return of 5%. If the assets of the communications fund were invested on a commercial basis and attained market returns, the overall level of potential outlays could be higher.¹⁶

The re-establishment of the communications fund would entail short-term reductions in receipts to the budget position, through the apportionment of part of the proceedings of spectrum auctions. The auctioning of spectrum licenses is however a recurrent source of revenue for the budget, with the licenses regularly subject to auction and renewal. The recurrent nature of the auctions means that there is both an ongoing revenue source to capitalise the re-established communications fund and that the decline in budget revenues from lower receipts into consolidated revenue can be managed over time. However, over the longer term we would expect the effect on the budget position to be positive, as items of recurrent expenditure are funded out of returns generated by the communications fund.

ACCAN believes than initial allocation of approximately half of the revenues raised by the most recent spectrum auction or \$400 million would be an appropriate initial allocation of capital to the re-established fund.

Recommendation 3

That the Government re-establishes the Communications Fund with a mandate to invest its assets commercially, and it use the proceedings for funding essential communications programs.

¹⁶. At a market return of around 8% approximately \$400 million in funding would be available per annum.

Funding essential programs for the long term

ACCAN considers that the revenues generated from the creation of a renewed communications fund should be applied to programs that support access to communications services by all Australians. At present ACCAN believes that the revenues of a re-established communications fund should be applied to:

- an expanded and ongoing program of infrastructure investment in regional Australia through the mobile blackspot program or similar programs;
- investment as part of a formalised Indigenous Digital Inclusion strategy; and
- ongoing funding for the *National Disability Telecommunications Information and Referral Service*.

Investment in infrastructure has been promising...

In recent years the level of infrastructure investment in telecommunications, public and private has been significant, with \$10.8 billion invested in 2016-17.¹⁷ This investment is reflective of an ongoing trend of exceptionally high levels of investment reflecting both the rollout of the National Broadband Network and greater investments by private operators in next generation telecommunications infrastructure.

The level of investment in telecommunications infrastructure has also been significant at a national level, and in 2016-17 accounted for 22.6% of total major engineering work done in 2016-17, outstripping the levels of investment in water and energy infrastructure.¹⁸

Although material at a national level, private investment in infrastructure has primarily been observed in metropolitan mobile networks. Public investments have been more evenly distributed across Australia but have been focused on fixed service provision via the NBN.

However, much of the investment in infrastructure has focused on the provision of communications services to fixed locations, with investments in regional mobile infrastructure having been modest in comparison to those in fixed services infrastructure. As a consequence the true share of infrastructure investment in the regions is markedly lower than that implied by headline figures.

¹⁷. BITRE (Bureau of Infrastructure, Transport and Regional Economics) 2017, *Australian Infrastructure Statistics Yearbook 2017*, Canberra, p. 259

¹⁸. Ibid.

...but further investment in the regions is necessary

As a result there continue to be barriers to regional communities leveraging mobile networks to support more sophisticated digital applications including internet-of-things technologies. These would enhance the productivity of existing industries and facilitate the emergence of new industries.

ACCAN, as a member of the Rural, Regional and Remote Communications Coalition (RRRCC), supports long term public funding for open access mobile network expansion in regional and remote Australia. Accordingly ACCAN supports the efforts of the Federal government in providing approximately \$220 million in government funds through the mobile blackspots program, a program that has been successful in leveraging a total investment of \$680 million.¹⁹ ACCAN also welcomes more recent funding contributions by state governments to expand coverage.

As noted in our previous submissions ACCAN believes that ongoing funding of the mobile blackspots on the order of \$100 million per annum is required to close the coverage gap experienced in the regions.

Funding the continued expansion and improvement of mobile coverage is feasible and can be undertaken through existing budgetary processes. However, ACCAN notes that should the communications fund be re-established, it would in the near future be in a position to fund ongoing blackspot rounds within the financial constraints of the fund.

Consistent with Recommendation 2 of the 2018 Regional Telecommunications Review²⁰, the funding of mobile infrastructure should take place in the context of a broader strategy to ensure regional Australia receives ongoing infrastructure funding to ensure access to essential infrastructure.

Recommendation 4

That the Government allocate funding from general revenue or a re-established Communications Fund for further rounds of the Mobile Black Spot Program or commits to long term programs to expand mobile services.

¹⁹. Department of Communications and the Arts 2018, 'Mobile Blackspot Program', *Department of Communications and the Arts*, viewed 11 January 2019, <<https://www.communications.gov.au/what-we-do/phone/mobile-services-and-coverage/mobile-black-spot-program#rounds-1-and-2>>.

²⁰ <https://www.communications.gov.au/publications/2018-regional-telecommunications-review-getting-it-right-out-there>

An Indigenous Digital Inclusion Strategy

ACCAN welcomes the recommendations of the Regional Telecommunications Review to establish a comprehensive approach to indigenous digital inclusion.²¹ As part of this recommendation we believe that material and ongoing funding should be made available to close the digital divide and support remote Indigenous communities to take advantage of all of the opportunities that modern communications brings.

There are currently several programs to provide access to public wifi and payphones in remote communities, administered by the Department of Prime Minister and Cabinet which have produced promising outcomes. Although ACCAN has been advised of the significant benefits of these programs, the current funding for Indigenous Digital Inclusion is unfortunately limited and many remote communities are missing out on the benefits of connectivity.

The current funding of programs in Indigenous communities is opaque, with limited public information available concerning the scale of programs available for remote communities. The *Indigenous Expenditure Report 2017* indicates that for the 2015-16 financial year \$6.35 million was allocated to fund programs to specifically meet the communication needs of Indigenous Australians.²²

This figure represents a decline in funding when assessed against the 2010-11 financial year in which \$7.18 million was allocated, and the 2012-13 financial year in which \$7.69 million was allocated.

The report data indicates that by head of population per annum the expenditure was \$9 in 2015-16, \$11 in 2012-13 and \$11 in 2010-11 respectively. These funds were primarily expended in jurisdictions with substantial populations residing in remote areas.

As a consequence, the expenditure profile for each jurisdiction is skewed, with the majority of funds being spent in the Northern Territory (\$48 per person) and Western Australia (\$15) in 2015-16. In comparison expenditures were exceptionally low in New South Wales where there are fewer remote Indigenous communities (primarily due to urbanisation), and consequently substantially lower expenditures of \$2 per person.

ACCAN considers that the data-set put forward by the Productivity Commission is likely to be incomplete and understate the overall level of funding; however, the underlying evidence base indicates that insufficient funds are being allocated to support the achievement of digital inclusion for Indigenous Australians.

An examination of public records concerning tenders for programs administered by the Department of Prime Minister and Cabinet and the Department of Communications and the Arts further supports the conclusion that limited funding has been made available to achieve accessibility in remote communities.

²¹. Regional Telecommunications Independent Review Committee, 2018, *2018 Regional Telecommunications Review: Getting it right out there*, Canberra.

²². Productivity Commission 2017, *Indigenous Expenditure Report 2017*, Canberra.

ACCAN believes that funding for a comprehensive strategy to promote Indigenous Digital Inclusion is essential, and we support a marked increase in the funding of existing programs. The programs currently in place to support access to communications appear to be working, and further benefits could be realised via the scaling up of existing efforts.

A comprehensive approach to Indigenous Digital Inclusion requires an enduring commitment to the funding of programs for infrastructure access and digital literacy in remote communities. ACCAN accordingly believes that the strategy would benefit from funding via a renewed communications fund or through ongoing budget allocations from consolidated revenue.

Recommendation 5

That the Government allocate funding from general revenue or a re-established Communications Fund to support the creation of an Indigenous Digital Inclusion Strategy.

Accessible Telecoms for All

The National Disability Telecommunications Information and Referral Service, more popularly known as Accessible Telecoms, is a dedicated information service and resource for Australians with accessibility requirements.²³ The service is free and provides up to date information about equipment and resources that are suitable for people with disability, to allow them to engage in all aspects of our digital society.

For people with disability, the availability of appropriate and accessible information concerning the accessibility features of communications products and services is generally poor.²⁴ This leaves some consumers in the position of having to purchase products without any certainty about the accessibility features offered, which is inadequate and unaffordable.

The failure of competition to generate incentives to provide information concerning the accessibility features of equipment has led to a material market failure.²⁵ The Accessible Telecoms project, currently funded by the National Disability Insurance Agency, addresses the pervasive information asymmetries faced by consumers by providing a centralised repository of information concerning the accessibility features of both mainstream and assistive telecommunication products across a variety of price points. Importantly, this service is provided at no cost to the consumer, and in an accessible format, to reduce the cost and imposition on consumers of acquiring this vital information.

Accessible Telecoms represents a marked step forward in the provision of information to Australians with disability and seeks to close the information gap between consumers and equipment providers. Despite only being launched relatively recently, the Accessible Telecoms service has seen high levels of interest from consumers, and there are promising indications that the service will facilitate greater access and inclusion for people with disability in the years to come.

ACCAN believes that an enduring funding commitment should be made to the Accessible Telecoms project to ensure that all Australians can have access to the communication services that they want and need. ACCAN accordingly believes that the program would benefit from funding via a renewed communications fund or through ongoing budget allocations from consolidated revenue.

Recommendation 6

That the Government allocate funding from general revenue or a re-established Communications Fund to support the continuation of the National Disability Telecommunications Information and Referral Service beyond June 30 2020.

²³. Accessible Telecoms is available at <<http://www.ideas.org.au/telecom/category>>.

²⁴. ACCAN, 2017, *ACCAN Mystery Shopping Analysis Report*, Sydney.

²⁵ H Beales, R Craswell and S C Salop, “The Efficient Regulation of Consumer Information” (1981) *The Journal of Law and Economics* vol. 24; G Akerlof, “The Market for “Lemons” Quality Uncertainty and the Market Mechanism” (1970) *Quarterly Journal of Economics* vol. 84, 488, p. 489.

Audio Description

Audio description is an essential accessibility feature that enables many people who are blind or vision impaired to better understand and enjoy television. However, there continues to be no audio description on Australian television, leaving hundreds of thousands of Australians who are blind or vision impaired without functionally equivalent access to our foremost medium for news, information and entertainment. This contrasts with comparable countries such as the United Kingdom, the United States and Canada where audio description is mandated, with some governments funding national broadcasters to provide a set amount of audio described television content per week.

Limited government work has progressed on audio description since the delivery of the Department of Communications and the Arts Audio Description Working Group's final report to the government in December 2017. This is despite the report outlining three possible options for introducing audio description across Australian television services. As a result of this inaction, the audio description sector (comprised of blindness advocacy organisations, service providers, consumer organisations, researchers and providers of audio description) has assessed the viability of a compromise model for implementing audio description on Australian television.

The proposed service would be available through a provider neutral, independent audio description smartphone app and telephone service. This approach would facilitate the quick and relatively cheap implementation of audio description in Australia. The independent audio description service would support free-to-air and subscription TV providers to increase their accessibility through the provision of 14 hours of audio description per network primary channel per week. 14 hours of audio description per week would also be provided for the most popular Foxtel channel in the genres of general entertainment, movies, sports and music.

Preliminary research indicates that 14 hours of audio description across 5 primary channels on commercial TV and 4 Foxtel channels would cost close to \$6.3 million annually. This figure does not take into consideration the cost of establishing the service. The Audio Description Working Group's final report made clear that government financial support would be key to the implementation any of the proposed options, so government funding to establish this service is required.

The blindness community believes that audio description can be funded in a budget neutral fashion, through the adoption of a series of offsets of equivalent value to the estimated cost of implementing audio description. While the community is supportive of longer term funding arrangements being put in place, we have identified savings to the order of \$11 million per annum to fund audio description.

The proposed offsets include the elimination of the *Brandy Preferential Excise Rate*, which would result in a net improvement to the budget of \$4-5 million per annum, and the elimination of the proposed expansion to the Australia Network funding for Free TV, a program funded at \$6 million per annum. We note that the elimination of the *Brandy Preferential Excise Rate* has been previously identified as an appropriate policy measure, as the intent of the original policy – to assist in the

development of the wine industry – has been achieved.²⁶ The elimination of the preferential excise rate would be consistent with advice provided by the economics section of the Parliamentary Library.²⁷

Recommendation 7

That the Government allocates dedicated funding in the 2019-2020 Budget to introduce an independent, provider neutral audio description service for Australian television.

²⁶ Productivity Commission 2018, *2016-17 Trade and Assistance Review*, <<https://www.pc.gov.au/research/ongoing/trade-assistance/2016-17/trade-assistance-review-2016-17.pdf>>.

²⁷ Parliamentary Library 2010, *Alcohol taxation reform: considerations and options*, <<https://www.aph.gov.au/binaries/library/pubs/rp/2009-10/10rp11.pdf>>.

Multi-platform video access features

People with disability experience unequal access to broadcast television and video on demand services. In addition to the lack of audio description on Australian television, there are limited quotas for captioning across free-to-air and subscription TV, and no requirement for captions to be made available on catch up TV services. This unequal access must be urgently addressed by a funding commitment to not only extend captioning to cover the entire broadcast day, but to also ensure that free-to-air television broadcasters are required to provide the same quota of captioning across all channels, not just primary channels.

Furthermore, accessibility features such as captioning and audio description must automatically carry across to all media. There is currently no requirement for access features to follow video content to other media, such as from cinema to television, or from television to online platforms. A possible solution to this accessibility shortcoming would be an approach similar to that which was adopted in the United States through the Twenty-First Century Communications and Video Accessibility Act of 2010.²⁸ This Act stipulates that access features for video content must follow the content. Reforms similar to those offered by this Act should be introduced in Australia, and should relate to all content (including content created and made available to consumers on the internet). Clear legislative requirements would help to ensure access features exist across all platforms (including Australian and international streaming services), to support greater access for, and inclusion of, Australians with disability.

Recommendation 8

That the Government allocates dedicated funding in the 2019-2020 Budget to support television broadcasters to increase the hours of captioning on all channels to that of a full 24-hour broadcast day.

Recommendation 9

That the Government allocates dedicated funding in the 2019-2020 Budget to support multi-platform access features for video content in Australia.

²⁸ Twenty-First Century Communications and Video Accessibility Act of 2010, available at <<https://www.gpo.gov/fdsys/pkg/BILLS-111s3304enr/pdf/BILLS-111s3304enr.pdf>>.