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Pre-Budget Submission 2017-18

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Summary:

- **Recommendation 1: Fund further rounds of the Mobile Blackspots Programme and commit to longer term programs to expand mobile services;**
- **Recommendation 2: Continued allocation of Commonwealth funding (\$100m per annum) towards the existing Universal Service Obligation until new safeguards and programs are in place; In the longer term, a continued commitment to use this allocation to fund community telecommunications programs;**
- **Recommendation 3: Allocate 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 4: Allocate funding for the ACCC to conduct and report on a broadband performance monitoring program on an ongoing basis;**
- **Recommendation 5: Allocate funding for the ABC to provide a minimum of 14 hours of audio described content on its main channel, and fund a minimum of 14 hours of audio description a week on ABC iView.**

About ACCAN

The Australian Communications Consumer Action Network (ACCAN) is the peak consumer telecommunications representative organisation in Australia. We represent all consumers on communications issues, including telecommunications, broadband and emerging new services. We act as a unified voice for consumer interests and work for availability, accessibility and affordability of communications services. Our members are wide-ranging, and include small businesses, Indigenous consumer groups, groups representing low income consumers and people with disabilities, and regional, rural and remote 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% of transactions with government agencies were completed online (versus traditional channels) by 2025 it is estimated that this will

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Australia's peak telecommunications consumer organisation

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result in productivity, efficiency and other benefits 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, continued public sector funding 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 is required.

Regional, Rural and Remote Communications

ACCAN is a member of the Regional, Rural and Remote Communications Coalition⁴ (RRRCC), consisting of 16 member organisations nationwide, including the National Farmers Federation, the NSW Farmers Association, the Victorian Farmers Federation, and the Isolated Children's Parents Association, among others.

ACCAN supports budgetary allocation in 2017-18 to deliver the key outcomes sought by the RRRCC, specifically:

1. Continued commitment for further mobile network expansion

Improved mobile phone connectivity is a priority issue for regional Australia. Additional investment in the Mobile Black Spot Programme is one of the RRRCC's key Budget priorities for 2017-18.

Expansion of mobile coverage is critical in regional and rural areas. 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 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 2013.⁵ Funding further rounds of mobile expansion is likely to result in further productivity growth.

The Rounds 1 and 2 of the Programme represent the type of successful co-investment model that is needed to further mobile coverage in rural and remote Australia. We urge the Australian Government to commit beyond Round Three 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.

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/>

⁴ <http://accan.org.au/rrcc-coalition>

⁵ ACMA, Mobile broadband boosts Australia's economy, 2014

<http://www.acma.gov.au/Industry/Spectrum/Spectrum-projects/Mobile-broadband/mobile-broadband-boosts-australias-economy>

ACCAN recommends that the Government commit at least \$60m each year on the Mobile Black Spot Programme, or equivalent program, which prioritises community identified areas and open access facilities.

Recommendation 1: Fund further rounds of the Mobile Blackspots Programme and commit to longer term programs to expand mobile services

2. Universal telecommunications services

The Productivity Commission's Draft Report on the Telecommunications Universal Service Obligation (USO) has acknowledged that current arrangements should be modernized and reformed⁶. The current USO only supports supply of a standard voice service, together with access to voice for people with disability. It is co-funded by the Commonwealth and the telecommunications industry via the Universal Service Obligation Levy. ACCAN agrees with the Productivity Commission's initial assessment. However, access to voice and data services needs to be underpinned by comprehensive guarantees, standards and performance levels, and these reforms are complex and will take time to develop. This is particularly so in the context of a changing telecommunications landscape as NBN is rolled out. In the interim, existing USO safeguards must remain so that consumers and small businesses are not put at risk of losing essential voice services. This requires an ongoing budgetary commitment to co-funding the current USO, as well as an ongoing commitment into the future to supporting access to essential baseline telecommunications services.

Recommendation 2:

- **Continued allocation of Commonwealth funding (\$100m per annum) towards the existing Universal Service Obligation until new safeguards and programs are in place;**
- **In the longer term, a continued commitment to use this allocation to fund community telecommunications programs.**

3. Low income measures – Review of the Centrelink Telephone Allowance (CTA)

ACCAN is concerned that 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 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.⁷ Headline findings are:

- 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;

⁶ <http://www.pc.gov.au/inquiries/current/telecommunications/draft>

⁷ SACOSS and ACCAN, Connectivity Costs: Telecommunications Affordability for Low-Income Australians, <http://accan.org.au/our-work/research/1257-connectivity-costs>

- 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 is an increased number of connected devices in the average household, currently more than 9, and expected to grow to 29 by 2020.⁸

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 a Government which is increasingly digital by default. Low income consumers are likely to engage to a higher degree with Government agencies, therefore the benefit ensuring that they can engage through a digital channel is likely to result in significant cost savings in program delivery costs.⁹

Recommendation 3: Allocate 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.

4. Broadband performance monitoring and reporting

Broadband plans are commonly advertised on headline speed claims qualified with an elusive list of factors that can affect performance, but this is difficult for consumers to engage with or apply to their service. This issue is heightened with nbn and the promise of faster and better technologies and services. Consumers do not have the full range of information needed available to them and are dissatisfied with services. As a result there have been an increased number of complaints to Telecommunications Industry Ombudsman (TIO) on slow speeds.¹⁰

In a 2016 survey ACCAN found¹¹:

- Quality and performance are important to consumers
- At the same time, there is a lack of consumer awareness of performance levels
- There is a high level of dissatisfaction with the actual performance of broadband services, with the top reason given as slow speeds at some times of the day.

This situation apart from causing grievances for consumers is creating a cost to industry and the complaints handling process in addressing these issues. There is also a direct negative reputational

⁸ 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>

⁹ Deloitte Digital Government Transformation

¹⁰ Complaints about internet slow data speeds are the top single issue area to the TIO.
<https://www.tio.com.au/publications/media/lowest-telco-complaints-in-9-years>. Consumer cases studies in the TIO submission to the Productivity Commission inquiry into the USO.

http://www.pc.gov.au/data/assets/pdf_file/0020/205490/sub052-telecommunications.pdf

¹¹ <http://accan.org.au/our-work/research/1159-broadband-performance-consumer-decision-making>

effect on nbn co, which is financed by the Government. Consumers have reduced public trust in nbn. This situation could threaten nbn's funding model and reduce the companies' ability to repay the Government \$29.5 billion equity funding and \$19.5 billion in loans.

A simple and relative cheap solution is funding the ACCC to conduct its broadband performance and monitoring program. This would address the current information gap and ensure that services and networks are delivering. Following its successful trial in 2015¹², ACCAN is strongly supportive of the ACCC conducting and reporting on independent broadband performance monitoring to address this need.

Recommendation 4: Allocate funding for the ACCC to conduct and report on a broadband performance monitoring program on an ongoing basis.

5. Audio Description on ABC TV and iView

Audio description is an essential access feature enabling people who are blind or vision impaired to understand and enjoy television. With no audio description on any Australian television service we continue to disenfranchise hundreds of thousands of Australians who are blind or vision impaired. Many comparable countries such as the United Kingdom, the United States and Canada have mandated audio description for television broadcasters. The New Zealand Government funds broadcasters to provide more than 20 hours per week of audio described content on national television services.

ACCAN recommends that the Government allocate dedicated funding in the upcoming budget to the ABC to provide a minimum of 14 hours of audio description per week on its main channel, and to reinstate the recent iView audio description trial as a permanent service providing a minimum of 14 hours of audio description per week on the ABC catch-up service.

Recommendation 5: Allocate funding for the ABC to provide a minimum of 14 hours of audio described content on its main channel, and fund a minimum of 14 hours of audio description a week on ABC iView.

¹² <https://www.accc.gov.au/media-release/accc-successfully-completes-pilot-broadband-performance-monitoring-and-reporting-program>