



Pre-Budget Submission 2021-2022

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

29 January 2021

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

Events of 2020 have highlighted the critical importance of communications services. During extended lockdowns, communications services have enabled the community to transition to remote school and tertiary education, facilitated remote working, and allowed businesses to transition to online trading to their capacity. The continued lockdowns during 2021 mean access to communications products and services will remain as critical, and the accelerated trend to greater online service delivery, remote working and education triggered by COVID19 lockdowns will be enduring.

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. 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.

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>>.

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 support a budget neutral approach.

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, the cost of accessing a basic fixed line voice service is often priced at a level similar to bundled fixed line broadband and voice services.

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 aged 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.

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.⁴ 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 capitalised 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 capitalised 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

⁴ Australian National Audit Fund 2008, *Establishment and Management of the Communications Fund*, ANAO, <https://www.anao.gov.au/work/performance-audit/establishment-and-management-communications-fund>

spectrum auctions are recurrent there will be opportunities to increase the capitalization over the longer term as the need for program funding increases.

At a starting point, 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 Black Spot Program or similar programs, including the Regional Connectivity Program;
- investment in a formalised Indigenous Digital Inclusion strategy and associated programs.

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, at a cost of \$2,470 million for an initial four-year period.

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 uses the proceedings for funding essential communications programs.

Recommendation 4: That the Government allocate funding of \$100 million per annum for 4 years 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 a total of \$4 million be allocated to funding the Alternative Voice Services Trial program for the next two years.

Recommendation 6: That funding of \$1 million per annum be allocated over the next five years for digital capacity building and troubleshooting services to assist regional, rural and remote communities, with the possibility of extension.

Recommendation 7: 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 8: A trusted and independent party should be resourced to develop and maintain an online plan comparison tool about telecommunications services to support consumer choice.

Recommendation 9: That the Government allocate funding of \$590,000 per annum from general revenue or a re-established Communications Fund to support the continuation of the Accessible Telecoms service beyond 30 June 2021.

Recommendation 10: That at the Australian Government commit to annual funding for a minimum of 14 hours per week of audio described content on both the ABC and SBS.

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. 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 JobSeeker 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 1.8 million children and young adults has the potential be both

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.

inequitable, and a stifling influence on Australia's economic growth and productivity potential for decades to come.⁸

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 nbn studies modelling the broadband bonus on the basis of completion of the 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 receiving JobSeeker payment, of whom more than half a million are long term unemployed, and for individuals on Youth Allowance, access to affordable

⁸ Department of Social Services, 2020, *DSS Payment Demographics June 2020*, Canberra, figure obtained by combining the total number of FTB A recipient children and youth allowance recipients.

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.

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

ACCAN proposal for No Australian Left Offline

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.

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 will cost \$600 million in the first year of funding, \$2,470 million (\$2.47 billion) over a four year period, and \$6,500 million (\$6.5 billion) up until 2032,¹⁴ the cost of which can be significantly funded via savings through a reduction in the cost of service delivery.¹⁵ 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, at a cost of \$2,470 million for an initial four-year period.

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

¹⁴ Estimates based on a contribution of \$25 / month for 2 million eligible households, factoring in a forecast upper bound Communications Group Consumer Price Index of 1.8%.

¹⁵ 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.

The wholesale cost of an NBN voice service begins at \$22.50. Some large service providers now only offer a single unlimited fixed line voice product at a minimum \$50 per month. Consumers have limited options other than to pay a relatively high price for access to a basic fixed voice service. Recent changes made by Telstra as part of its T22 simplification strategy meant that some consumers face price increases as a result of the removal of legacy plans. Casual fixed voice users may not value or may not be able to afford the new plan inclusions at the higher prices offered.

There are over 2.5 million older Australians relying on the age pension for financial support, of whom over 1.7 million are full rate pensioners with limited financial means. Within this cohort there are 427,000 pensioners who do not own their own home and who have less than \$50,000 in assets.¹⁶ 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.

The cost of creating a concessional service for Age pension and Disability support pension recipients who use a home phone service is estimated to be \$34 million in the first year of funding, \$140 million over a four year funding period, or up to \$370 million if the scheme is extended until 2032.¹⁷

Recommendation 2: That the Government allocates funding to provide an affordable voice service concession to support age pension and disability

16. Department of Social Services 2020, DSS Payment Demographics June 2020, Canberra.

¹⁷ Estimates based on a contribution of \$2.50 per month to 1.1 million households factoring in a forecast upper bound Communications Group Consumer Price Index of 1.8%.

support pension recipients to access home phone services on the National Broadband Network.

A re-established 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.

Since 2016, the auction of spectrum licenses has yielded government revenues of approximately \$3 billion.¹⁸ At a capitalisation of \$3 billion the Communications Fund could, on an annualised basis be able to commit \$150 million in revenues to the funding of programs based on a 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.¹⁹

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.

¹⁸ ACMA 2021, *Spectrum auctions*, <https://www.acma.gov.au/spectrum-auctions>

¹⁹. At a market return of around 8% approximately \$240 million in funding would be available per annum.
www.accan.org.au | info@accan.org.au | twitter: @ACCAN_AU

ACCAN believes than initial allocation of approximately half of the revenues raised by the upcoming 5G spectrum auctions – or approximately \$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 uses the proceedings for funding essential communications programs.

Further investment in the regions is necessary

The Federal Government must be commended for its response to some of the recommendations of the last Regional Telecommunications Review in 2018²⁰. This included funding of \$220 million for a Regional Connectivity Package, consisting of: \$160 million for two further rounds of the Mobile Black Spots Program (Rounds 5 and 6); \$60 million for a Regional Connectivity Program to build and improve existing infrastructure investments. The Regional Connectivity Program funding includes including funding of \$2 million to establish a Regional Tech Hub information and troubleshooting resource targeted at the needs of regional consumers, and \$2 million for the Alternative Voice Services Trial program to test improved options for the delivery of remote voice services.

While these initiatives are welcome, it is essential that ongoing funding is secured to maximise the benefit of existing public investment and build on the success of programs already in place.

Mobile Black Spots Program (MBSP)

There continue to be barriers for 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.

This is especially the case in areas with low population densities, where mobile network operators (MNOs) are reluctant to build and operate services due to lower potential revenue opportunities and minimal return on investment. The Government will need to provide greater incentives to attract the interest of MNOs in these regions and be prepared to invest more public funding into infrastructure and networks due to the limited market-based incentives for telcos in remote regions.

While earlier rounds of the MBSP have been cost effective in meeting the needs of some communities funding the deployment of mobile small cells, feedback provided to ACCAN is that these become congested quickly once usage is established. Future iterations of the MBSP must have the capacity to

²⁰ <https://www.communications.gov.au/publications/australian-government-response-2018-regional-telecommunications-independent-committee-report-2018>

fund upgrades of these sites to meet demand by replacing oversubscribed small cells with mobile base stations.

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.

As noted in our previous submissions ACCAN believes that ongoing funding of the mobile blackspots of \$100 million per annum for an additional 4 years 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 be a source of funding for ongoing blackspot rounds within the financial constraints of the fund.

Consistent with Recommendation 2 of the 2018 Regional Telecommunications Review²¹, 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 of \$100 million per annum for 4 years 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.

Alternative Voice Trials Program

The current \$2 million funding for a 12-month trial to test new technological solutions for the delivery of fixed voice services in remote areas is not sufficient. More funding is needed to increase the robustness of trial results by increasing the geographic distribution of trial areas, and running trials in a full range of weather and other conditions. Additionally, ongoing funding will allow for a broader range of technologies to be deployed and tested, leading to more comprehensive outcomes.

The failings of legacy technology, particularly Telstra's HCRC network, used for fixed voice services in remote areas have been clearly identified in the 2018 Regional Telecommunications Review, and household and community reliance on this critical service cannot be understated. The trials are an important step in identifying future upgrades, and funding should be increased by an additional \$4 million over the next two years to achieve optimal outcomes.

²¹ <https://www.communications.gov.au/publications/2018-regional-telecommunications-review-getting-it-right-out-there>
www.accan.org.au | info@accan.org.au | twitter: @ACCAN_AU

Recommendation 5: That a total of \$4 million be allocated to funding the Alternative Voice Services Trial program for the next two years.

Digital capacity building

There is an ongoing need for future funding of digital capacity building programs and technical support for consumers across the country.

The needs of regional Australians living far from easy access to support can be particularly challenging, and the Regional Tech Hub (RTH) has been funded to address this. The RTH provides independent, free advice about telecommunications services for regional, rural, and remote Australians.²² It comprises a website, a phone call-back service and online chat function as well as social media engagement, and helps remote Australians navigate the complex landscape of getting and staying connected in the regions, across technologies such as fixed wireless, satellite and fixed line internet services. Since its launch in December, the Regional Tech Hub has received:

- 3,200 website visits, or just under 62 visits per day,
- 86 desk checks,
- 26 phone calls
- 28 escalation forms, and
- 140 total enquiries.

This project is currently funded to September 2021. ACCAN estimates funding of \$1 million per annum for the next five years is required to ensure the continuation of the Regional Tech Hub and other more targeted programs aimed at the needs of specific communities such as remote Indigenous communities.

Recommendation 6: That funding of \$1 million per annum be allocated over the next five years for digital capacity building and troubleshooting services to assist regional, rural and remote communities, with the possibility of extension.

An Indigenous Digital Inclusion Strategy

Recommendation 8 of the Australian Government's response to the 2018 Regional Telecommunications Review (RTR) highlights its commitment to the development of a targeted

²² <https://regionaltechhub.org.au/>

Indigenous Digital Inclusion program with a focus on access, affordability, and digital ability, in partnership with Indigenous communities.²³

However, the Australian Government has failed to implement its commitment.

In 2020, ACCAN commissioned a review of communications in remote Indigenous communities (RICs), which found that very little has been done to progress Recommendation 8 of the RTR.²⁴ The Review found that since 2015, approximately \$155 million has been invested into infrastructure in RICs across Federal, state and territory governments. However, there is no evidence of the development of a coherent, comprehensive and co-ordinated strategy to tackle digital exclusion in RICs, as per RTR Recommendation 8.

The Remote Indigenous Communications Review identifies the following obstacles to connectivity in Australia's RICs:

- 'Last mile' access,
- Affordability of services and hardware,
- Quality and reliability of services,
- Demand for increased data and speeds,
- A lack of community facilities to access the Internet,
- Skills and cyber-security, and
- Cultural and language barriers.

Given the breadth and complexity of these barriers, and the importance of developing solutions alongside community members and leaders, ACCAN has identified the following initial step as a matter of urgency: a targeted and coherent Indigenous Digital Inclusion Strategy, co-designed with an expert group of Indigenous community members and adequately funded, as per RTR Recommendation 8. ACCAN estimates the cost to develop an Indigenous Digital Inclusion Strategy over one year would cost approximately \$285,000, including public service resourcing and materials, compensation for a Reference Group made up of Indigenous Australians, and incidentals.

ACCAN understands that the National Indigenous Australians Agency and DITRDC have been in discussions surrounding progressing Recommendation 8, and Indigenous digital inclusion is being considered as part of the Closing the Gap strategy. However, urgent action is needed to ensure RICs are not left behind in Australia's digital transformation.

²³ Department of Infrastructure, Transport, Regional Development and Communications 2019, *Australian Government response to the 2018 Regional Telecommunications Independent Committee report: 2018 Regional Telecommunications Review: Getting it right out there*, DITRDC, <https://www.communications.gov.au/file/47957/download?token=i39K4EW3>

²⁴ Featherstone D 2020, *Remote Indigenous Communications Review*, for ACCAN, http://accan.org.au/files/Reports/ACCAN_Remote%20Indigenous%20Communications%20Review_.pdf

Recommendation 7: That the Government allocate funding from general revenue or a re-established Communications Fund to support the creation of an Indigenous Digital Inclusion Strategy.

Independent plan comparison tool

The Australian telecommunications retail market is built on the premises of choice and competition. In any consumer market, choice and competition are fundamentally undermined by information asymmetries. Information asymmetries are created when one party has more information or knowledge than another party during a financial exchange or transaction. There is consensus that where information asymmetries exist, consumer markets cannot be truly competitive. This is because consumers experience difficulty exercising choice without access to adequate and accurate information and may bear additional financial and nonfinancial costs as the result of a ‘poor’ decision.²⁵

The extent and harms of information asymmetry in the telecommunications retail market is well understood: while choice and competition in the mobile market have delivered good and affordable options for consumers in metropolitan and some regional areas, frequent member feedback to ACCAN is that many consumers do not shop around due to a lack of awareness about the options available to them. The Department of Infrastructure, Transport, Regional Development and Communications outlines the mistrust many consumers feel with telecommunications industry players in its Consumer Safeguards Review Part C paper;²⁶ the prevalence of poor selling practices and misinformation in the sector are legitimate reasons for this mistrust.^{27 28}

ACCAN has identified the need for an unbiased and independent information and plan comparison tool for phone and internet products and services similar to EnergyMadeEasy.gov.au, which targets consumers in the energy sector. ACCAN members express overwhelming support for a trusted independent plan comparison tool that would address consumer knowledge gaps and provide accurate and customisable information about the availability and price of various phone and internet services.

²⁵ Colton RD 1993, ‘Consumer information and workable competition in telecommunications markets’, in *Journal of Economic Issues*, vol. 27, no. 3, pp. 775-792

²⁶ Department of Infrastructure, Transport, Regional Development and Communications 2020, *Consumer Safeguards Review – Part C: Choice and fairness*, <https://www.communications.gov.au/file/50433/download?token=5EalbwxC>

²⁷ Bainbridge, A 2019, Telstra facing investigation over selling ‘unaffordable contracts’ to vulnerable Australians, *ABC News*, <https://www.abc.net.au/news/2019-06-25/telstra-hits-vulnerable-australians-with-extra-data-charges/11173362>

²⁸ Australian Competition and Consumer Commission 2019, *Optus to pay \$6.4 million for misleading NBN disconnection claims*, media release, <https://www.accc.gov.au/media-release/optus-to-pay-64-million-for-misleading-nbn-disconnectionclaims>

It is important to distinguish the Regional Tech Hub from ACCAN's recommendation for the development of an independent information service for all residential and small business consumers. Where the Regional Tech Hub addresses a specific and unique need for one group of consumers – that is, regional Australians – an independent plan comparison tool would provide general information for all Australian residential and small business consumers.

ACCAN has estimated the initial set-up and annual running costs for an independent plan comparison tool based on projections from ACCAN's own Accessible Telecoms website and ABS CPI data. We estimate the initial set up costs to be approximately \$500,000, with an annual running cost of approximately \$300,000 subject to CPI. Average forecast CPI inclusive, ACCAN estimates the total running cost of an independent telecommunications plan comparison tool between 2021 and 2025 to be \$1.41 million.²⁹ We estimate the total running cost between 2021 and 2032 to be \$3.73 million.

Recommendation 8: A trusted and independent party should be resourced to develop and maintain an online plan comparison tool about telecommunications services to support consumer choice.

Accessibility for people with disability

Accessible Telecoms

Access to telecommunications has now become essential for participation in all aspects of Australian life. This is even more so for people with disability, many of whom have struggled to engage with and benefit from telecommunications. A significant barrier to telecommunications access for people with disability is the paucity of up-to-date and independent information about the accessibility features of both mainstream and assistive equipment and services.

In 2018 ACCAN, funded by an NDIA Information, Linkages and Capacity Building grant, developed, and implemented the Accessible Telecoms service. This service is a nationwide free service which provides up-to-date and independently verified information about the accessibility features of digital communications equipment, services, and training resources. While the NDIA grant was essential to set-up and operate the Accessible Telecoms service for its first 2 years, the NDIA does not provide ongoing funding for successful grants projects.

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.

²⁹ The average CPI was calculated by using quarterly historical CPI data taken from ABS. The quarterly data was averaged into annual CPI data and forecast. The upper bound of the forecast rate was used to calculate the average CPI between the start of the running period and the end.

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.

In 2020 ACCAN engaged with the Federal Government and the telecommunications industry to determine a long-term sustainable funding mechanism for the service. This engagement has resulted with an in-principle commitment to maintain the Accessible Telecoms Service. However, only limited funding for the 2021 calendar year has been secured from the telecommunications industry. Furthermore, to continue to provide this essential information about accessible digital communications for people with disability and seniors, the service needs an ongoing funding commitment of \$590,000 per annum.

ACCAN accordingly believes that an enduring publically funded 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.

Recommendation 9: That the Government allocate funding of \$590,000 per annum from general revenue or a re-established Communications Fund to support the continuation of the Accessible Telecoms service beyond 30 June 2021.

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 commercial free-to-air 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.

To date, the only government commitment to audio description in Australia has been the 2019 one-off funding allocation of \$2M to both national broadcasters, the ABC and SBS, to provide audio description.

ACCAN believes that a permanent Government financial commitment to audio description is needed to ensure that Australians who are blind or vision impaired have equitable access to television.

ACCAN urges the Australian Government amend the Broadcasting Services Act to mandate that all Australian television broadcasters provide a minimum of 14 hours per week of audio described content on each of their channels.

Recommendation 10: That at the Australian Government commit to annual funding for a minimum of 14 hours per week of audio described content on both the ABC and SBS.