

# Essential Connections



## Essential Connections: The Internet as an Essential Service

Accessing the internet is no longer a luxury. It is an essential service. Australians now rely on internet access for work, education, paying bills and managing their money, healthcare, information in an emergency, social and community connection.

The pandemic drove more people online for more of the time. Remote working and schooling required a good quality internet connection and a device to access it on. One of the benefits of this is the increased acceptance and utilisation of remote access to events, making it easier for some people, including people with disability, to participate where they might have otherwise been unable.

The Government is moving further towards the provision of services online. Accessing Centrelink, Medicare, even Workforce Australia employment services, can be done almost exclusively online.

However 28 percent of Australians are “digitally excluded,” lacking either the skills, money or equipment to regularly access the internet.<sup>1</sup> These people are experiencing *digital poverty*, or “the inability to interact with the online world fully,”<sup>2</sup> when, where and how a person needs to.

As one Anglicare Australia Network Financial Counsellor told us:

“Clients and their families struggle with unreliable internet and outright no internet. This is a barrier to accessing information, support, and opportunities. Clients can be financially penalised by Centrelink if they miss notifications about vital appointments and their children face educational disadvantage.”

As the internet continues to become a one-stop shop for education, health, employment, and government services, those without reliable connection will only be pushed further towards the margins of society.

Unless governments act to ensure universal internet access for all, and strong consumer protections that keep people connected and help manage financial hardship, we will see the rise of digital poverty.

## Affordability of digital services

Affordability of internet and devices is a major barrier to internet access. If people are unable to afford regular, stable and reliable internet, they can be unable to pay bills, apply for jobs, access education services, or access government services and meet their requirements.

The 2023 Digital Inclusion Index found that one in four Australians experience affordability stress and just over four percent of all Australians would need to spend more than ten percent of their household income to maintain reliable and uninterrupted internet connection.<sup>3</sup> An Australian Communications Consumer Action Network (ACCAN) survey of low-income households showed that nearly 60 percent had trouble paying for their mobile data or broadband internet. Survey recipients identified that discounted services, free or affordable devices and free Wi-Fi would help keep them online.<sup>4</sup>

Anglicare Australia Network Financial Counsellors report it is common for people using their services to not have access to the internet at home and to rely on data on a mobile device for connections. It is also common for people to have to travel to access free or public Wi-Fi.

Affordability and access are worse among First Nations communities, and in rural and regional areas. In a recent survey, six percent of people overall reported cost was a reason to limit internet use, but this number climbed to nearly 19 percent among First Nations people. 27 percent of regional Australians cited cost as prohibitive.<sup>5</sup> A survey of ten remote and outer regional First Nations communities found only 25 percent of households had any sort of fixed internet service and, of those who used mobile data, 90 percent used a prepaid service. The quality of the services they have access to is also poorer. Research from RMIT University in 2022 showed mobile data speeds in rural towns with large First Nations communities were 90 percent slower on average than those in urban areas.

Recent Anglicare Australia research into The Poverty Premium showed that people on low-incomes are being financially penalised and paying more for data and internet than people with higher incomes. Pre-paid mobile phone plans are the preferred option for many people on low incomes because those plans provide them with the greatest control over how much they spend on their telecommunications. Yet pre-paid plans often come with the catch that they include less call, text or data value per dollar spent than post-paid plans. The Poverty Premium showed that a person could pay 142 percent more per GB of data purchased through a pre-paid plan, compared to a post-aid plan or contract.<sup>6</sup>

Data is also much cheaper through a home broadband service, with many people receiving unlimited data for a similar or only slightly higher cost to the monthly plans outlined below. However, many households on low incomes are not purchasing broadband. ACCAN estimates indicate that the cost of broadband services means that approximately a million households on low incomes are at risk of not switching over to the National Broadband Network.<sup>7</sup> For renters, people in share houses or in insecure housing, a home internet connection may not even be an option, leaving them paying more for less data.

There are few requirements on telecommunications providers to address digital poverty. Only Telstra is required to offer products and arrangements to customers on low incomes under its Carrier Licence Conditions. If this obligation were extended to all telecommunications providers, consumers would have greater choice of affordable entry-level home broadband services. Anglicare Australia support the

call of ACCAN for the Federal government review the rules governing telecommunications affordability, and for the National Broadband Network to offer a concessional broadband product for households receiving income support payments.

## Regulation of internet providers

There are fewer protections for internet and telecommunications consumers compared to consumers of other essential services, such as electricity, gas or water. If households miss paying their electricity bill, retailers cannot simply disconnect them. They are required to talk to the person about their financial hardship, and put in place payment plans to repay debt owed. They are also required to report disconnections to the energy regulators. This means that regulators and governments know if more people are being disconnected and can treat it as a systemic issue, or ask the retailer to explain why their policies are failing.

Regulations for internet providers are much weaker. The Telecommunications Protection Code lets retailers choose which financial hardship supports they provide and some measures are voluntary or unenforceable. Internet providers can just disconnect people who fall into financial difficulty, making it even harder to climb out of. Data from the Australian Communications and Media Authority suggests that people facing financial difficulty are up to ten times more likely to be disconnected from their telecommunications services as opposed to energy or water services.

When the electricity goes out, due to bad weather, or an accident, or any other reason, energy providers are required to report it. Households will usually receive text messages about the outage, and an estimate of when power will be restored. If the outage continues for a long period, people will be given directions about where to get assistance. Vulnerable people, including those with disability or health conditions are given special instructions about how to manage. In some cases, if a household experiences repeated or prolonged outages because the electricity distributor is not providing an adequate level of service, they can receive compensation payments.

If an internet service goes out, it can be much harder to get information and there is no requirement for compensation, even if it is the internet providers fault. The Customer Service Guarantee Standard only protects people from failures to connect or fix

landlines. It doesn't apply to mobile phone or internet services, the main way most people now get online.

The current telecommunications regulatory framework is based largely on industry self-regulation with weak enforcement tools, based on the premise that competition within the market will sufficiently incentivise industry to meet community expectations, and that access is merely a luxury. Yet telecommunications providers are far less likely than other essential services to provide hardship assistance to Australians when they find themselves in need. In 2022, more than 400,000 customers had their services disconnected while more than 2.4 million people struggled to pay their bills.<sup>8</sup>

A voluntary framework is not enough. The Minister for Communications announced in July that she will direct the Australian Communications and Media Authority to introduce an enforceable industry standard, requiring telecommunications providers to ensure appropriate support is provided to people in financial hardship. This is a welcome step to improved regulation of telecommunications providers.

Anglicare Australia calls for the standard to mirror regulations placed on other essential services, and require telecommunications companies to proactively offering hardship programs and payment plans to customers experiencing financial hardship.

## Recommendations

Anglicare Australia calls on Federal and State governments to tackle digital poverty by:

- Recognising internet access is an essential service, thereby ensuring access through affordable products, including a low-income broadband product
- More strongly regulating telecommunications providers, ensuring they provide support to people experiencing financial hardship and struggling to pay bills
- Building digital literacy skills, including through partnerships with community service organisations.

- 1 Thomas, J. et al (2021) Australian Digital Inclusion Index.
- 2 Digital Poverty Alliance (2023) Digital Poverty: The Facts.
- 3 ARC Centre of Excellence for Automated Decision-Making and Society, RMIT University, Swinburne University of Technology, and Telstra (2023) Australian Digital Inclusion Index.
- 4 Australian Communications Consumer Action Network (2021) Addressing Telecommunication Affordability: Evaluating Support for Low-Income Customers.
- 5 Op cit: Australian Digital Inclusion Index (2023).
- 6 Anglicare Australia (2023) The Poverty Premium: The High Cost of Poverty in Australia.
- 7 Australian Communications Consumer Action Network (2020) No Australian Left Offline: Affordable Broadband for All Australians.
- 8 Australian Communications and Media Authority (2023) Financial Hardship in the Telco Sector: Keeping the Customer Connected.