

**Low Income Measures Assistance Committee submission to the  
Department of Communications, Information Technology and the Arts**

**Broadband Connect**

**Draft Program Guidelines**

**18 January 2006**

**Introduction**

LIMAC (the Low Income Measures Assessment Committee) and Telstra seek to work with the Government to deliver Broadband access to all Australians on an equitable basis, specifically, both geographic access and affordable access. We believe that the previous HiBIS scheme has gone a long way to delivering geographic access to Broadband and welcome the Government's indications that they are also willing to address the issue of affordable access to Broadband.

LIMAC and Telstra note that the nine *Guiding Principles of the Australian National Broadband Strategy*<sup>1</sup> include:

- *Equity: All Australians should have fair and reasonable access to broadband and its benefits. Policy will have regard to barriers including price, location and culture.*

In October 2005, Senator Coonan again indicated the Government's intention, as part of the Connect Australia program, to focus on affordable access to Broadband.

*"all Australians access to affordable broadband services and build on the success of the Higher Bandwidth Incentive Scheme (HiBIS)"*<sup>2</sup> ... responding with a commitment of *"targeted Government funding to address identified gaps in current services"*

LIMAC and Telstra also welcome the Government's recognition that it *"has an important role to play both in enabling market driven broadband outcomes and in facilitating broadband access in areas where the market may not provide services at fair and reasonable prices within an acceptable timeframe"*<sup>3</sup>.

LIMAC and Telstra believe that the Connect Australia programs provide an historic opportunity to make a real and substantial difference to access to affordable Broadband by also addressing non-geographic barriers of the "digital divide" in Australia.

LIMAC and Telstra seek to have the eligibility criteria for Broadband Connect to be amended from what is in the current *Broadband Connect Program Guidelines* to include low-income customers, where low-income eligibility is determined as a holder of a Government issued Pension Concession Card or Health Care Card. LIMAC and Telstra would like to have further discussion with the Government on the implementation of a strategy to enable connection of an affordable Broadband service to eligible low-income customers.

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<sup>1</sup> [www.dcita.gov.au/ie/publications/2004/March/australian\\_national\\_broadband\\_strategy.htm](http://www.dcita.gov.au/ie/publications/2004/March/australian_national_broadband_strategy.htm)

<sup>2</sup> "Connect Australia – A Plan to Future Proof Australia", Media Release, Senator Helen Coonan, 17 August 2005

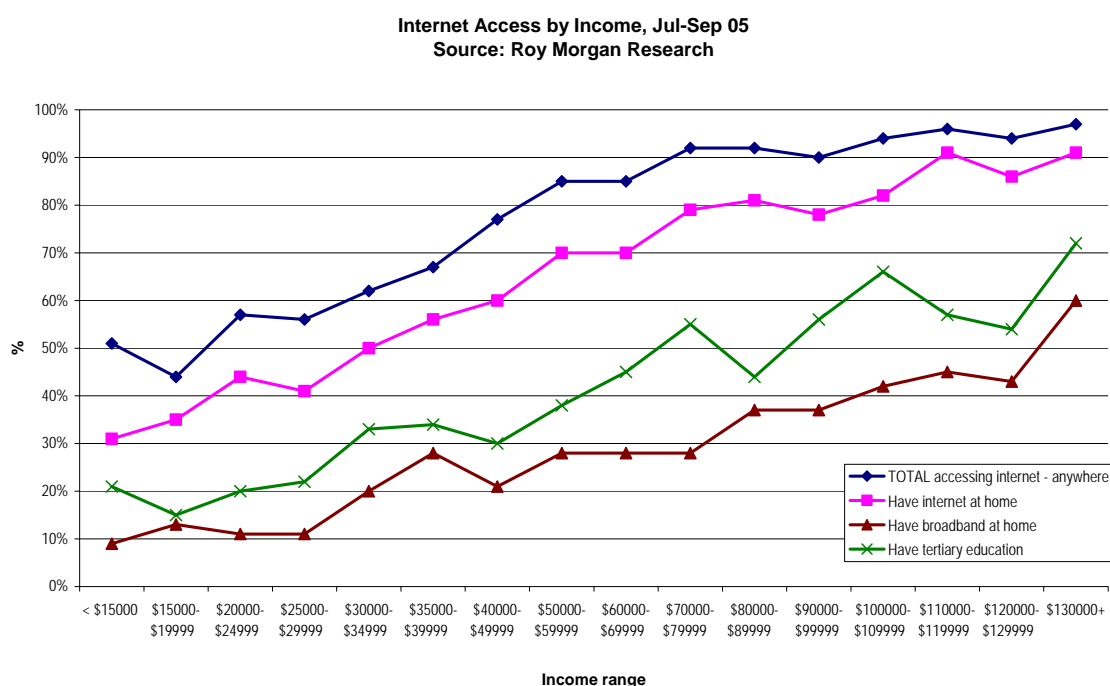
<sup>3</sup> *ibid*

## The Digital Divide in Australia

In examining the “digital divide”, LIMAC and Telstra note that the areas where the market is failing to provide services at reasonable prices cannot be solely defined by a customer’s geographic location. For example, a recent report by The Smith Family found that:

“...the gap between city and country in terms of Internet access is decreasing, with 40 per cent of all metropolitan households having access compared to 32 per cent of all households in non metropolitan areas. Furthermore, once studies control for the influence of education and income, the influence of geographic location diminishes. This suggests that the observed differences between metropolitan and non-metropolitan areas is a function of the different socio-demographic characteristics of metropolitan and non-metropolitan populations, in particular the lower income and qualification levels of the latter”.<sup>4</sup>

This is demonstrated by the graph below, where those on a higher incomes are more likely to have Internet access in the home, and more likely to have Broadband than dial-up access, than those on a lower income.



The “digital divide” is therefore not a function of what side of the Great Dividing Range the household is located; but is more a function of household income.

While we recognise the impetus to roll out Broadband to areas where it is not easily accessible, the danger is that this will simply *accentuate* the gulf between those who can afford to acquire Broadband, and those who cannot. Each evolution of Broadband leaves an ever more noticeable “blackspot” comprising those 20 per cent of households unable to participate due to income constraints.

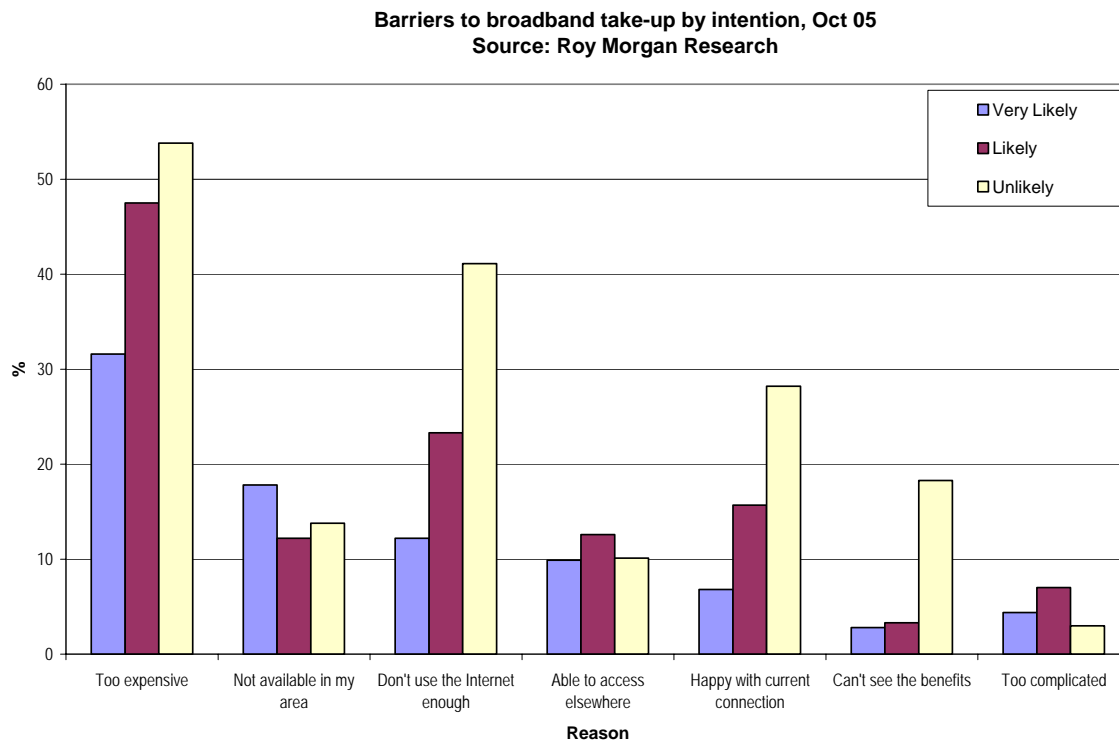
### Barriers to take-up

Up-to-date research by Anglicare Tasmania found that 60 per cent of Pensioner Concession Card Holders and 21 per cent of Health Care Card holders surveyed reported that they had **never** used the Internet either in their own home or any other location<sup>5</sup>.

<sup>4</sup> *Barriers to Participation*, The Smith Family, March 2003, p69

<sup>5</sup> *The Tasmanian Community Survey: Financial Hardship*, Anglicare Tasmania, December 2005, p30

A recent Roy Morgan market research survey found that the main barrier to Broadband take-up was the cost of Broadband, with geographic inaccessibility scoring a much lower rating.



LIMAC’s own research undertaken in November 2003 indicated that ‘Cost’ was the main reason for lack of Internet access in the household. However, ‘Cost of purchasing a computer’ and ‘Do not know how to use a computer’ were also rated highly by most respondents.<sup>6</sup>

The Smith Family’s “finding is consistent with previous studies that have found education level to be the key driver of Internet access, followed in importance only by income level”.<sup>7</sup>

In conclusion, there is clearly further work to be done in regard to overcoming the “willingness (or more particularly ability) to pay” hurdles faced by people on low incomes.

The Broadband Connect program sets a level of funding at a rate providing supplier compensation for the provision of broadband services in high cost geographic areas. Indications are that the allocation could be used to substantially address the issue of affordability, by providing a suitable low cost plan and installation support to low income households

**Broadband and social participation**

“Connectedness” is recognised as an important contributor to social wellbeing, particularly for young people. Penny Mitchell (2000) summarises the field:

The thinking of researchers in adolescent health and welfare across the world is converging around a recognition of the centrality of two factors in determining the ability of young people to grow into healthy and happy adults: control and connectedness. (*Youth Studies Australia*, 19, 14-16)

“Connectedness” is therefore both a means and an end and is especially important in the areas of health, education, job-search and other services that are key to the success of the Clever Networks program. As the

<sup>6</sup> *Access for Everyone 2003 Report*, TNS, November 2003, p26

<sup>7</sup> Jennifer McLaren & Gianni Zappalà, *The new economy revisited: an initial analysis of the digital divide among financially disadvantaged families*, The Smith Family, Background Paper No.5, 2002, p.vii.

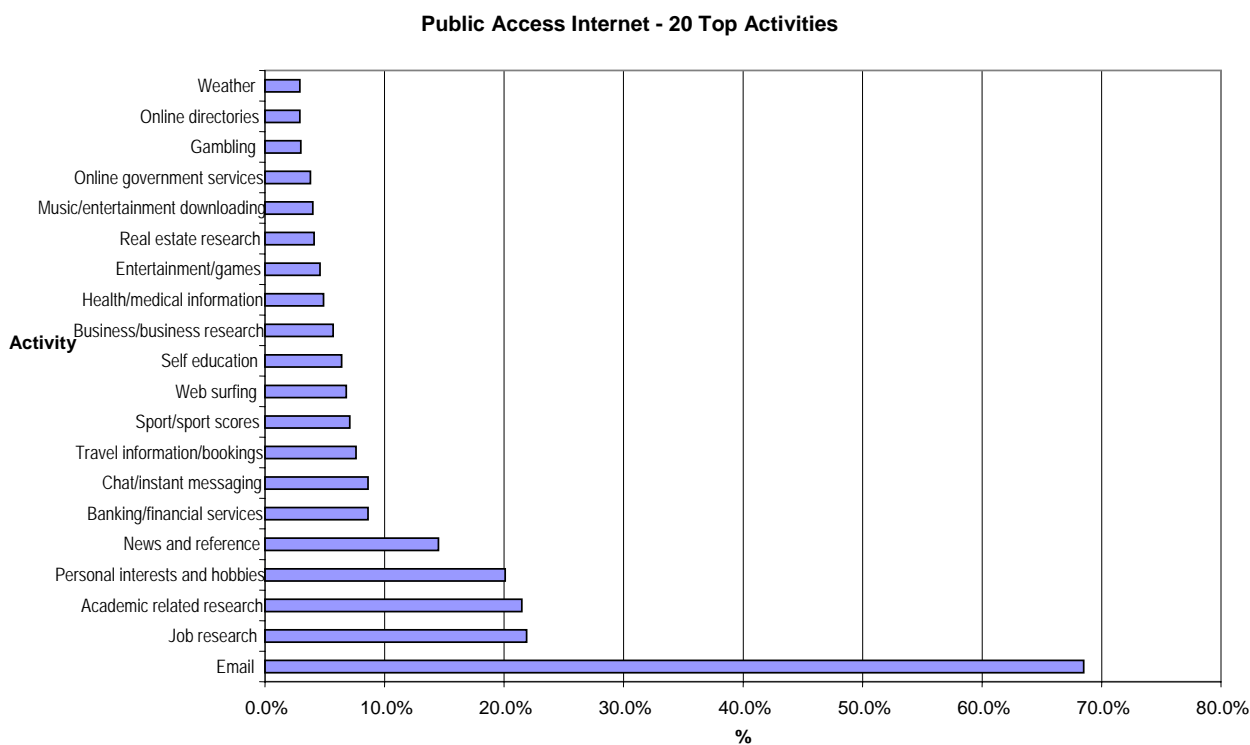
delivery of these services increasingly moves to an online environment, accessible and affordable Broadband attains a much greater utility.

LIMAC believes that the much-used term ‘triple play’ in technology convergence has its counterpart in the social arena and takes on far greater economic importance when viewed as comprising:

- **Participation in Education**  
*Computer technology has the potential to open up a whole new world of educational resources for disadvantaged individuals, who may have become disengaged from learning through financial barriers and/or negative experiences within more formal education channels. (The Smith Family)*
- **Participation in the Community**  
*Inexpensive Broadband is essential to combat isolation and discrimination against people on a low-income who are most at risk of being marginalised in our communities. (Australian Seniors Computer Club Association)*
- **Participation in the Workforce**  
*Ready access to broadband internet services is an important element in the process of helping people dependent on income support to get and keep the jobs they need to get out of poverty. Access to broadband will also play a critical role in ensuring equity of access to education and employment opportunities to the many Australian children living in poverty in jobless households. (Jobs Australia)*

These objectives are far more important outcomes of the availability of affordable Broadband than the technological triple play perspective of ‘voice, data and Pay-TV’.

An indicator of what people without home access use Broadband for comes from a recent survey of Internet users in public libraries, which found that 72 per cent of those surveyed were using the public facilities at least weekly, if not more frequently.<sup>8</sup> Predominately these users had an income of under \$26 000 per annum in both metropolitan and non-metropolitan locations. As shown in the graph below, the top three reasons for using these services were for the social “triple play” described above.



<sup>8</sup> *Characteristics and Choices of Public Internet Users in Victorian Public Libraries, 2002*

It is reasonable to expect that if public library Internet users had computers and Internet access in their own homes that they would further utilise these services. Indeed, The Smith Family concluded that “Finding ways to increase the home access of low-income families to the Internet should therefore remain a policy priority for all sectors (government, private and non-profit) aiming to bridge the digital divide”.<sup>9</sup>

Another interesting view comes from Nigel Barker, Executive Director at Council on the Ageing WA, who observes the increase in the numbers of grandparents providing primary care for their children’s children due to family breakdown. Access to Broadband in the home, while not originally contemplated, is often seen as a necessity by the grand-carers in these circumstances for the grand-children’s educational purposes, however, affordability issues are key.<sup>10</sup>

## **Benefits**

Addressing the digital divide will assist to break the cycle of joblessness caused by lack of ready access to job-search information and on-line learning opportunities, lack of exposure and familiarity with ICT and “connectedness” through email, instant messaging and web-based government services. It is clear that greater social inclusion will lift efficiency, increase workforce participation, improve social cohesion, enhance economic performance, and reduce welfare cost. Access to Broadband services in the home is an important contributor to realising those benefits.

In support of the Government’s “Welfare to Work” reforms LIMAC has a vision of low-income Australians, particularly those who are job-searchers and their families at home surfing the front of the Broadband wave, rather than being left in the wake.

## **Many parts to the puzzle – the power of partnership**

Addressing the “digital divide” is not only a matter of the cost of Broadband access. Research commissioned by LIMAC and undertaken in November 2003 indicated that lack of Internet Access for those on a low-income was a multi-faceted problem. Whilst ‘Cost’ was the main reason for lack of Internet access in the household ‘Cost of purchasing a computer’ and ‘Do not know how to use a computer’ were also rated highly by most respondents.<sup>11</sup> In any attempt to provide equity in Broadband access all of the various components of successful take-up must be addressed, which will necessarily involve partnerships.

LIMAC and member agencies have partnered with Telstra since 2002 to deliver programs of importance to low-income households. This partnership has been mutually beneficial. By providing not only advice and expertise to Telstra, but also a substantial channel through which to efficiently target low-income households, LIMAC and Telstra have developed a unique community-business partnership that assists approximately 1.5 million low-income households each and every month.

LIMAC and Telstra propose that this partnership model is also necessary to fulfil the promise of Connect Australia to ensure affordable Broadband access for low-income households. As well as an affordable monthly service, assistance needs to include:

- providing the device Broadband will be delivered through;
- the installation of the Broadband service;
- training to use the device and the Internet; and
- ongoing technical support.

LIMAC and Telstra working together would seek to address all of the relevant barriers to take-up, using their relevant expertise. For example, the low-income Broadband service would be able to be offered by any community based organisation that was seeking to promote affordable Broadband access to eligible low-income members or clients.

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<sup>9</sup> Jennifer McLaren & Gianni Zappalà, *op.cit.* p.viii.

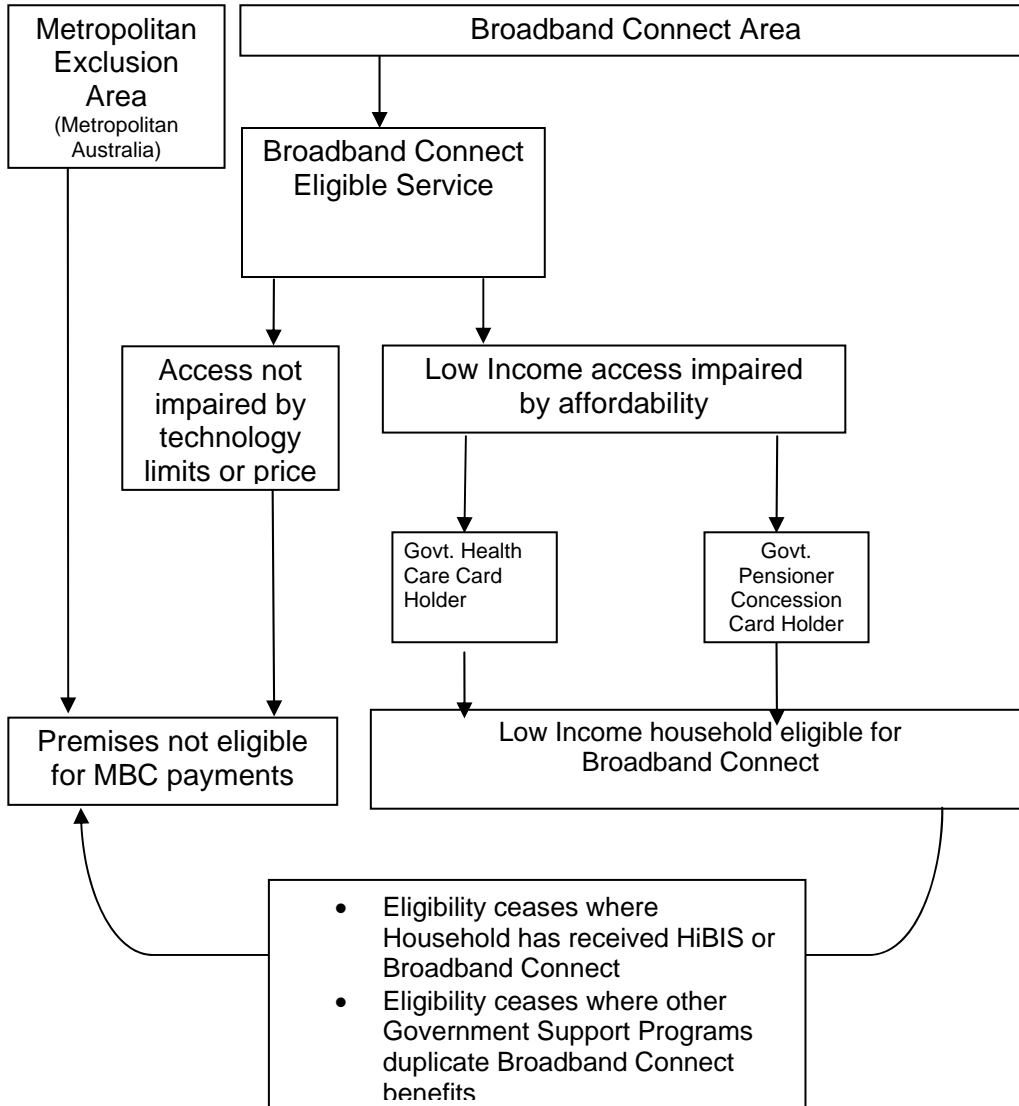
<sup>10</sup> A view presented to the Telstra Consumer Consultative Council, April 2004, Melbourne.

<sup>11</sup> *Access for Everyone 2003 Report*, TNS, November 2003, p26

**Eligibility**

LIMAC and Telstra proposes that funds directed to address low-income affordability issues would be targeted to recipients of a Pensioner Concession Card or Health Care Card. This can be accommodated via modification to the eligibility criteria to the Broadband Connect program to reflect modified household eligibility diagram – Figure 1.

**Figure 1: Low Income Household Eligibility**



**Concluding Remarks**

LIMAC and Telstra believe the Connect Australia programs represent a significant opportunity to address the digital divide and ensure true social participation and access to broadband services, if the eligibility criteria of the *Broadband Connect Program Guidelines* can be amended to allow eligibility to the program for low-income customers. We look forward to discussing how the vision of affordable Broadband to low-income customers can be made a reality. Please contact the undersigned for further discussion of this proposal.

Robert Morsillo

LIMAC/Telstra submission to Metropolitan Broadband Connect

LIMAC Secretariat/ Group Manager, Telstra Consumer Affairs  
Tel: 03 9634 5508