

# Promoting Digital Inclusion Through the NBN

---

Teresa Corbin

CEO, Australian Communications Consumer Action Network

---

## Abstract:

This is the speech given by Ms Corbin at the TelSoc NBN Futures forum held in Melbourne on 22 October 2019. She spoke on how to include all Australians in the National Broadband Network through more affordable pricing of services, continued and improving reliability of access, and an evolution of the Universal Service Obligation.

**Keywords:** NBN, public policy, digital inclusion

## Introduction

Before I begin, I would like to take this opportunity to acknowledge the traditional custodians of this land, the Wurundjeri peoples of the Kulin Nation, and pay my respects to the Elders past, present and emerging.

While life in telco could rarely be described as uneventful, the last few weeks have seen a number of shakeups that have ensured that telco issues remain at the forefront of the national conversation. From Telstra's fiery comments about the NBN ([Letts, 2019](#)) at their AGM, to the ACCC's newly announced inquiry into NBN access pricing ([ACCC, 2019](#)), there's been one question on everyone's lips: what is the future of the NBN? This ambitious national infrastructure project is nearing the end of its initial roll-out, but what does this mean for the everyday Australian?

This afternoon, I'd like to share ACCAN's perspective on this important issue by examining three key points:

- The future of NBN pricing;
- Ensuring reliability in telco services;
- The evolution of the Universal Service Obligation.

## The Future of NBN Pricing

We've seen the conversation around NBN pricing shift quite dramatically since the beginning of 2019. It is now a commonly accepted fact by industry, regulators and everyday Australians that NBN broadband is simply unaffordable for some people.

Just last month, the 2019 Australian Digital Inclusion Index (ADII) ([Wilson, Thomas & Barraket, 2019](#)) revealed that, while the cost of internet has decreased since 2014, the percentage of household income that is devoted to internet services has increased – up from 1.00% in 2014 to 1.18% in 2019. This is a serious red flag, especially considering that economic modelling ([Breunig & McCarthy, 2019](#)) shows that the more that a household spends on communications as a proportion of their income, the higher the likelihood that these households are experiencing financial stress. If this trend continues, we're going to see more and more Australian families facing financial stress as they struggle to find the funds to pay for this modern-day essential service. Despite aiming to 'connect Australia and bridge the digital divide [so that] Australians have access to fast broadband as soon as possible, at affordable prices, and at least cost' ([NBN Co, 2016](#)), the simple fact is that, if the affordability issues of the NBN are not addressed, we will see the digital divide between the connected and the unconnected in Australia deepen. The latest ABS data shows that over two and a half million Australians are not online ([ABS, 2018](#)); this is an issue not just for these individuals or their families, but for the nation. When we have a nation that is digitally divided, we are missing out on the full economic potential of the NBN: increasing average incomes, creating new businesses, and increasing tax revenues through higher economic activity, and reduced unemployment

Thankfully, NBN Co has acknowledged that there are issues with the affordability of their services. In September, they released a wholesale pricing review ([NBN Co, 2019](#)) which promised significant discounts from entry-level to high-speed wholesale tiers in an effort to lift take-up of NBN services. Significantly, this was the very first time that such a consultation paper has been made public. ACCAN has been calling for greater transparency from NBN Co on their consultation process for some time now, so this was a very welcome change. This new openness also means that we're able to share a few key take outs from our submission with you here this afternoon.

When it comes to NBN Co's proposed changes to the 12/1 Entry Level Bundle discount, ACCAN is supportive of NBN's efforts to refine the existing Entry Level Bundle pricing arrangements to allow it to be used as an alternative to ADSL services. However, we're concerned that the proposed structure of the service means that there won't be widespread take-up by RSPs. We're proposing that increasing the CVC inclusion for the Entry Level Bundle to 1 Mbps and

setting an effective charge of \$22.50 would make the service more feasible as a combined data and voice service.

We were pleased to see that our call for a concessional broadband product had been heard by NBN Co, as shown by the inclusion of a question in this consultation paper about targeted solutions for low income households.

We'd like to see NBN offer a reduction of \$20 per month on a 50 Mbps service to households receiving financial support from government. We estimate that providing this concession to the 1 million plus households on the lowest incomes can be Federal budget neutral, and help to fulfil the initial vision of the NBN in closing the digital divide. We want consultation on this targeted solution to commence as soon as possible, with a view to implementing this new product, with funding allocated in the 2020 Federal Budget.

## Ensuring Reliability in Telco Services

The issue of reliability is also an important piece of the puzzle when it comes to the future of the NBN. So much of the conversation around the NBN has focused on the end of the roll-out in 2020. But this date does not mark the beginning of the end; it marks the end of the beginning. It's important to remember that Australians will still have 18 months after the NBN arrives in their area to make the switchover. This means that we will need to ensure that there is a timeline and proper community consultation about the future of ADSL.

On hearing that I would be speaking with you today, one of our members actually reached out to share their story about their reliance on ADSL. The Wamboin Communications Action Group is a volunteer group located roughly 20 km east of the ACT. Most people in their area rely on ADSL. While some do use mobile broadband, they have many blackspots in the region. They find ADSL reliable and consistent; however, they say that those who have made the switch to the NBN services in their area (provided over SkyMuster) have no such reliability. With smaller data allowance, inconsistent and unpredictable speeds and considerably higher prices than other NBN solutions, these community members are frustrated and worried. They want to keep their ADSL service, rather than switch over to SkyMuster. It is these communities of families and small businesses that we must keep in mind beyond the 2020 deadline of the NBN rollout.

As NBN becomes entwined in our daily lives, it's vital that there are adequate safeguards in place to ensure that Australians are guaranteed reliable telecommunications services. One of the key priorities must be passing the Telecommunication Reform Package. This piece of legislation is due to be re-introduced to Parliament in the coming months after it lapsed at the end of the last sitting. This legislation would make NBN Co the default 'infrastructure provider

of last resort' for all of Australia after the NBN is declared built and fully operational, and would bring with it a raft of important consumer protections – from having to offer a standard broadband service with peak speeds of at least 25 Mbps download and 5 Mbps upload, to supporting voice services for consumers on fixed-line and fixed wireless networks. The Telecommunication Reform Package would also allow the Minister for Communications to make standards, rules and benchmarks that could set out more detailed requirements, such as timeframes for providing access and rectifying faults. These are key powers to ensure that consumers are guaranteed access to reliable communications through the NBN.

The Telecommunication Reform Package also includes a provision to establish a Regional Broadband Scheme (RBS) to ensure there are long-term sustainable funding arrangements in place to provide broadband services to Australians in regional and remote areas. In our work with the Regional, Rural and Remote Communications Coalition, we know that there is still much work to be done in connecting our regions.

The latest ADII report showed that despite improvements in access to connectivity, those outside of our metropolitan areas are still less likely to be digitally included than their city counterparts. Without affordable, reliable communications, the digital divide between city and country will only deepen.

## The Evolution of the Universal Service Obligation

Finally this afternoon, I'd like to quickly discuss the Universal Service Obligation and how this needs to evolve in a post-NBN-rollout Australia.

Currently, Telstra is contracted to ensure everyone has access to a standard voice service regardless of where they live or work. This is very important for consumers and businesses across the country, as it means they can take advantage of safeguards included under the agreement, including 24-hour free access to emergency service numbers, access to the Customer Service Guarantee (CSG), and priority assistance.

In November last year, the Department of Communications and the Arts released a report into Development of the Universal Service Guarantee (USG) ([Communications, 2018](#)) – an evolution of the USO for a post-NBN-rollout world. One of the key conclusions of this report found that, while the existing USO contract should continue until 2032 for voice services and payphones, we need to consider a better long-term USG model.

At the moment, Telstra supports approximately 235,000 ADSL broadband customers on their network outside the NBN fixed-line footprint. If Telstra were to decommission its copper network, NBN Co would need to invest in additional capacity in their fixed wireless and satellite networks in order to service these additional customers. This is a significant number

of services to consider, and it is important that these consumers are not left behind. Further planning is needed by the Government and relevant stakeholders to ensure that Australians across the country are guaranteed robust voice services and access to broadband moving forward.

## Conclusion

We will not be short of new challenges to face in the future. The telco industry has a strong responsibility to ensure that consumers are not mis-sold new technologies and that reliability and affordability for consumers are kept at the heart of our conversations.

## References

- ABS [Australian Bureau of Statistics]. (2018). Household Use of Information Technology 2016-17. Available at <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8146.02016-17?OpenDocument>
- ACCC [Australian Competition & Consumer Commission]. (2019). Inquiry into NBN access pricing, *Discussion Paper*, 14 October. Available at <https://www.accc.gov.au/regulated-infrastructure/communications/national-broadband-network-nbn/inquiry-into-nbn-access-pricing>
- Breunig, R. & McCarthy, O. (2019). Household telecommunications expenditure in Australia, Telecommunications Policy, July. <https://doi.org/10.1016/j.telpol.2019.101837>
- Communications & the Arts, Department of. (2018). Development of the Universal Service Guarantee, Summary Report, November. Available at <https://www.communications.gov.au/documents/development-universal-service-guarantee-summary-report>
- Letts, S. (2019). Telstra chair savages NBN as unfair monopoly sending retailers broke, *ABC News*, online, 15 October. Available at <https://www.abc.net.au/news/2019-10-15/telstra-chair-savages-nbn-as-unfair-and-a-waste-of-resources/11603756>
- NBN Co. (2016). About NBN Co, NBN Co online, 24 August. Available at <https://www.nbnco.com.au/corporate-information/about-nbn-co>
- NBN Co. (2019). NBN Co confirms new wholesale discounts and annual data capacity increases to meet customer demand, NBN Co online, 26 November. Available at <https://www.nbnco.com.au/corporate-information/media-centre/media-statements/nbn-confirms-new-wholesale-discount>
- Wilson, C. K., Thomas, J. & Barraket, J. (2019). Measuring Digital Inequality in Australia: the Australian Digital Inclusion Index, *Journal of Telecommunications and the Digital Economy*, 7(2), 102-120. <https://doi.org/10.18080/jtde.v7n2.187>