

## The Broadband Futures Forum

### Affordability of Broadband Services

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**Abstract:** On 25 August 2021, TelSoc hosted the ninth Broadband Futures Forum, held online, to discuss the affordability of broadband services in Australia. A panel of four speakers, drawn from broadband providers and social policy advocates, outlined their experiences with affordability and digital inclusion. Discussion following the speeches ranged over the topics of a broad social policy response, the definition of affordability in relation to financial hardship, the provision of public Wi-Fi, and the availability of suitable devices.

**Keywords:** Broadband, affordability, social policy

### Introduction

The Broadband (formerly NBN) Futures Project ([Holmes & Campbell, 2019](#)) has been organizing a series of public forums under the title Broadband Futures to encourage debate, and potentially to build consensus, about the future of Australia's National Broadband Network (NBN) and a National Broadband Strategy for Australia ([Holmes et al., 2020](#)). The forums are hosted by TelSoc (the Telecommunications Association Inc, publisher of this *Journal*) and have been held regularly since July 2019.<sup>i</sup> The ninth in the series, held on 25 August 2021, was entitled "Affordability of Broadband Services" and provided some insight into how affordable fixed and mobile broadband services are for low-income households in Australia and what solutions there might be for improving digital inclusion. Specifically, the forum was designed to address three critical questions:

- How can the objective of affordable broadband services for all Australian residents, especially low-income households, be realised in the emerging markets of fixed and mobile broadband?
- What solutions may be available from retail markets or from regulation?

- Is this a matter for social policy solutions by the Government?

The remainder of this paper summarizes the content of the Forum.

## The NBN Futures Forum

The Forum was conducted online via Zoom, with at least 83 participants online.

### Introduction

Mr John Burke, convenor of the Broadband Futures Group, introduced the topic and the panellists. He outlined the work of the Group over the past 2½ years, emphasising, in particular, the focus on inclusion in the digital economy and society. He noted that in the recent Digital Economy Strategy ([Australian Government, 2021](#)) there was an absence of consideration of broad issues of inclusion as underpinning the future digital society. Through this consideration, TelSoc had proposed to the Minister of Communications a review of inclusion and affordability for broadband services ([Herring, 2021](#)).

John Burke suggested that the understanding of affordability is often different between policy perspectives, commercial and business perspectives (to deliver broadband services economically), and user perspectives. Discussion, as in the present forum, is needed to identify common ground.

### Teresa Corbin, Australian Communications Consumer Action Network (ACCAN)

Ms Teresa Corbin, the CEO of ACCAN, began her remarks by noting that ACCAN has championed broadband affordability for the past decade. Evidence has been built up by ACCAN and others, including the Australian Digital Inclusion Index ([Wilson, Thomas & Barraket, 2019](#)), that there is an issue with affordability of broadband services. ACCAN's latest proposal, "No Australian Left Offline" ([ACCAN, 2019](#)), is that Australia's National Broadband Network (NBN) should offer a 50 Mbps unlimited broadband access at a wholesale rate of \$20 per month (about \$30 per month retail price) to households receiving government financial support. She indicated that this proposal had garnered widespread support from potential users and other social organizations.

Teresa Corbin outlined how the COVID crisis had increased the perception of the importance of broadband affordability. Overall, people had spent many more hours online and those with the necessary skills had taken up videoconferencing, remote learning and telehealth. For unconnected communities, however, the lack of connectivity has proved to be a great disadvantage. The lack of affordable broadband has meant that school pupils are unable to keep up with schoolwork and interact socially, while young people in transition to work have

been unable to access training and skills development. For those on low incomes, it has hampered the search for better-paid employment. For the elderly or those with limited mobility, social interaction has been reduced. ACCAN has collected many stories of families, unable to afford a fixed broadband connection, struggling with a single mobile hotspot from a parent's phone to stay connected to school or work, a near impossibility in many cases.

Teresa Corbin believed that an effective response cannot be left to the market alone. She acknowledged that there were initiatives from NBN Co, retail service providers and mobile service providers early in the COVID pandemic, but the response has not been sustained at the same level in later lockdowns.

To gain an understanding of what assistance is available for low-income households, ACCAN commissioned a study in early 2021. From 217 providers, 16 relevant programs were identified: 11 from Telstra, 1 from Optus, and the others from smaller retailers, including Start Broadband. It was found that these programs are not always easy to access, nor were the eligibility criteria clear in many cases. They were not necessarily well advertised. ACCAN compiled the list of offers and displayed them on its website.

In conclusion, Teresa Corbin reiterated the importance of no Australian resident being left offline. She believed that the ACCAN proposal of an NBN broadband service for low-income households was the best way to achieve this result.

### Ken Walliss, NBN Co

Mr Ken Walliss is Executive General Manager, Commercial, at NBN Co and has been leading recent NBN Co consultations on low-income offers and digital inclusion.

He began by noting that NBN's stated purpose now includes lifting the digital capability of Australia. This is seen as a key enabler of social and economic value, as well as supporting productivity in the economy. He outlined NBN Co's observation that the perceived value of broadband had increased during the COVID responses, with remote learning being a key driver of increased use of the Internet.

He indicated that NBN Co had spent considerable effort in engaging with consumer and industry groups to understand the issues around digital inclusion. He suggested that there was no single solution for improving digital inclusion; rather, multiple initiatives would be needed, such as NBN Co's education package, which waived access fees to assist service providers in connecting low-income households with home-schooling needs.

One challenge, he noted, was affordability, but accessibility and digital competence are also significant. On affordability, he referred to a report from Accenture ([Accenture, 2021](#)) commissioned by NBN Co, which was published about one month after the Forum. He

indicated that the report would show favourable price comparisons with other OECD countries and would calculate that, on average, broadband costs are about 1.1% of weekly household income, less than the average cost of electricity. He emphasised that NBN prices had to be set to provide financial sustainability for NBN Co in the longer term.

He outlined other NBN Co initiatives: a reduction in price for the entry-level service; a COVID-19 relief package; and targeted support for Retail Service Providers (RSPs) to connect unconnected customers. The entry-level wholesale price is now \$22.50 per month. The COVID-19 relief package had included distance learning, support for emergency services, and support for RSPs to keep customers in financial difficulty connected. He foreshadowed that from 1 September 2021 there would be a rebate available to RSPs to help them connect unconnected premises.

He noted that the Australian Competition and Consumer Commission (ACCC) is considering NBN Co's Special Access Undertaking (SAU), including pricing issues. NBN Co has proposed a targeted low-income offer in consultations with the ACCC and the industry. The feedback has been that there is a preference for broader targeting and even lower prices. The financial implications of lower prices are being actively considered in discussions with the ACCC on the SAU. The entry-level price will also be a consideration for the SAU.

In summarizing, Ken Walliss reiterated that NBN Co continues to work on affordability – and also accessibility and digital literacy – both for the SAU and in discussions with the wider industry, while keeping in mind the need for ongoing support for broadband in Australia.

## Johanna Mithen, North East Healthy Communities

Ms Johanna Mithen is the Social Inclusion Project Manager for North East Healthy Communities, a primary care partnership in north-east Melbourne that works to support partner organisations including community health organisations and local government.

Digital inclusion became an especially important issue for local communities in 2020, when COVID-related lockdowns started to happen. Johanna Mithen pointed out that community health organisations often work with highly disadvantaged local communities. It became difficult for staff to maintain contact with community members, because the community members were often running out of prepaid data allowance on their mobile services. There were also reports of cancelled telehealth appointments because of insufficient mobile data allowance. In addition, access to free Wi-Fi at centres and libraries decreased due to COVID restrictions.

Johanna Mithen emphasised that digital inclusion is an increasingly important aspect of social inclusion. One often cannot easily access government services or search for accommodation

or work except online. Those who experience digital exclusion are likely to suffer a greater degree of social exclusion in the future as more services move onto the Internet.

She questioned why some people were running out of prepaid mobile data allowance. Anecdotal evidence suggests that some people are unaware of how much data they have, and how much data is needed for specific tasks. For others, it is because they are only able to afford prepaid data at low price points. A market scan in August 2020 showed that the unit price for 1 GB of data allowance was very high at low price points (e.g., \$10) and with a very short expiration period (e.g., less than one week). The offers can also be complex, with “roll-overs” and “bonuses”, making it difficult for customers to compare which options offer the best value.

She emphasised that, moving forward, we need data that gives us a nuanced understanding of digital exclusion. She suggested that it was important not to think of those facing affordability issues as a homogenous group. There may, for example, be large families of 5 or more Internet users; or old people living alone with a low but stable income; or young people whose housing and income are unstable. There may also be other barriers to Internet use, such as a lack of skills, old or difficult-to-use devices, or difficulties in navigating the consumer market. She emphasised that listening to community voices is essential in finding solutions to digital exclusion. She suggested we keep in mind the relationship between Internet affordability and poverty in general, and posed the question: “What does Internet affordability mean for people experiencing affordability issues relating to housing, food and utilities?”

Given this environment, a “one size fits all” solution is unlikely, and a variety of solutions may be needed. She considered that a low-cost home broadband service, as advocated by ACCAN, would work well for some. A fair and reasonable mobile prepaid data plan at a low price point would also be necessary. In addition, free access to Wi-Fi is available at some centres and public spaces and could be extended to social housing. She noted, however, that local efforts to extend free Wi-Fi to a nearby social housing estate had suffered various challenges due to the layout and age of buildings.

In the broader picture, Johanna Mithen noted that increased investment in public and social housing presents an opportunity to plan and implement digital inclusion solutions for future residents.

## Andrew Whelan, Start Broadband

Mr Andrew Whelan is the Managing Director of Start Broadband, a broadband retailer with an emphasis on getting people connected at home.

He started by noting how domestic service delivery has changed since the 1990s, with home-delivery takeaway ordering, banking and payments, and access to music and videos all

dependent on Internet access. That is, for many Australians – but not for all – engagement with the Internet has changed dramatically. For others, a lack of access has consequences.

Start Broadband believes that every family deserves access to a home Internet connection. Andrew Whelan indicated that about 2 million Australians are not online and 40% of the lowest income families are without a home Internet connection. He suggested that these families will remain at financial and social disadvantage. Start Broadband donates 50% of company profits towards providing a home Internet connection for low-income families, thereby opening up new opportunities and helping to break the poverty cycle.

He proposed that consumers had a role to play, along with the government, NBN Co, retail service providers and other stakeholders, in redirecting some of the money they pay for home Internet services to support getting the unconnected online. He cited examples from other industries of consumers choosing a product that “makes a difference” to alleviate poverty or social disadvantage.

He described what he believed a successful low-income Internet access product should contain. It should have adequate data and speed inclusions to meet education and work requirements; it should stand as an affordable product in its own right, without price rebates or time-limited price discounts; it should enable a provider to qualify customers at the point of sale, without manual intervention; it should permit remote support for modems to maintain quality of service; and it should be supported by appropriate systems and processes. On the latter point, he noted that bad debts need to be managed fairly, to ensure that they did not build up.

As a conclusion, Andrew Whelan recounted the story of an immigrant family living in poverty for which a home Internet service had assisted with access to education and work qualifications, laying the foundations for improved social circumstances.

## Questions and Discussion

John Burke first invited the panellists to ask questions of each other or provide further comment.

Teresa Corbin noted the earlier emphasis on prepaid mobile services and asked if fixed broadband could also be prepaid. Ken Walliss suggested that NBN pricing was such that an RSP could offer a prepaid service. Johanna Mithen pointed out that prepaid is also a method for managing debt and the risk of falling into debt. Andrew Whelan, while believing that a prepaid broadband service would be suitable for some customers, noted that prepaid also implied that a service could run out and this would need to be managed. Teresa Corbin reported that ACCAN had had feedback from some groups, including Indigenous

communities, that prepaid is a common method for households to manage their finances and would be a preferred option. She noted that a prepaid option should be offered at a price that did not include a “poverty premium”. Johanna Mithen supported the need to listen to community responses and suggested that a range of offers, include prepaid services and home Internet access, would be required to respond to community needs.

Ken Walliss responded to a comment from a participant (in the “chat” window of the Zoom session) on possible retail offerings that NBN Co cannot be a retail provider under its current legislation. If it were to become a “retail provider of last resort”, for example, it would require legislative change.

Andrew Whelan noted that Start Broadband works with some customers for whom *any* broadband solution is unaffordable. He asked if there were any solutions for these customers. Teresa Corbin indicated that ACCAN had received feedback that its proposed subsidised fixed broadband service would still be unaffordable for some households. Prepaid mobile offers would still be needed. She observed that free public Wi-Fi services had security and privacy issues. Responding to the full complexity of affordability issues is important.

Ken Walliss suggested that one complexity is that households may be in need only temporarily. He noted that NBN Co’s COVID relief package had included provisions to support retailers in managing customers who may need credit relief in the short term.

John Burke then guided the discussion through the issues that had been raised by participants while the panellists were speaking.

At the broad social policy level, it was suggested that, rather than provide subsidies for fixed broadband, it may be preferable just to raise the level of income support. Teresa Corbin outlined the earlier problems with eligibility for telephone concessions and the discussions ACCAN had held with various stakeholder groups. She suggested that the approach via subsidised access had the benefit that it directly provided for getting more people online. A member of the audience observed that it may still be preferable to raise the level of income support and let families choose how they spend that money. Ken Walliss suggested that a greater understanding of the reasons for unaffordability was needed before appropriate policy could be developed. Johanna Mithen remarked that pragmatic approaches are needed to make a difference to digital and social inclusion. Andrew Whelan noted that a concession has the direct effect of making an essential product more affordable.

There had been some comments on how “affordability” should be defined in designing responses. Is it about averages or the lowest percentiles of income? Should it be understood in terms of affordability of specific offerings for particular social groups?

Ken Walliss noted that his earlier remarks were largely based on averages – average prices and average incomes. He recognized, however, that affordability can depend on individual circumstances and priorities, as well as transitory issues such as a period of unemployment. Teresa Corbin noted that the issue was related to management of financial hardship. She reported that the ACMA has recently released some data on responses to financial hardship and is looking to overseas experience. She suggested that options for payment plans or temporary waivers of charges should be highly visible to customers and be easily available for valued customers. Andrew Whelan reiterated that an agreed definition of affordability would be required if service providers are to be able easily to identify customers eligible for relief.

Regarding free public Wi-Fi, Andrew Whelan suggested that, while the Wi-Fi service is valuable, it is not a substitute for a fixed broadband connection into the home to support, say, education of children. Johanna Mithen noted that some people are currently dependent on public Wi-Fi to reduce their mobile charges and to stay connected. For large families, a home Internet connection would be beneficial. Again, multiple solutions for different circumstances are required. Teresa Corbin suggested that COVID-related lockdowns had changed both the ability to access free Wi-Fi and the use to which broadband is being put. For example, some people are using public Wi-Fi for video conferencing, but it is not common or ideal. In addition, technical support through public libraries or community centres has not been accessible. She suggested that, in any case, all payphones should be equipped with open-access Wi-Fi, as happens in some Indigenous communities and in some other countries.

On the question of affordable devices, Teresa Corbin reported that there are cheaper devices available but they are not well publicised; customers are often directed instead to the most expensive options. She emphasised again that there would be some customers for whom any available device would be too expensive. Johanna Mithen noted that suitable devices are one of the many barriers to good online access. She has seen cases where devices being used for access were difficult to use and not really fit for purpose. This is part of the more general issue of digital literacy and confidence. Having one-on-one technical support in local libraries has been found to be advantageous.

In closing the discussion segment, John Burke thanked the audience for the wide-ranging discussion and invited further contact with the Broadband Futures Group. He especially thanked the panellists for their contributions.

## Jim Holmes: Closing Remarks

Jim Holmes, President of TelSoc, also thanked the audience for their participation, which had enriched the understanding of the issues related to affordability of broadband. He suggested

that improving digital inclusion is important for achieving the desired social and economic benefits from broadband.

He noted that much work had been done by a wide range of groups but it was somewhat uncoordinated. He indicated that the Broadband Futures Group also looked to greater involvement by the government. To that end, TelSoc had recently proposed to the Minister of Communications that there should be a review of digital inclusion and affordability of broadband services (Herring, 2021). The proposed review should focus on three main issues: the current status of affordability and digital inclusion in Australia; the factors contributing to improvements in affordability and digital inclusion; and approaches to be taken for improvements over the next five years. Jim Holmes indicated that TelSoc would welcome comments on this proposal.

## Conclusion

This was the ninth of a planned series of forums related to the future of the NBN and a broadband strategy for Australia. It was the first to be devoted to affordability of broadband services as a specific aspect of digital inclusion. There was general agreement that the desired social and economic benefits of broadband could not be fully achieved if there was significant digital exclusion, which will increasingly lead to social exclusion.

All speakers agreed that the issues of affordability and social exclusion were complex and multi-faceted, leading to a multiplicity of responses. There could be no “one size fits all” solution. ACCAN had been advocating for a subsidised entry-level home broadband service for those households receiving income support. It was agreed that this proposal would be helpful in some cases, especially for large households struggling with access to remote learning and job seeking. However, even a \$30 per month Internet access would be unaffordable for some households.

Mobile broadband will therefore provide a significant portion of the solution. Prepaid plans are particularly important, because prepaid better matches the budget management of those on low or irregular incomes: they can purchase small quantities of access at low cost. At present, however, these prepaid plans come with a “poverty premium”: that is, the unit cost of a GB of data is much higher than on more expensive plans and the expiration periods may be quite short. Without further refinement, then, these plans provide for only intermittent access for those suffering financial hardship.

No cost (to the end user) solutions will also play a part. Various free public Wi-Fi initiatives were mentioned by the panellists, together with advocacy for extensions of these programs to public and social housing. Fee-free solutions, especially Wi-Fi, will be part of the mix, but the

issues of security and privacy will need to be addressed. Free technical support, to get users connected and confident, will also be required, as now provided by some public libraries and community centres.

The broadband providers noted the need for long-term financial viability of any solutions, including the ability to invest in improved services and technologies. At best, solutions for affordability issues should be stand-alone products in their own right and be straightforward for providers to implement. As Start Broadband has shown, there can also be a social responsibility dimension to broadband provision: some part of the profits can be ploughed back into supporting customers who would otherwise be disconnected.

While there was a strong emphasis on the capacity of industry to provide products that improve the affordability of services, there was also clear recognition, particularly within the comments by participants, of the limits on some people to pay for essential services – particularly remote Indigenous Australians and people living in poverty. The effectiveness of provider offerings and support, such as the Centrelink Telephone Allowance, needs further consideration, as does the broader question of the adequacy of income support to ensure access to essential services.

The issues of affordability and digital inclusion are part of the wider arena of public policy. In Australia, the government has underwritten, through NBN Co, the provision of fixed broadband access potentially to all premises. This has been a major undertaking but barriers to take-up remain, of which affordability and digital awareness are significant components. There is a greater role for government in support of digital inclusion. In this regard, TelSoc has proposed a government review of digital inclusion and affordability, as a first step in designing future government programs and making measurable progress over the next five years.

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## Endnote

<sup>i</sup> The first forum was held in July 2019 ([Campbell & Milner, 2019](#)), the second in October 2019 ([Campbell, 2019](#)), the third in February 2020 ([Campbell, 2020a](#)), the fourth in August 2020 ([Campbell, Smith & Brooks, 2020](#)), the fifth in November 2020 ([Campbell, 2020b](#)), the sixth in March 2021 ([Campbell, 2021a](#)), the seventh in May 2021 ([Campbell, 2021b](#)), and the eighth (on LEOs for broadband) in August 2021.