Telecommunications and social inclusion

New approaches to access and affordability

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Introduction

- Increasing policy concern about ‘digital divide’

- Most countries impose Universal Service Obligations on main carriers for fixed-line telephony, but ICT development well beyond this – how can USOs keep up?

- In Australia, Telstra is responsible for USOs (with shared costs), but also separately required to offer services for low-income households (full costs)

- Low Income Measures Assessment Committee (LIMAC) established in 2002 and set up *Access for Everyone* package

- In 2008 LIMAC commissioned the UNSW consortium to review literature on telecommunications and community wellbeing
Outline of paper

- Economic and social benefits of ICTs
- Affordability and ‘digital exclusion’
- *Access for Everyone* benchmarked against ‘social tariff’ schemes in the UK and the US
- Recommendations for taking forward policy on access and affordability
Economic and social benefits of ICTs

- ICTs making increasing contribution to economic growth in both developed and developing countries (Entner and Lewin, 2005; Access Economics, 2007; Bhavnani et al., 2008; Quilty, 2009).

- Mobile phones can significantly boost low-income worker productivity and earnings (Sullivan, 2008)

- In many developing countries cheap mobiles are now regarded as instruments of poverty reduction (Praharad, 2004; Souter et al., 2005; Ovum, 2006)

- However, while take-up and competition have driven prices down, profusion of service packages can bring risk and complexity for consumers (Henry, 2007; Ofcom, 2008)

- Mobile phones and the internet can enhance social capital and social inclusion for disadvantaged groups, including older people and those with disability (Abascal and Civit, 2001; Fallows, 2004; Crump, 2006; DCLG, 2008)
The ‘utopian’ vs. ‘dystopian’ debate

- But, not all ICT use is benign: aside from ‘cyber-bullying’ (Drennan et al., 2007), also concern that the internet can substitute for traditional forms of social interaction, separating people from community and families, and leading to greater social isolation (Kraut et al., 1998)

- More recent evidence, however, suggests that the internet neither increases nor decreases social capital, but supplements it (Wellman et al., 2001). As internet use is incorporated into everyday practice it becomes normalised

- Access to technology not the only issue: ‘digital literacy’ is also needed, requiring public policy intervention (Thomas and Wyatt, 2000; Faulkner and Kleif, 2003; van Dijk, 2006; Notley and Foth, 2008; Smith Family, 2008).
Affordability

- While mobile phone costs have fallen, ICT expenditure has grown and is placing strain on some household budgets (AAPT, 2009)

- Based on cross-country studies, Milne (2006) concluded that ‘teledensity’ is reached where a basic service basket $\leq 2.5\%$ of average household expenditure is available

- Internet take-up across countries is influenced by per capita income, education levels, access costs, internet regulation and infrastructure (Hargittai, 1999; Wallsten, 2003; Chinn and Fairlie, 2006)

- As elsewhere, groups in Australia less likely to have computers or internet access include people on low incomes, without a tertiary education, without English-language skills, Indigenous people, people with disability, older people and those living in remote areas
‘Digital divide’

- Supply-side problems of broadband rollout in regional and remote areas important, but demand-side social and economic factors are main inhibitor to increased take-up: spatial divides in access exist even in metropolitan areas (Notley and Foth, Holloway, 2005)

- But ‘digital divide’ concept flawed: inequalities are relative and shifting – eg. older people catching up with younger ‘power users’

- Technological determinism suggest that access to hardware would solve social inequalities, whereas digital inequalities mirror (and exacerbate existing social and economic inequalities (van Dijk, 2006; Edgar and Edgar, 2009)

- ‘Digital exclusion’ is a more useful concept: “Inside the networks, new possibilities are constantly created – outside the networks, survival in increasingly difficult” (Castells, 2000: 87)
‘Digital exclusion’

- Recent poverty/exclusion surveys do not show that home internet or mobile phone ownership are seen as essential for avoiding poverty by community standards (Pantazis et al., 2006; Saunders, Naidoo and Griffiths, 2007)

- But welfare clients more likely to report them as essential:
  - increasing need to engage with government services (Centrelink) or meet Job Network obligations on-line or by mobile phone
  - may not have resources for fixed-line services (e.g. address, references etc.)

- Structure and regulation of USOs likely to undergo change with the advent of Next Generation broadband technologies and convergence of voice, packet data and internet services

- Should USOs be extended to cover all these linked services? If so how this should be funded?
Telstra Access for Everyone package

- Discounts on telephone connection charges and monthly account charges for eligible pensioners
- *MessageBox* services for homeless and transient people through community agencies
- *Phonecards* and *PhoneAway* calling cards for people without a phone service, including asylum seekers, through community agencies
- Emergency relief assistance to home phone customers via Telstra *Bill Assistance* certificates, through community agencies
- *InContact* telephone service, free of monthly account charges, for 80,000+ people who cannot afford a full home phone service
- *Sponsored Access* services, free of monthly account charges, for crisis and emergency accommodation centres, so that residents can be reached by phone

Also special programs and services for Indigenous populations and people with disability
## Social tariff schemes: Australia, UK, US

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<th>Low income</th>
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“There is now a general in-principle acceptance of the importance of affordability as a factor in take-up and use of electronic communications services; less often, there are specific policies to enhance it beyond what the market provides (or recognition of any need in this area).

The current economic downturn makes communications affordability both a more pressing concern and one that is less likely to receive attention, as many others compete for scarce resources.

Voice telephony is widely recognised as an essential service … in practice, special tariffs and other ‘official’ affordability provisions (where they exist) have been focused on fixed lines (with increasing emphasis on their targeting to the truly needy, including in particular people with disabilities).”

International trends (2)

- Non-elderly people on low incomes giving up fixed lines in favour of mobiles, which provide more flexibility in both use and payment options, as well as being potentially cheaper. Mobile market innovations to improve affordability are effective where they exist, but are specific to particular countries.

- Recognition of mobiles as the *de facto* choice of people on low incomes, and the consequent need to assure their affordability.

- New stress on affordability in relation to broadband, whose availability and rapid take-up many countries now want to promote.

(Milne, 2009)
Since the *Telecommunications Acts* of 1991 and 1997, affordability has been addressed in three main ways:

- as a matter for general competition and pricing policy
- as a welfare and social equity aspect of telecommunications policy
- largely separated from the other aspects of universal service obligation when the legislation and policy was formulated in the 1991-1999 period
Low Income Measures Assessment Committee (LIMAC)

- Feb 2001 Australian Competition and Consumer Commission report on Telstra price control arrangements raised concerns about the adequacy of these measures for effectively addressing low-income concerns.

- April 2001 Minister Alston announced a package.

- Parliamentary debate and critique.

- By November 2001, an enhanced package was agreed (Alston, 2002b) and the determination proceeded, with a licence condition put on Telstra to deliver the low-income measures package.

- Since 2002 LIMAC has advised Telstra and Government on low income measures.
Problems with current policies

- They arise from a consideration of price controls, rather than affordability *per se*
- They are the responsibility of Telstra, rather than the industry in general
- It is unclear that the assistance offered by government departments to pensioners and various low-income beneficiaries, while welcome, is sufficient, especially to cover new technologies
- Affordability measures for people with disabilities are inadequate and need to be urgently addressed
- While Telstra has been charged with the responsibility of addressing low-income issues, this has made it difficult to open up a general discussion of affordability, engaging all relevant industry, regulatory, government and community stakeholders
Options for policy reform

- With coming NBN, now is a good time for public discussion about new options for policy on affordability.
- Especially important for low-income consumers in gaining access to technologies which are rapidly becoming standard, such as mobiles and broadband.
- Question of how policy should be structured to ensure that all consumers are better included in Australia’s digital economy, namely:
  - whether affordability becomes a wider industry responsibility (building on the LIMAC model)
  - or whether affordability becomes a dedicated government program (as suggested by the US example)
  - if the latter, how should the efforts of departments and agencies with interest in telecommunications, social inclusion and the welfare of disadvantaged groups be co-ordinated to produce a stronger and more effective overall approach to affordability?