

2010 LIMAC REPORT TO MINISTER

LETTER FROM THE CHAIR

I am pleased to present this seventh annual report, with my LIMAC colleagues, on access to telecommunications for people on a low income in Australia. The last 12-18 months have witnessed continued rapid changes in communications technologies and consumer preferences. For example, community agencies are reporting that more and more people seeking their assistance rely on a mobile phone. Wireless broadband is now providing an accessible Internet connection for people who are highly mobile or insecure in their housing. The Government's announcement of the construction of a new National Broadband Network will potentially change some of the current safety-net strategies such as the Universal Service Obligation, and protections for people on a low income and people with disability.

The last 12-18 months have also witnessed the impact of the Global Financial Crisis (GFC). Australia seems to have done better than most countries in weathering the storms of unemployment, mortgage foreclosures and company failures. However, the Access for Everyone programs have seen increased demands on resources during 2009 and are one of many indicators that more people are doing it tough. The record take-up of the Bill Assistance Program being an example.

2009 also saw the appointment of David Thodey as the new Telstra CEO. His commitment to improving customer service is welcomed. One of his first major announcements was to repeal the \$2.20 Telstra bill payment administration fee, which LIMAC had been consulted on early in regard to exemptions for people on a low income. While recognising that such fees are an issue across a

range of utilities and service providers, David is to be congratulated for making a courageous decision in favour of better customer service, including for people on a low income whom LIMAC is most concerned about.

The next 12 months will be critical in public policy terms as low-income consumer needs and preferences continue to change and as the National Broadband Network begins to be implemented. LIMAC recognises that the affordability of communications is an issue that requires broad discussion across Government, industry and consumer representatives and across a range of services, not just the home phone. LIMAC stands ready to offer its substantial experience and insights into any such discussions.

I would like again to thank my colleagues on the Committee, particularly those agencies who partner with Telstra on a day-to-day basis to provide the Access for Everyone programs through their face-to-face contact with people who seek assistance. I would also like to thank the Telstra staff for their continued good work in keeping LIMAC very well informed on all matters of potential interest and ensuring the smooth running of the meetings.

Yours sincerely



Chris Dodds
ACOSS Representative
LIMAC Chair



LOW-INCOME PACKAGE

There have been no major changes by Telstra to the package during 2009. Take-up of the products and services has remained relatively stable except for:

- ➔ the Bill Assistance Program, which had a record year; and
- ➔ the Centrepay option, which had a reduction in the minimum payment amount.

"It is an unfortunate certainty that when hard times hit, they hit those least well off the hardest. Even worse, they go on hitting for longer, with those on low incomes taking the longest to recover."

- Kasy Chamber, Executive Director, Anglicare Australia

INCONTACT®

The number of services in operation is decreasing very gradually over time, with some 75 000 services in operation at the end of 2009.

SPONSORED ACCESS

The number of services in operation has been gradually increasing with approximately 2000 at the end of 2009 in Supported Accommodation Assistance Program dwellings.

MESSAGEBOX

Some 4600 services were provided to community agencies in 2009. During the year there has been renewed interest from job search agencies in using MessageBox as part of their case work with job seekers, while other agencies have opted more for the Phonecard/PhoneAway card program.

PHONECARD™/PHONEAWAY®

In 2009 some \$740 000 worth of cards (excluding distribution costs) were distributed to agencies that are assisting clients in circumstances of domestic violence, homelessness, including young people, and asylum seekers. For the first time also during the year, Centrelink social workers began trialling the use of these cards in their case work with clients who are eligible under the program.

Phonecard™/PhoneAway® Card Assistance Program

2006	\$792,000
2007	\$736,000
2008	\$678,000
2009	\$740,000

BILL ASSISTANCE

During the latter part of 2009 take-up of the program increased to record levels with nearly \$4.8m provided over the year. On average, more than 3000 customers per month benefit from this program, which is now also able to be applied against mobile only and Internet only bills for those customers who are on Telstra's new billing system (13 digit account numbers).

"It gave me the feeling that the services are not only aimed at those who are financially secure. Telstra will cater for those on low income."

- Bill Assistance recipient, Dec 2009

Bill assistance program 2005-2009 (\$M)

2005	\$4.185
2006	\$4.060
2007	\$4.260
2008	\$4.102
2009	\$4.797



RESEARCH

In the 2009 research, LIMAC focused on people presenting at community agencies for emergency relief, who then receive Bill Assistance to help them maintain their telecommunications services and so stay connected to their community.

Over three months from November 2009 an independent research agency, Colmar Brunton, undertook 600 telephone interviews with TBAP recipients and 100 with participating community agencies. They also completed 13 in-depth telephone interviews with managers of various agencies.

Telstra has made a summary of this research, *A sense of connectedness when times are tough*, publicly available through the Access for Everyone web site and launched the report at the ACROSS national conference in late March 2010. The report highlights that:

- The impact of the Global Financial Crisis (GFC) is being felt by almost all emergency relief agencies, but that impact may have been delayed due to Government stimulus, redundancy payments and people using up their savings before (reluctantly) presenting for assistance;
- Inability to cope with debt and job loss are the two primary reasons people seek emergency relief;
- The TBAP program is well targeted with the majority of end users receiving some form of Government income assistance;
- Over two thirds of TBAP end users are living in rented accommodation, with half of those in public rental and half in private rental;
- The results of the research demonstrate the effectiveness of TBAP in forestalling disconnection and very high satisfaction with the program from both agencies and end users.

See the separate report for more detail from the research.

PENSIONER DISCOUNT

Towards the end of 2009 there were just over 1.34 million customers receiving the Telstra Pensioner Discount on their HomeLine plan, which provides up to \$12.25 discount per month on access charges and calls.

HOMELINE BUDGET

This is Telstra's lowest monthly access charge HomeLine phone plan. The number of services in operation stayed relatively flat at around 548 000 during 2009.

CENTREPAY

Use of Centrelink's Centrepay system to make regular payments against Telstra accounts has been steady throughout 2009, averaging between sixty and seventy thousand payments per month. This represents approximately 1% of Telstra's total payment volumes. From 1 April 2009 the minimum Centrepay payment for a Telstra bill was reduced from \$20 to \$10 per fortnight.

OTHER TELSTRA SERVICES

These include: Telstra Pre-paid Home; Internet Services; Disability Services; Payphones; Pre-paid calling options; Options for contacting Telstra; Multicultural service centres; Indigenous Communities Helpline; Billing flexibility; "Stay Connected®" campaign; Telstra's Hardship Program; Pre-paid mobile phones; Telstra Conferencing Special Rate Service; and charity and not-for-profit BusinessLine® discounts. These have all continued in a similar fashion with notable changes as follows:

➤ PRE-PAID HOME

This product is rapidly decreasing in take-up due to the popularity of (pre-paid) mobile phones. LIMAC agrees that it is now of little value to people on a low income and Telstra is reviewing the product.

➤ PRE-PAID MOBILE PHONES

Telstra supported a number of domestic violence, youth homelessness and asylum seeker agencies with around 200 pre-paid mobile handsets and starters kits.

➤ EASYTOUCH® DISCOVERY II

This is a specially designed mobile phone handset with a high level of accessibility for seniors and people with disability. It is available on an entry level plan, and was developed in consultation with disability stakeholders and seniors representatives.

➤ INTERNET SERVICES

The rapid take-up of wireless broadband, with the simplicity and portability of a USB modem, has been a major market development. Telstra's new entry-level pre-paid and post-paid plans that provide protection from excess usage may be suitable for people on a low income wishing to get online. Telstra also moved in December 2009 to provide greater value for customers from its DSL and Cable broadband plans.

➤ FINANCIAL HARDSHIP

In further evidence of the impact of the GFC, in 2009 the Telstra Specialist Assistance Team saw an average doubling of account referrals per month over the course of the year while assisting some 1000 customers at any one time.

"We invest in communities with our networks, products and services as well as the time and skills of our people. We help to connect the disconnected and we work to build and strengthen local economies."

- David Thodey, CEO, Telstra.

COMMUNITY AGENCY DISTRIBUTORS

The number of community agencies registered with Telstra for the Bill Assistance, Phonecard/ PhoneAway card Assistance and MessageBox programs rose by 6% to 1469 as at the end of 2009. This was about half the growth recorded in previous years. This number does not include all of the outlets that come under the umbrella of a central lead agency (for example, over 1000 individual parish networks of St Vincent de Paul Society). The total number of local outlets for the Access for Everyone programs is estimated to be approximately 4000.

Number of registered agencies

2005	1,005
2006	1,119
2007	1,251
2008	1,388
2009	1,469

OTHER RESEARCH OF NOTE RELEASED FROM 2009

Claire Milne (2009). "Affordability Case Study", chapter 6 in *Future consumer: Emerging consumer issues in telecommunications and convergent communications and media*. ACCAN, Sydney.

This case study gives an international overview of affordability trends, policies and programs together with ITU comparisons among some 160 countries. Australia is ranked 15th on the 2008 ICT development index and 25th on the 2008 ICT price basket index. Claire also makes the point that "a typical low-income pattern is not just low but is also highly volatile and unpredictable, with cash in hand often hitting zero." This confirms that affordability is not just about price or discounts but also about fixed versus variable costs, billing and payment options, credit management, and emergency relief. HomeLine Budget, InContact and Bill Assistance all play a role in this regard.

Commonwealth Bank-NATSEM, *Viewpoint* (Inaugural edition, 2010).

This report uses the bank's extensive customer data to track differences between the way people feel about the broader economy and the reality of their own financial situation. It finds that "Interestingly, despite improving perceptions of the overall Australian economy... more consumers claimed that their personal circumstances had declined" towards the latter part of 2009. This would seem to confirm the lag seen through TBAP take-up, which increased markedly towards the end of 2009.

Dharma Dailey, Amelia Bryne, Alison Powell, Joe Karagnis, and Jaewon Chung (2010). *Broadband Adoption in low-income communities*. Social Science Research Council, New York, NY.

This recent report identifies a range of factors that make broadband services hard to acquire and harder to maintain in low-income communities. It presents three main findings: (i) Broadband access is a pre-requisite of social and economic inclusion (and low-income communities know it); (ii) Price is only one factor in the fragile equilibrium of home broadband adoption; and (iii) Libraries and other community organisations fill the gap between low home broadband adoption and high demand. The report finds that access to employment, education and government services is the main driver of demand in low-income communities.

Infexchange-A.T. Kearney, *Assessing the economic benefits of digital inclusion*, Melbourne.

This report seeks to measure in economic terms the benefit provided to disadvantaged households by basic broadband Internet access. It found significant benefits in the following areas: (i) Employment and education, through additional skills and access to new jobs; (ii) Enhanced communication and greater social and economic connectivity; (iii) Greater transactional efficiencies, by using online tools and access; and (iv) Improvements to the health and wellbeing of residents.

MARKETING PLAN

The following targeted channels were utilised during 2009:

- Improvements to <http://www.telstra.com.au/accessforeveryone>
- Information about relevant products and services printed on the front and back covers of the Telstra Bill Assistance Program certificate books
- Improvements to <http://www.telstraseniors.com.au>
- Telstra News You Can Use newsletter insert in Telstra bills: Autumn/Winter 2009 • Issue 09;
- Telstra E-News email: "Helping you keep in touch" message, September 2009
- Participation in and display stand at the DBCDE forum, "Signposts for change: People with disabilities and telecommunications", Melbourne, February 2009.
- Seniors' weeks/ festivals in each state and territory: participating with hands on mobile phone and technology workshops
- Australian Seniors Computer Clubs Association annual conference: presentations on emerging technologies, social networking and other cyber-topics.
- Melbourne Citymission "Mobile homes" project: supported the exhibition of photos taken by homeless young people by providing mobile phone handsets and through the production and promotion of an online YouTube video.
- Telstra Customer Sales & Service call centre staff: training on pensioner discount and appropriate pricing packages.
- Council of the Ageing SA: presentation-workshop at annual conference.
- Link Disability Magazine: five editions with full page advertorial and back page advertisement.
- Telstra Corporate Responsibility Report and Telstra in the Community Report.
- Victorian Public Housing Tenants Benefit Scheme: Expression of Interest lodged, November 2009.
- CEO's Christmas letter to Telstra staff, December 2009.
- Anglicare Victoria Christmas Launch.
- Telstra-TJA Christopher Newell Prize for Telecommunications and Disability. This new prize was launched by the Hon Bill Shorten, Parliamentary Secretary for Disabilities, 24 June 2009, in Canberra, with Telstra also putting out a media release.
- Corporate Responsibility Matters e-news. A monthly email newsletter to interested external stakeholders regarding Telstra's corporate responsibility initiatives.
- ACT Emergency Relief Forum. Telstra supported the initial setting up of this forum and is a regular contributor.
- The Australian Social Policy Conference, UNSW 2009. LIMAC's research was presented in a session, "Telecommunications and social inclusion: new approaches to accessibility and affordability."

"The customer was referred when his wife was diagnosed with breast cancer resulting in high medical, travelling and living expenses. As a pensioner, he was very anxious about how to pay all the increased bills, including the phone. By listening to the circumstances, Telstra Credit Management provided relevant support including payment options and the HomeLine Reach phone plan, which provides cost-saving benefits for people using their phone more heavily."

- Specialist Assistance Team, which implements Telstra's Financial Hardship Policy

COMMITTEE

LIMAC met five times during 2009, twice by audio-conference. Committee meetings generally involve an update on the low-income package, the marketing plan, and any new Telstra proposals that may impact customers on a low income. An operational sub-committee meets regularly before the main meeting with a focus on the Bill Assistance Program.

Representation of LIMAC members and observers 2009

Member/Observer	15 Jan*	9 Feb	11 May*	24 Aug	14 Dec
Anglicare Australia					
Australian Council of Social Service					
Council of the Ageing					
Department of FAHCSIA					
Homelessness Australia					
Jobs Australia					
St Vincent de Paul					
The Salvation Army					
The Smith Family					
ACMA [^]					
Department of BCDE [^]					
Telstra [^]					

*Via audio conference. ^Observer

Major items discussed in 2009 were:

- Telstra's proposal to introduce a fee for non-electronic bill payment methods. LIMAC's advice was used to frame a wide range of exemptions from the fee for people on a low income. The \$2.20 fee, introduced in September 2009, was subsequently withdrawn by the (newly appointed) CEO of Telstra, David Thodey.
- The LIMAC research report published with the Social Policy Research Centre, University of NSW in March 2009, *Telecommunications and community wellbeing: A review of the literature on access and affordability for low-income and disadvantaged groups*. The report highlights the importance of "digital inclusion", particularly through mobiles and Internet, and the role played by "digital literacy" in promoting access and affordability. The report also noted the lack of cross-disciplinary recognition of the role of communications technologies in people's lives and the need for wider Government-industry discussion about these issues.
- ACT Utilities Tax, which resulted in a new charge for Telstra customers in the ACT from 1 July 2009 to partly recover the cost of this ACT specific tax.
- LIMAC research into the Bill Assistance Program (see more detail elsewhere).
- Telstra Pensioner Discount. General discussions are ongoing seeking to improve compatibility with other discounts and reward options for customers with multiple Telstra products.

Status of recommendations from the 2008 report

#	RECOMMENDATION	STATUS
R1:	That Telstra continue to explore an option for emergency top-up for pre-paid mobile phone users.	Telstra Consumer Affairs has maintained a small pre-paid starter-kit and mobile handset program for domestic violence, homelessness and refugee agencies. Telstra is still investigating whether new T-Shop systems can incorporate TBAP for pre-paid mobile top-up.
R2:	That Telstra reconsider the overall communications requirements of MessageBox users, including the need for a combined calling card/ messaging service.	A survey of all TMBX agencies was completed in 2008. Results indicated a strong preference for TPCAP and pre-paid mobiles, with a smaller but still significant TMBX usefulness. Feedback will form part of any review of pre-paid (calling card) services.
R3:	That LIMAC continue to explore how access to mobiles and broadband Internet can be improved for people on a low income, including relevant skills formation.	The Telstra Connected Seniors [®] and T[life] [®] store mentor programs are ongoing. A project has begun to develop mobile "literacy" materials for Indigenous customers for use by the financial literacy education networks. In Dec 09 – Jan 10 Telstra substantially increased the value of its fixed and wireless broadband plans, particularly the entry level plans and with increased consumer protections.
R4:	That LIMAC continue to seek government and whole of industry responses to affordability issues to promote digital inclusion.	The LIMAC Chair has briefed the TIO Council members. Changes to Government income security from 1 Sep 09 provided an increased Pension Supplement. ACCAN (Australian Communications Consumer Action Network) is now also focussing on affordability issues in respect of new telecommunications services in Australia.

CONTACTS

Information about the Access for Everyone package is available online at www.telstra.com.au/accessforeverone.

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Appendix A: Telstra's Carrier Licence Condition 22

Low-income measures

22. (1) By 1 July 2002, the licensee must offer, or have a plan for offering, products and arrangements to low-income customers (the low-income package) that has been:

- (a) endorsed by low-income consumer advocacy groups; and
 - (b) notified in writing to the ACA.
- (2) The low-income package must include details of the dates by which products or arrangements not offered to low-income customers from 1 July 2002 will be offered to such customers.
- (3) The licensee must comply with the low-income package as in force or existing from time to time.
- (4) The licensee must maintain and adequately resource a Low income Measures Assessment Committee (LIMAC), comprising representatives of such organisations as are approved by the Minister in writing from time to time.
- (5) The role of LIMAC will be:

- (a) to assess proposed changes to the low-income package or to the marketing plan for the low-income package; and
 - (b) to report annually to the Minister on the effectiveness of the low-income package and of its marketing by the licensee.
- (6) From 1 July 2002, the licensee must have in place a marketing plan for making low-income consumers aware of the low-income package, being a plan that has been approved by LIMAC.
- (7) The licensee must seek and consider the views of LIMAC before it makes any significant change to the low-income package.

Note: It is intended that the licensee may make minor non-substantive changes to the low-income package (such as minor editorial or typographical corrections) without having to seek and consider the views of LIMAC.

LIMAC is to be consulted on other proposed changes to the low-income package.

(8) If the licensee makes a significant change to the low-income package, the licensee must give the ACA a revised version of the package incorporating the change.

