



# Connectivity Costs II:

## Telecommunications Affordability and Waged Poor Households

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Households

Greg Ogle and Rebecca Law

South Australian Council of Social Service  
in conjunction with the Australian Council of Social Service, Tasmanian Council of Social  
Service and the ACT Council of Social Service

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**Connectivity Costs II: Telecommunications Affordability and Waged Poor Households – Final Report**

Authored by **Dr Greg Ogle and Rebecca Law**

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**South Australian Council of Social Service**

Website: [www.sacoss.org.au](http://www.sacoss.org.au)

Email: [greg@sacoss.org.au](mailto:greg@sacoss.org.au)

Telephone: 08 8305 4222

**Australian Communications Consumer Action Network**

Website: [www.accan.org.au](http://www.accan.org.au)

Email: [grants@accan.org.au](mailto:grants@accan.org.au)

Telephone: 02 9288 4000

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A special thank you is also owed to the survey respondents and interviewees who contributed their knowledge and life-experience to this project, and to the stakeholder groups (listed in Appendix 3) who added their expertise.

In relation to those survey respondents and interviewees, we also acknowledge that the term “waged poor” households is far from ideal. As will be seen in the literature review, there are a variety of terms used to describe the cohort of people who are the subject of this research. Most are problematic, including because the term “poor” may carry limiting or negative connotations (even though it simply signifies an income level below the designated poverty line). We continue to use “poor” as an adjective to describe the households in this study simply because there is no generally agreed term, and the combination with the often positively-valued “waged” highlights the circumstances and contradictions of these households. However, the authors apologise to anyone (and in particular to any study participants) if the term is uncomfortable or causes offence.

# Executive Summary

## Background

Waged poor households can be defined as those living below the poverty line (50% of median equivalised household disposable income) whose main source of household income is wages and salaries. Previous SACOSS research using the 2015-16 ABS *Household Expenditure Survey* (HES) found that there were 249,818 waged poor households in Australia equating to 23.8% of households in poverty and accounting for 685,744 people.

The ABS data also showed that, by comparison with other households below the poverty line, waged poor households are likely to be:

- larger (more persons per household);
- couples or couples with children;
- renting;
- spending more on telecommunications; and
- less likely to seek support from charities and non-government organisations.

Waged poor households also face many of the same issues as others in poverty, including struggling to make ends meet, having to go without or delay important household and personal expenditures, and having difficulties in paying essential bills. These commonalties arise from the shared experience of poverty, but there are also specifics arising from waged-poverty including bigger household sizes leading to higher demand for services, significant variations in work hours and income, and specific employment-related issues.

Against this background, this project sought to examine telecommunications usage and affordability issues by conducting a national survey of 500 waged poor households and qualitative interviews in South Australia, Tasmania and the ACT.

## Usage

The survey data showed waged poor households have broadly similar patterns of internet activity as average households (banking, bill-paying, social networking the most common uses), with slightly lower levels of entertainment usage among waged poor households. Survey respondents also had high levels of phone and internet use, with 87% having smart phones and 73% having NBN – although renters had slightly fewer landlines and NBN connections. There was also substantial use of streaming services like Netflix (in part a reflection of the numbers of households with children or young adults).

The top 3 places survey respondents accessed the internet were via their mobile phone (53%), broadband at home (79%), and through public WiFi (25%). However, many interviewees found public WiFi to be slow, unreliable or difficult to access, and others refused to use it because of privacy and security concerns. That said, when noting these problems most interviewees were

referring to corporate sources (e.g. at McDonalds or Westfield). Those who had experience of the Canberra Free Public WiFi found it more reliable, and a number of participants also accessed WiFi through public libraries (which also provided vital access to computers and printers that were not otherwise available to the waged poor households).

However, the biggest usage issues were around work and school. 70% of respondents who were employed used their personal telecommunications devices and services for work. Several respondents used their phone or internet to check rosters or get advised of shifts, for others their telecommunications services enabled work in contacting customers, navigating to different sites or trouble-shooting urgent issues – although in these cases it was not a big part of their work. By contrast, for others their personal phone or internet service was a primary tool of their trade and in some cases, it was a core part of the employers' business model.

While digital connection for children is a concern for many parents, it is particularly important for waged poor households because of the prevalence of family formation households (younger households with children) and because they may lack the money to provide good home connection. While public programs like the ACT government's provision of Chromebooks were seen as important, there were holes in that program and similar programs did not exist elsewhere. The issues of home internet connections for children became particularly important with the COVID-19 school shutdowns.

### Affordability

Telecommunications bills were rated as a major household expenditure by the majority of waged poor households, alongside food/groceries, energy, housing, and transport. Given low incomes, it is not surprising that half of the households with smart phones and 46% with NBN or other home broadband reported having trouble paying for the ongoing costs of those services "sometimes, usually or always". Around a third of these usually or always had trouble paying.

Even where respondents said they did not have trouble paying, it did not necessarily mean telecommunications were affordable. For some, the regular monthly cycle and fixed amount made it easier to pay (by comparison to lumpy and "surprising" energy bills). For others affordability was managed by using pre-paid services which meant that rather than having trouble paying – they just ran out of credit and went without. Finally, the ability to pay phone and internet bills was often simply premised on prioritising those bills and going without other things – not exactly a mark of affordability.

The affordability issues arising out of usage of personal phone and internet services for employment were not straightforward. For some, the work usage was minor, and even when it was more sustained, it did not necessarily increase the actual bill (if the plans were big enough). However, those employees were still assumed or required to have their own devices and services and to be able to use them for work – yet none of them were reimbursed by their employer for this work usage.

While it may not be feasible to reimburse for individual instances of calls or data use, employees should be reimbursed a part of the cost of their telecommunication plans – because it is those plans that enable them to bring their telecommunications capital to work. This would be a fairer outcome

than simply allowing for tax deductions which are delayed, don't cover the whole cost and are not available to a number of waged poor households (e.g. because they don't earn enough to pay tax).

### **Unmet Demand**

The survey data found little unmet demand for new services, with 70% of respondents not identifying a need for any other services. However, there was much more interest in upgrading existing services (including getting more data) if financial circumstances improved. This suggests that waged poor households are prioritising telecommunications expenditure to ensure they have the basics but are using sub-par services and devices. This was also evident in the qualitative data where most interviewees did not identify wanting more services, but a number noted that they were using the cheapest phone available or old equipment.

### **Seeking Help**

Against a background of the ABS data showing that waged poor households are unlikely to seek help from charities and non-government welfare organisations (NGOs), 46% of survey respondents said that they would approach a service provider if they could not pay their bills, but only 7.2% would go to a charity or NGO.

For the telecommunications companies, this means that over half of survey respondents would not approach their retailer – which may be a particular concern given that 19% of respondents said they would cancel the service and 14% said they would avoid or delay payment. Many respondents did not think it was possible to negotiate with a retailer, or that it would be of any use as they would still have to pay the money in the end, while others were put off by the perceived hassles or negative feelings towards the telecommunications companies.

That said, the majority of interviewees who had approached their retailers found it easy to get an extension and were positive about the experience. When asked what other assistance retailers could give, a number wanted relief from high prices and one pointed to the need for a concession plan. Another couple of interviewees highlighted the need for a flexible plan so that they could change the amount they would use and pay in response to variations in their income. The Stakeholder Workshop pointed out that many retail plans without any lock-ins now had such flexibility, so the issue is as much about communication of the possibilities as it is about the products on offer.

For charities and NGOs, the low numbers of waged poor people seeking help could be partly attributed to a lack of knowledge about where to go and what services were available. This creates quite a challenge for charities and NGOs. Their current outreach and referral models are not reaching waged poor households, and better advertising of their services may be constrained by funding arrangements and capacity. But it is not simply about knowledge and advertising. In both the survey and interviews people said they would be too ashamed, awkward, embarrassed to go to a charity, while others said they would not because of pride or independence. There were some gender dimensions to the articulation, but charity was clearly not seen as normal or appropriate.

To overcome these cultural barriers the marketing challenge is not just to inform about services offered, but to normalise those services so waged poor people will think it is ok to go to those service providers. Yet charities' own advertising often promotes the "otherness" of their services with images and marketing pitches built around desperate unfortunates – objects of pity, not

ordinary people in tough times. The contrast to the successful marketing of some commercial providers in this area is stark and it reinforces the cultural barriers to accepting help from NGOs.

### **Other Issues**

It is important to note that telecommunications issues for waged (and other) poor households are not limited only to telecommunications issues. Some of the affordability issues come simply from poverty. It should not be surprising that households are struggling with telecommunications costs when their income is inadequate. They are likely to be struggling with all costs. Accordingly, addressing income issues in both employment and the income support system is also a part of ensuring telecommunications affordability – otherwise there is a risk of fetishising a particular expenditure and ignoring the real plight of waged poor households.

This report contains 10 recommendations dealing with the issues identified above.

# Introduction

Against a backdrop of increasing usage of telecommunications (both devices and data) and the increased necessity of being “online” to access information and services and to participate in society, the affordability of telecommunications is an ongoing concern – notwithstanding decreasing unit costs for most products. The most recent report from the federal government’s Bureau of Communications and Arts Research showed that telecommunications services accounted for 8.3% of household expenditure for those in the lowest income decile – the fourth largest household expenditure behind rent, groceries and transport (BCAR, 2019), while affordability is the only element of the Australian Digital Inclusion Index which has not shown steady improvement over the last 5 years (Thomas et al., 2019).

Such affordability challenges (and indeed poverty in general) has typically been understood to be associated with a lack income derived from being “out of work”. Earning a living wage (particularly in a full-time permanent capacity) was seen to have protected households from poverty and the inability to afford basic services (indeed, that was the basis of the Harvester minimum wage). However, while this is often the case, with recent wage stagnation, increased casualisation of the workforce and high levels of underemployment, the relationship between employment and poverty is not straight-forward. As noted in the ACOSS and UNSW Poverty in Australia 2018 report:

While the full-time minimum wage sits above the poverty line for a single adult without children, this does not prevent wage-earning families with children, those with only part-time earnings, and those with high housing costs, from falling into poverty. (Davidson et al., 2018).

These “waged poor” households are often overlooked, both in the discussion of poverty and also in efforts to support vulnerable and disadvantaged people’s access to telecommunications. For instance, eligibility for the Commonwealth government’s Centrelink Telephone Allowance is limited to those on certain social security payments, while direct assistance is often provided through charities and community organisations which, the evidence in this report shows, are not utilised by those in waged poverty.

Further, as this report will explore, there are telecommunications requirements that are specific to waged poor households either because of their particular demographic characteristics or arising from their employment. These may drive different and specific telecommunications challenges.

By simply focusing on poverty or lack of income in a general sense, there is a real danger that the specific needs of those living in *waged* poverty will be overlooked and they will struggle to afford basic telecommunications – and consequently struggle with digital inclusion, which in turn can drive them deeper into poverty.

Accordingly, the purpose of this report is to focus on telecommunications affordability among waged poor households and make recommendations to support those households to access and afford essential telecommunications. In doing this, the report draws heavily on recent research SACOSS undertook on energy affordability for waged poor households (Law et al., 2019), but extends that work through quantitative and qualitative research undertaken specifically for this project.

In considering waged poverty though, there are a range of preliminary methodological issues to consider, including:

- the definition of poverty and the problems of household-based (rather than individual) definitions;
- the definition of work (given that not all work is paid – which is the reason why this report uses the term “waged poor” rather than “working poor” which is used elsewhere); and
- how the two concepts come together and are measured in data on waged poor households.

There is a long history of debates around all these issues, both in Australia and overseas, but for the purposes of this report “waged poor households” are defined as follows.

***Waged poor households are those living below the poverty line (50% of the median equivalised household disposable income) whose main source of household income is wages and salaries.***

Equivalised here simply refers to the common practice of adjusting all households to the equivalent of a one-person household to enable fair comparison between different households.

SACOSS’ reasons for the philosophical and methodological choices that underpin this definition are set out in full in our report on energy affordability for waged poor households (Law et al., 2019), but utilising this definition, the poverty line for a single person household in 2015-16 was \$416 per week, or \$350 per week after accounting for housing costs. This equates to \$440 and \$370 respectively in 2019 dollars.

The adjustment for housing costs is important because those costs make a significant difference to the household’s living standard and the affordability of other essential services, although both lines are valid and are utilised in this report (for different reasons). The poverty line also varies depending on housing size, and Table 1 below shows the poverty line for different households. It should be noted though that these are still 2015-16 poverty lines, simply updated to 2019 using CPI indexation. They are therefore below poverty lines calculated from later income data (which has grown more than the CPI). The current ACOSS estimate of a single person poverty line is \$480-\$500 (ACOSS, 2020).

**Table 1: Poverty Lines by Household Composition**

|                             | Before Housing Costs | After Housing Costs |
|-----------------------------|----------------------|---------------------|
|                             | 2019 \$pw            | 2019 \$pw           |
| Single person, no children  | \$440                | \$370               |
| Single person, two children | \$704                | \$592               |
| Couple, no children         | \$670                | \$555               |
| Couple, two children        | \$924                | \$777               |

Having established the definitions and starting point above, the next section of this report reviews the scant literature on waged poverty in relation to telecommunications, and then (using SACOSS' energy report) summarises the extent of waged poverty in Australia and the key demographic characteristics of waged poor households.

# Literature Review: What We Know About Waged Poverty

## International and Australian Literature

Both the European Commission and the United States Bureau of Labor Statistics have formal definitions and collect data on working poverty. In Europe it is defined as those who are employed for over half of the year and whose annual household income falls below 60% of national median equivalised disposable household income. Approximately 10% of all European workers are captured by this definition, while 4.9% of American workers were captured by the US definition of “people who spent at least 27 weeks in the labor force (that is, working or looking for work) but whose incomes still fell below the official poverty level” (50% of median income). Closer to home, the New Zealand Human Rights Commission has auspiced an academic study of “in-work” poverty finding that in 2023 some 7% of working households (at least one person in employment) were in poverty (defined as 60% of before-housing median income).

Australia does not have an official definition of poverty, let alone working or waged poverty. While academic studies like the Australian Council of Social Service’s flagship two-yearly poverty reports highlight the prevalence of waged poor households, they generally do not take those households as a topic of study and do not investigate their particular characteristics. The latest report calculates that 37.8% of people below the poverty line live in households where wages and salaries are their main source of income. The report also calculates waged poverty based on the employment status of the household reference person (accounting for 38.3% of people in poverty) – with approximately two-thirds of these people living in a household with the reference person in full-time work (Davidson et al., 2020).

The closest Australian academic study to the international examples above would be Payne’s study for the Australian Institute of Family Studies (Payne, 2009). It used a definition based on at least one member of the household being employed, with the poverty line the usual Australian marker of 50% of median equivalised disposable income. That study found that 2.7% of Australians were living in waged poverty, but the data was from in 2005-06 and is now somewhat dated.

More generally, and crucially for this report, while all these reports provide some overview of waged poor households, they focused on household income and characteristics and did not look at specific challenges around affordability of essential services, such as telecommunications or utilities generally.

By contrast, some studies have taken affordability of utilities as a starting point and highlighted the struggles of waged poor households. For instance, the Public Interest Advocacy Centre’s 2013 study found that 44% of households disconnected from utilities included a member in paid employment (Wallace, 2013), and the Brotherhood of St Laurence’s 2015 study on fuel poverty identified that over 46% of households who were unable to pay utilities bills on time were headed by a person in full-time employment. Similarly Andrew Nance’s work on energy poverty (Nance, 2013), which was a catalyst for SACOSS’ interest in waged poverty, drew attention to the existence of affordability issues

for waged poor households, but none of these reports went on to examine the specific characteristics of those waged poor households and how those characteristics may impact on affordability issues.

Most specific research on telecommunications affordability is also too generic in that it does not focus on waged poor households. For instance, ABS household expenditure data shows telecommunications by income quintile, and for those reliant on Centrelink benefits, but not for those on low wage incomes (ABS, 2017a). The Bureau of Communications and Arts Research's research on affordability (BCAR, 2017) confined itself to income deciles without reference to the source of income, while its most recent report disaggregates the lowest income decile into students, pensioners and the unemployed without reference to waged poverty. This has implications for its calculation of essential data, which includes job searching, but not actual work use (BCAR, 2020). Similarly, the ACMA's recent work on customer financial hardship notes a range of drivers of hardship including unemployment, illness, homelessness and natural disasters – but not low or variable wages (ACMA, 2020).

SACOSS' own work in both the Cost of Living Reports (SACOSS, 2018) and the ACCAN-funded *Connectivity Costs* report (Ogle and Musolino, 2016) focus almost exclusively on those on Centrelink benefits, while NCOSS telecommunications findings in their 2019 cost of living survey only had limited reporting by income-type (NCOSS, 2019). The Australian Digital Inclusion Index (Thomas et al., 2019) tracks affordability separately by income quintile and by employment status but does not reference the overlap of employment with low income.

To SACOSS' knowledge there is no work specifically looking at the waged poor households in relation to telecommunications affordability.

Accordingly, this research takes its starting point from the research done by SACOSS in relation to energy affordability for waged poor households. That research defined the waged poor cohort, mapped their demographic characteristics, compared these households to Centrelink-reliant and other low-income households, and flagged issues of specific relevance (e.g. not being connected to traditional welfare supports) (Law et al., 2019). This data is summarised below.

## A Profile of Waged Poverty in Australia

### Prevalence

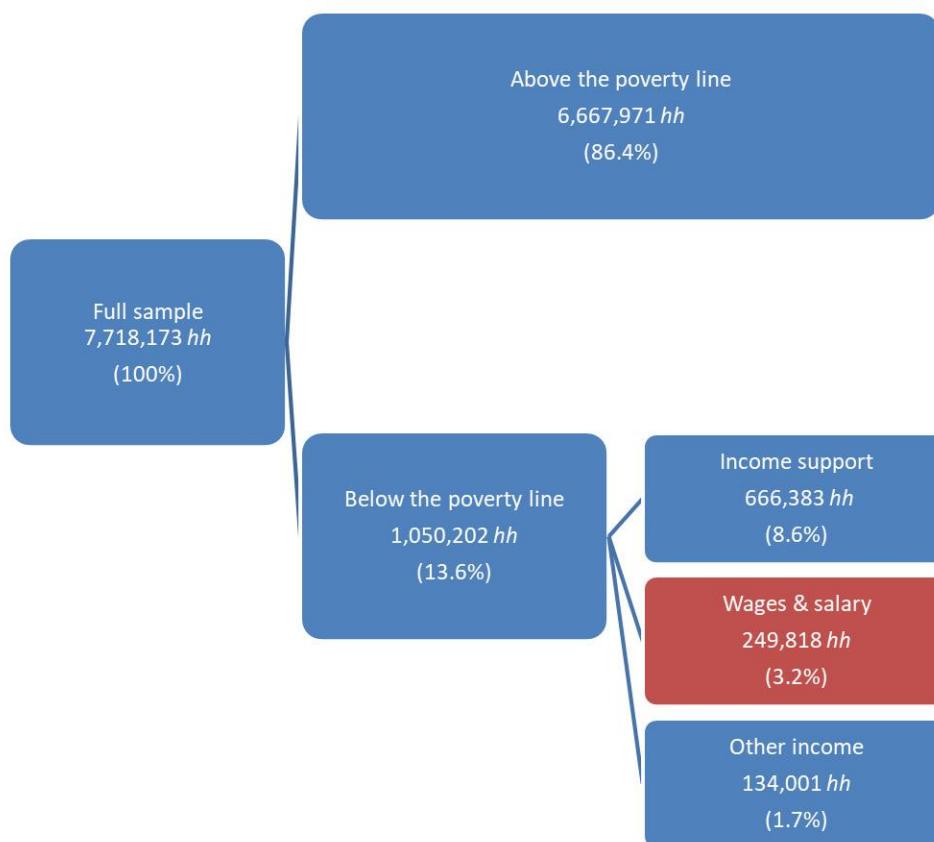
Drawing on after-housing cost data from the ABS *Household Expenditure Survey* (HES), our research found that in Australia (in 2015-16) there were 249,818 waged poor households:

- equating to 23.8% of households in poverty and representing 3.2% of all Australian households; and
- accounting for 685,744 people, including 177,481 children.

This estimate is higher than Payne's study, in part due to methodological differences but perhaps also in part because the proportion of people in waged poverty actually increased from 2009 to 2017 (Davidson et al., 2020). However, our estimate is lower than the ACOSS study overall, although the numbers are not strictly comparable. The ACOSS data on waged poverty is presented as the number

and proportion of *people* living below the poverty line (Davidson et al., 2020), whereas the figures here refer to the number and proportion of *households* (which we would expect to be proportionately less than the people-data due to the larger average household size among waged poor households). Further, this study uses a different ABS data set to the ACOSS research. The ACOSS study uses the Survey of Income and Housing (SIH), but the focus here on telecommunications costs required using the Household Expenditure Survey (HES) data. The median income (and therefore the poverty line) in 2015-16 is slightly lower in the published HES data than in the SIH (ABS, 2017a, 2017b), so again smaller numbers would be expected in this study. In that sense, the estimates here are conservative, but most importantly, they still show that waged poor households represent a significant segment of the telecommunications market and of the population that may struggle with telecommunications affordability.

**Figure 1: Waged Poor Households in Context of All Households**



Beyond these waged poor households, the SACOSS energy report also highlighted a further 801,985 low-income waged households (10.4% of all households) who were in the bottom two income quintiles but were above the poverty line. While this group is not the subject of this report, many of these households share similar characteristics and affordability challenges as waged poor households – again highlighting the importance of not focusing only on those on social security payments in considering telecommunications affordability.

## Income and Expenditure

By definition, the main source of income of waged poor households is from employment, but 74% of these households had just one person in the household employed (including 59% of households with more than one adult). Just over half of all waged poor households also received some form of income-support payment.

The average (mean) household disposable income (before housing) of waged poor households in Australia was \$711 per week, significantly above the \$494 for households in poverty that were primarily reliant on income support payments. This reflects both larger household size (average 2.7 people for waged poor households, 1.9 for Centrelink-reliant poor households), but also potentially higher incomes. However, as Table 2 shows, it is not necessarily the case that those on income support payments are deeper in poverty than those households with waged incomes. When housing costs and household size are taken into account the average income for waged poor households is about the same as that of poor households mainly reliant on income support.

**Table 2: Income Comparison of Waged Poor, Income Support and All Households**

|                                   | Waged Poor<br>Households | Income Support<br>Households | All Households |
|-----------------------------------|--------------------------|------------------------------|----------------|
| Before Housing Costs Income       | \$711                    | \$494                        | \$1,685        |
| Equivalised Before Housing Income | \$450                    | \$407                        | \$989          |
| After Housing Costs Income        | \$365                    | \$322                        | \$1,467        |
| Equivalised After Housing Costs   | \$258                    | \$262                        | \$853          |

These income figures can also be compared to household expenditure figures, which also show significant differences in expenditure between household types. Average gross household expenditure for waged poor households was \$1302 per week, well above the \$711 average income. This deficit is not surprising given that the published ABS data for the bottom two income quintiles also show expenditure exceeding income (ABS, 2017a). This likely reflects a combination of under-reporting of income (including illegal incomes) and the significant extent to which low-income households live off savings or go into debt. Differences in savings possibilities are discussed below in relation to financial stress indicators (see Figure 4), while the ABS' own analysis suggests that being in debt "is a reality for most Australian households" – and this is not just mortgages, with over 55% of all households having credit card debt (Law et al., 2019).

The ABS data also shows that waged poor households spent \$42.32 per week or 5.9% of their disposable income on "Communication". This is the ABS summary classification that includes postage, but does not include the cost of many telecommunications devices. Accordingly, it is not straight telecommunications expenditure, although SACOSS' previous work on the data published for all households showed that telecommunications costs (including equipment) were slightly above this summary level "Communication" category.

As Table 3 below shows, this communication expenditure for waged poor households was significantly higher than that for households in poverty who were mainly reliant on Centrelink payments, again in part due to bigger household size and more demand. Indeed, the communications expenditure of waged poor households was almost the same (in dollar terms) as for average Australian households – despite the significant difference in income.

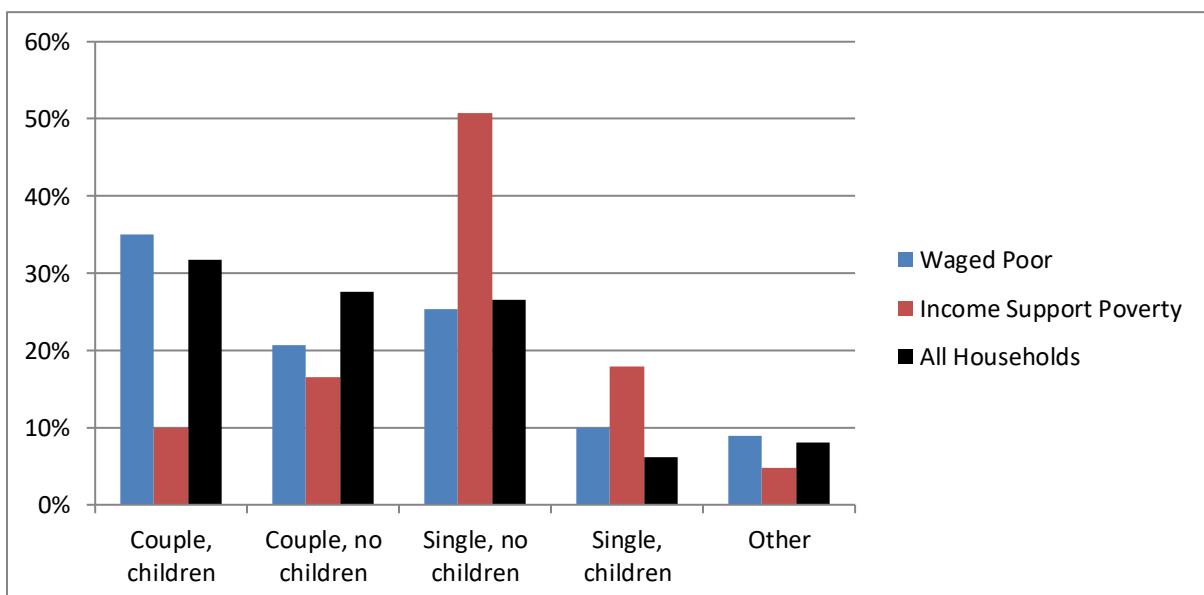
**Table 3: Communications Expenditure**

|                                | Average Weekly Communication Expenditure | % of Mean Household Income |
|--------------------------------|--|----------------------------|
| Waged Poor Households          | \$42.32                                  | 5.9%                       |
| Income Support Poor Households | \$27.39                                  | 4.2%                       |
| All Households                 | \$46.16                                  | 2.7%                       |

## Family Formation Cohort

The data above highlighted that waged poor households were on average larger than those mainly reliant on income support, but there is a specific dynamic to this in that waged poor households are dominated by what we term a “family formation cohort”. As evident in Figure 2 below, couples and couples with children account for 55% of waged poor households, while single person and single parent households dominate the cohort of those in poverty reliant on income support. That said, while single parents in poverty are more likely to be primarily reliant on income-support payments, 10% of single parents in poverty are in the waged poor category which itself is nearly double the incidence of single parent households in the general population.

**Figure 2: Composition of Different Household Groups**



Put another way, 45% of waged poor households have children, by comparison with 28% of income support poverty households and 38% of all households. This over-representation of households with

children is significant given previous research noting the importance of children and young adults in driving telecommunications expenditure in poor households. While single adults may limit their telecommunications use, children require devices and data for school and social connection (Ogle and Musolino, 2016).

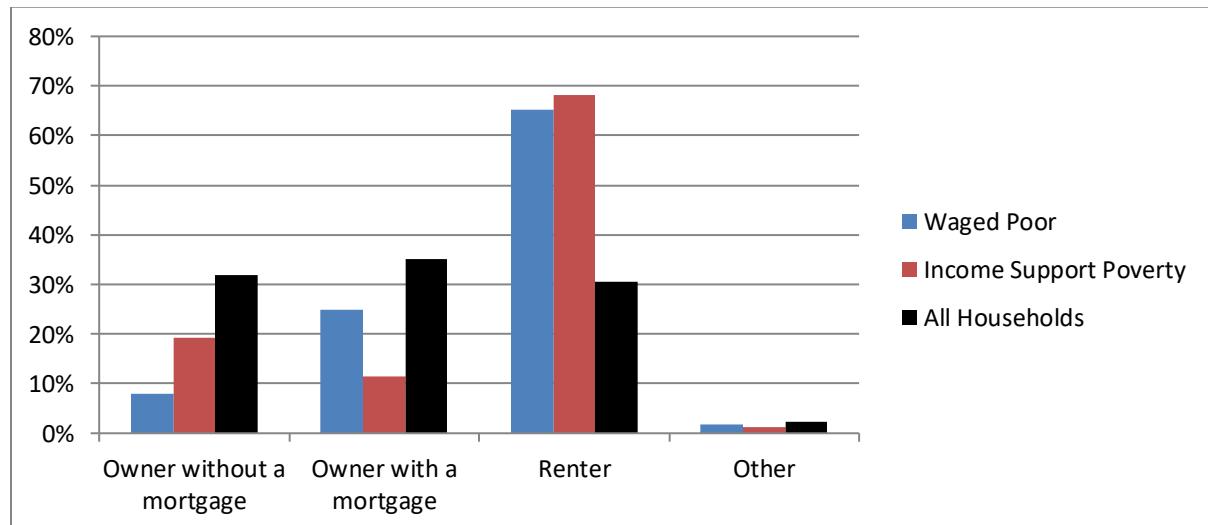
## Household Tenure

Nearly two-thirds of waged poor households were renters. This is similar to other households in poverty, but nearly twice the rate in the general population and is a feature of waged poor households with implications for telecommunications.

Waged poor households were also more than twice as likely as other households in poverty to be home-owners paying off a mortgage, although at around 25% of waged poor households this was less than for all households.

Taken together, around 90% of waged poor households were either renting or paying mortgages and therefore facing significant housing costs. This is partly a statistical manifestation of using after-housing poverty data because the housing costs for those households push them below the poverty line even if their initial income may be higher. Indeed the quantitative survey undertaken for this study which (for recruitment reasons) was based on before-housing income had a significantly smaller proportion of renters. However, the significant housing costs faced by 90% of the waged poor cohort increases the pressure on already low household budgets and adds to the difficulties in affording other essentials like telecommunications.

**Figure 3: Housing Tenure by Different Household Groups**

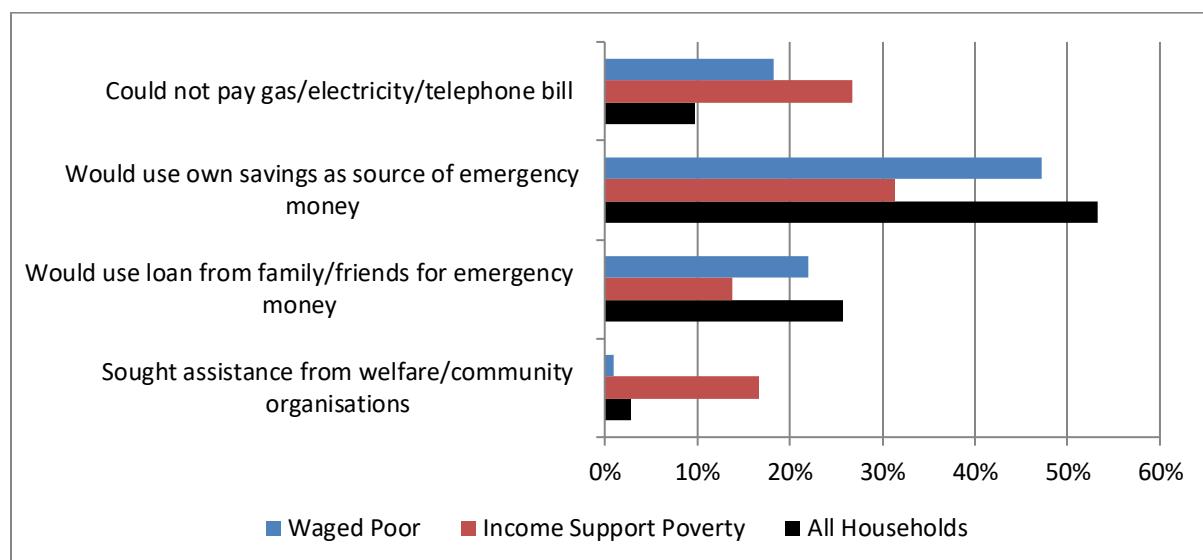


## Financial Hardship and Support

These low income and large expenditure pressures can result in significant financial (and other) stress. The ABS 2015-16 HES data showed that over 45,000 waged poor households had been unable to pay their bills on time due to financial hardship in the previous 12 month period. This represented some 18% of all waged poor households – a lower rate of stress than for those Centrelink-reliant households in poverty, but around double the rate among the general population. This is evident in

the top lines of Figure 4, which also shows other relevant ABS financial stress indicators (selected from 9 HES measures).

**Figure 4: Selected Financial Stress Indicators**



The other financial stress indicators also reveal other features of waged poor households. By comparison with those in poverty and reliant on income support, waged poor households would appear to have a bit more financial resilience in that they are more able to rely on their own savings or loans from family and friends. Indeed, waged poor households were only slightly less likely to have taken these actions than the average household.

However, as the bottom lines of the graph show, waged poor households were significantly less likely than any other group to seek assistance from welfare/community organisations. Less than 1% of waged poor households sought that help. This is one of the most striking differences between waged poor and other poor households and, because it has significant ramifications for supporting waged poor households with telecommunications affordability, it is one of the key focuses of this research.

## Summary

In summary, by comparison with other households below the poverty line who are primarily reliant on income support payments, waged poor households are likely to be:

- larger (more persons per household);
- couples or couples with children;
- renting;
- spending more on telecommunications; and less likely to be seeking support from charities and non-government organisations.

Based on this data, and the qualitative research conducted for the SACOSS energy project, the SACOSS energy report concluded that, unsurprisingly, waged poor households faced many of the

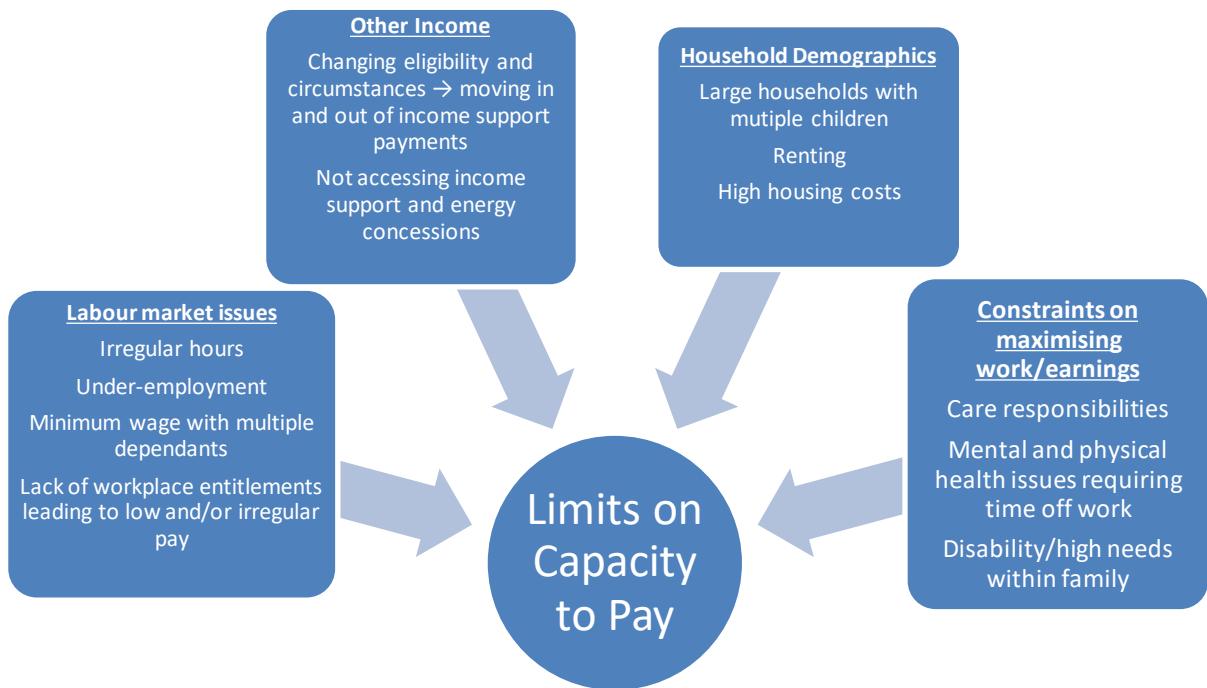
same issues and struggles commonly faced by all households in poverty, including struggling to make ends meet, having to go without or delay important household and personal expenditures, and having difficulties in paying essential bills (Law et al., 2019).

However, beyond the shared generic experiences of poverty and lack of money, there were additional affordability issues that were specific to waged poor households – some of which arose precisely because of employment. These were:

- **Issues arising from the overrepresentation of “family formation” households** among waged poor and low-wage households – including increased energy usage, and family limiting working hours/possibilities.
- **Lack of connection to and reluctance to seek help from support services.**
- **Significant variation and unreliability of work hours and therefore household income** driven by irregular, casualised and/or seasonal work and lack of job security and leading to extra difficulties in budgeting; and
- **Work requirements changing household budget priorities** (e.g. needing a car/petrol for work) and leaving less for energy and other essential expenditures.

The SACOSS energy report also usefully summarised the key drivers which might limit the capacity of waged poor households to pay utilities bills. This summary is in a simple graphic which is replicated here.

**Figure 5: Drivers and Characteristics of Waged Poverty**



The SACOSS energy report also suggested that this could act as a checklist for support organisations to help identify people likely to be living in waged poverty, but the broader recommendation stemming from this literature review is as follows:

**Recommendation 1:**

***That telecommunications regulators, companies and community groups supporting consumers note the prevalence of waged poor households and include a consideration of these households in their analysis of telecommunications affordability and financial hardship.***

In effect, the rest of this report and the research project which underpinned it are a contribution to acting on this recommendation. In developing that contribution, there will be some discussion of the shared affordability challenges which arise simply from lack of money, but also a focus on the things that are extra or specific to waged poor households and particularly those that arise from their engagement with paid work itself.

# Methodology

## Background

As noted above, the dearth of literature examining the telecommunications experiences and affordability challenges for waged poor households meant that this research takes its starting point from SACOSS' research on energy affordability for waged poor households (Law et al., 2019). Using that research as the base to define and understand the key characteristics of waged poor households, this research then utilised both quantitative and qualitative approaches to better understand the telecommunications issues of those households, including:

- strategies and barriers to affordability;
- the use and impact of online streaming services;
- interactions with telecommunications providers;
- access to (and use of) hardship and other support programs, and if relevant,
- how they might be engaged.

The research was conducted in three key stages (outlined below) with the mix of quantitative and qualitative methods adding value to both approaches. The survey data quantifies telecommunications use and affordability struggles for this cohort and enables comparison to both average households and other poor households. The qualitative work gives depth to the understanding of their telecommunications use and experience. Finally, the engagement with organisational stakeholders brings a range of perspectives to the table to develop appropriate policy responses to problems highlighted in the research.

All stages were led by SACOSS, but in collaboration with the three Councils of Social Service (COSS) project partners (ACTCOSS, TasCOSS and ACOSS) and with ACCAN.

## Stage 1 – Quantitative Survey

Adelaide-based market research company Mint Research was engaged to facilitate a 10-15 minute online survey of 500 people from households fitting our definition of waged poor. The survey was done by Action Market Research (AMR) and took place in October 2019. Respondents were drawn from AMR's panel of online respondents and the survey questions were developed by SACOSS in conjunction with Mint Research, ACCAN and the collaborating COSS partners. The questions were also in part modelled on previous survey questions asked for SACOSS' earlier *Connectivity Costs* report (Ogle and Musolino, 2016). The survey results were analysed by the authors using Statistical Package for the Social Sciences (SPSS), and where possible compared to other relevant data.

## Selection Criteria

Screening the respondents to ensure they met the criteria of “waged poor households” was difficult given that the survey sample was defined by specific criteria, which is quite different to simply applying filters to get a subset of much larger surveys like the ABS HES.

To make the survey more accessible and easier to answer, the screening was based on “take-home pay” which in effect is “before housing” income. This meant that the sample group was by definition different to the waged poor cohort defined above from the ABS data. The most obvious manifestation of this is that a greater proportion of the SACOSS survey group were home owners, but there were also other differences which will be discussed below.

There were also difficulties in screening for eligibility in that the poverty line changes depending on housing size. Accordingly, the relevant poverty line had to be calculated for each survey respondent to see if they met the eligibility criteria. The poverty lines used are in Table 4 below, but a separate poverty line was also calculated for a stereotypical “young adult” – living at home, potentially paying (some) telecommunications, but not responsible for all phone bills. The rationale for this methodology is set out in Appendix 1.

**Table 4: Poverty Lines for Different Household Composition**

| Household Type                                      | Poverty Line<br>\$ p.w. |
|---|-------------------------|
| <b>Single Person</b>                                | \$440                   |
| <b>Two Adults</b>                                   | \$660                   |
| <b>Three Adults</b>                                 | \$880                   |
| <b>One Adult, One Child</b>                         | \$572                   |
| <b>One Adult, Two Children</b>                      | \$704                   |
| <b>Two Adults, One Child</b>                        | \$792                   |
| <b>Two Adults, Two Children</b>                     | \$924                   |
| <b>Non-responsible adult in 3 adult household</b>   | \$293                   |
| <b>Non-responsible adult +1 other adult + child</b> | \$396                   |

### Survey Representativeness and Weightings

The demographic breakdown of the SACOSS survey group is in Appendix 1, but there were several ways in which the survey group did not match the demographics identified in the ABS data. As noted above, the group was defined differently in terms of before and after-housing costs, but the survey sample was also older, with smaller households and much less likely to have children. In short, the family formation cohort identified in the ABS data was under-represented in the SACOSS sample.

However, one interesting outcome of this is the identification of another potential demographic group within the waged poor cohort who are older, often owning their own homes and where one half of a couple has retired and the other is working. They fit the (before-housing) definition of waged poor households, but they are also likely to have more assets and be more comfortable than

the family formation cohort. In turn this would mean that they probably experience less difficulty in paying for telecommunications.

Because SACOSS is particularly interested in those struggling most with telecommunications costs (and recognising the impact of children on demand for services), we weighted the survey results to reflect the ABS demographic data around household composition. The household composition data and weightings applied are in Appendix 1, but basically the results de-emphasise the experience of these older households and place more weight on the responses of the family formation cohort identified in the ABS data.

Unless otherwise specified, the data presented in this report are the response rates weighted as above.

## **Stage 2 – Qualitative Interviews**

Following the quantitative survey, the original plan was to run 3 focus groups to explore in a more nuanced way the issues that arose from the survey data. There was one group to be held in Canberra, one in Hobart, and one in Adelaide run by the relevant state/territory COSS. Recruitment of participants via the COSS networks proved difficult – precisely because waged poor households are unlikely to be in touch with community service organisations (and in that sense any such recruitment would be unrepresentative). Accordingly, Action Market Research was engaged to recruit a more random sample. However, while this was in progress, Australia was hit with the COVID-19 crisis and so the focus groups were replaced with one-on-one interviews conducted over the phone by the relevant COSS.

Twenty-four interviews were conducted across the 3 states in March 2020, with each interview loosely based on themes, questions and prompts developed between the COSS partners. The sessions were recorded and transcripts of the discussions were collated and analysed centrally by the report authors. A summary of participants is contained in Appendix 2.

This interview data, when considered in conjunction with the survey data, formed the basis of further policy analysis and discussion with the project partners – which then provided the background to the stakeholder engagement in Stage 3 of the research.

## **Stage 3 – Stakeholder Engagement**

A range of industry and consumer stakeholders were brought together in a video roundtable meeting in May 2020 to discuss the research findings and consider policy implications and proposals to assist with telecommunications affordability for waged poor households. The full list of those represented at the Roundtable is in Appendix 3 of this report, and included telecommunications consumer groups (including ACCAN), Councils of Social Service, the ACMA as regulator, retailers and NBN Co, and other relevant community groups. Participants were briefed on the quantitative data and on the key issues emerging from the focus groups, and some 10 potential recommendations.

While the discussion and responses from this group were invaluable inputs into this report, the authors alone bear the responsibility for all content and recommendations in the report.

# Results

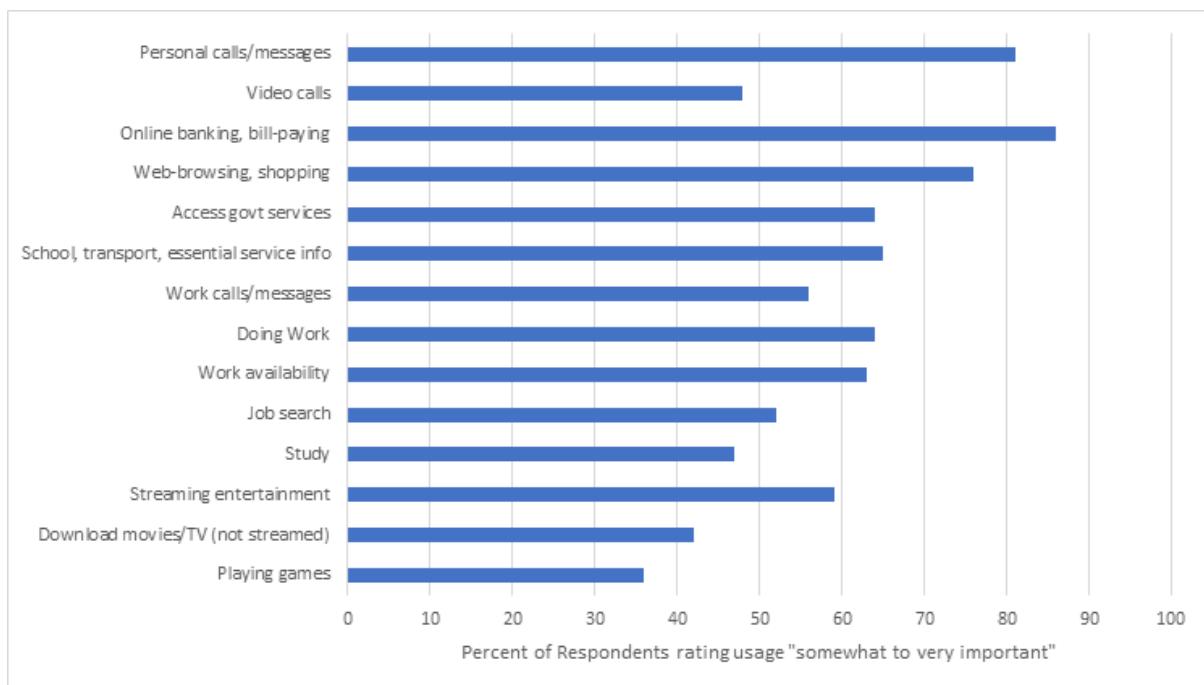
## Usage

### Services and Devices

This project is premised on phone and internet usage being increasingly essential as more businesses, government services and culture goes online. The ABS internet usage data from 2017 (the latest and last) listed banking, social networking and entertainment as the most popular online household activities (ABS, 2018). As evident in Figure 6, our survey of waged poor households mirrors this with banking, personal calls and browsing social media all seen as somewhat to very important by more than three-quarters of respondents.

However, there was a difference in that the various entertainment options rated by the waged poor households as important less often than accessing government services and seeking information on schools, transport, and energy services. Taken together, a total of 65% of waged poor respondents rated any of the last 3 “entertainment” categories as somewhat to very important. This is somewhat lower than the 80% of internet users in the ABS survey using it for entertainment and potentially reflects the tighter budgets of waged poor households.

**Figure 6: Telecommunications Uses in Waged Poor Households**



Despite the relatively lower uptake of entertainment usage among waged poor households, it is important not to discount its importance. In the circumstances of many waged poor households with children and little money, entertainment uses like TV streaming services may be a good investment. As Alison, a single parent working as a photographer and with 3 older children at home, said:

Netflix, that's just to keep the kids entertained and not climbing the walls ... that's an essential service to me, 'cause it just keeps everyone a little bit happier and when you are in

a very small house on top of each other, to me ... I can't afford Foxtel or going to the movies or taking them out for dinner, so \$18 a month for [Netflix] entertainment is fairly good money spent I feel.

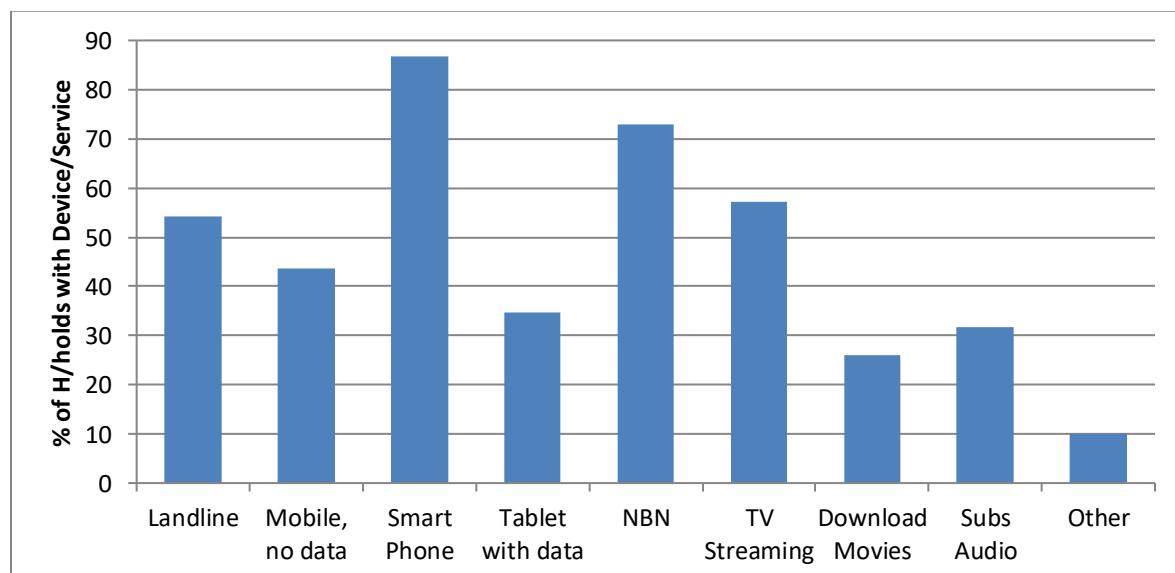
In this context it is noteworthy that BCAR's definition of "basic data needs" includes a small amount of standard definition video streaming, but it does not include subscription services like Netflix. (BCAR, 2020). While the BCAR authors note that different households have different needs, this perspective on entertainment again highlights the importance of including the voices of waged poor people in any analysis.

In relation to the devices and services used by the waged poor households in our survey, the data showed widespread use of the most basic telecommunications devices and services: 54% of waged poor households had landlines, 87% had smart phones and 73% had NBN or other broadband in their home. That said, some caution should be exercised with all these results as this was an online (only) survey – so by definition everyone was online in some way.

The 87% of waged poor households with smart phones in this survey appears high, particularly by comparison to the 61% in the survey of those on very low incomes who were reliant on Centrelink payments done for the 2016 *Connectivity Costs* report. However, the proportion of waged poor households that have mobile phones with no data is also higher than the 35% in the 2016 study of non-waged poor households in poverty. Thus, the differences may represent growth over time or simply bigger households with more devices, or a combination of both. Further, the smart phone numbers in this survey are in line with the NCOSS 2019 survey of low income households which found that around 90% of low income workers had smartphones with data, and again – a significant difference from the 71% of Centrelink recipients (NCOSS, 2019).

Both the SACOSS and NCOSS data is also in line with the data cited by BCAR (2020) showing a general rate of 89% smart phone ownership in Australia.

**Figure 7: Telecommunications Devices and Services Used, All Waged Poor Households**



The NBN data in Figure 7 with 73% of waged poor households with NBN or broadband at home is also fairly high, although it is broadly in line with national averages: in February NBN Co. reported a

take up rate of 61% of all possible business and household users. Our survey numbers would be expected to be high given the survey is biased to those online and the question included non-NBN broadband.

However, housing tenure made a difference to both NBN take-up and landline usage. Only 68% of renter households in the survey had NBN or home broadband, 5 percentage points lower than the survey average. Similarly, only 42% of renters had landlines, 12 percentage points lower than the survey as a whole.

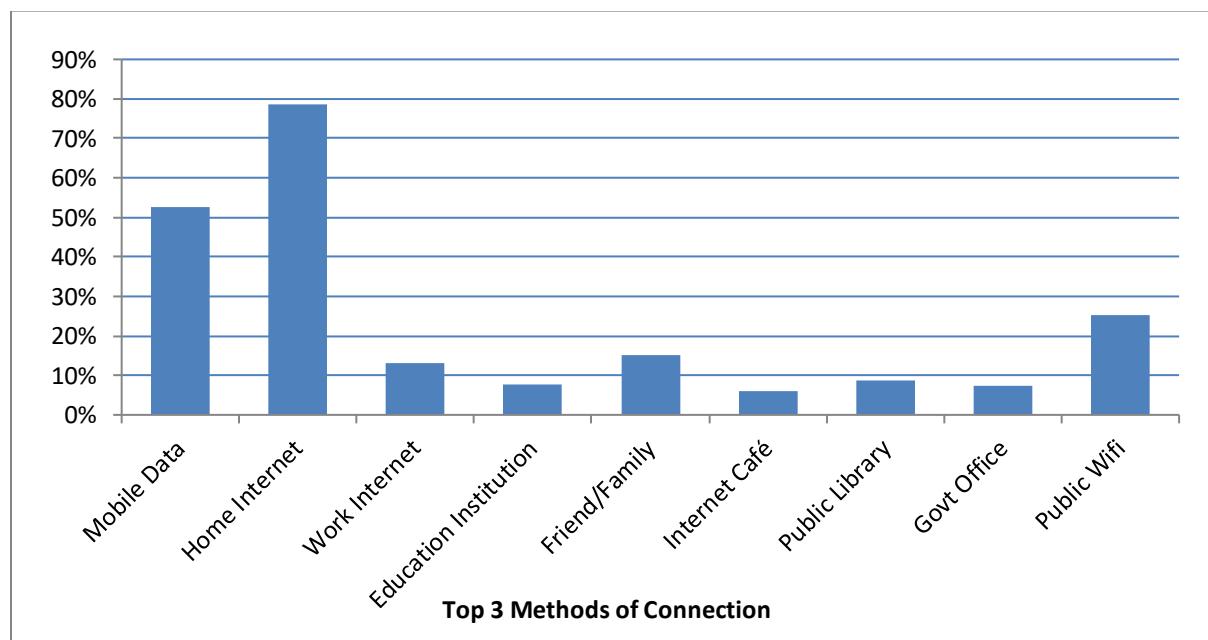
Outside of the basic telecommunications services it is notable that usage drops off fairly significantly. The 35% of waged poor households that had a tablet with data in 2020 is significantly short of the 65% of all households with tablets in 2017 (although this included tablets without data) (ABS, 2018). As noted above, the entertainment services would appear to be below national average in the ABS data, although the usage of TV streaming services was higher among waged poor households with children (68% rather than 57% overall).

## Access Points

The top 3 places respondents accessed the internet were via:

- Their mobile phone (53%)
- Broadband at home (79%) and
- Public WiFi (25%).

**Figure 8: Most Common Ways to Access the Internet**



However, housing tenure impacted significantly on these telecommunications access figures with a higher number of those in rental accommodation using data on their mobile phone (60%), and fewer

having home broadband (74%).<sup>1</sup> The other access point data was largely similar between renters and the whole sample. The differences in mobile internet access and home broadband could be simply because of increased budget pressures from having to pay rent, but could also relate to a lack of security of tenure in rental households mitigating against telecommunications services which are tied to a housing (i.e. NBN and landlines). As Yasmin in Adelaide told us:

initially when we were renting two years ago, I didn't sign up for WiFi because I didn't know when I would move .... So I had 100 GB mobile data on the iPad. [and there were] too much fees, because if we have WiFi then we have to disconnect the WiFi and then they will charge us and then reconnect at the new place and then we get charged again.

This lack of secure tenure was a major issue identified in the SACOSS' *Connectivity Costs* report in 2016, for instance, when the internet contract was 2 years, but tenancy was only a 6 month lease, or people going to pre-paid services because they could not guarantee a contract term. Since then a number of retailers have moved away from those sorts of lock-in contracts, but even where tenure is secured, there can be lag effects: Yasmin and her partner went on to buy their own home, but continued using mobile data at home because that was what they were used to (and they were not big internet users).

### Public WiFi

The high level of usage of public WiFi was also significant in the waged poor data. Almost all the other access point data from this survey matched the 2016 non-waged poor data, but the public WiFi data use was much lower than (8%). The qualitative interviews shed some light on this usage, but the picture is confused.

Many interviewees reported that they found public WiFi slow, unreliable, or difficult to access with several stories about being unable to get on networks, or not being able to load certain pages or the service just being too slow and dropping out. Most interviewees generally preferred to use the data on their mobile phone where they had big data limits or did not use up to their phone data limit. The other main reason people avoided public WiFi was concern about security. Some people like Usman (who worked for a telecommunications company), just would not use public WiFi because of privacy and security concerns, while others like Yasmin, were concerned that their own lack of knowledge made them vulnerable: "I don't think my husband and I are very tech savvy, so we won't really know if someone hacks our phone or things like that."

Mostly though, when people did use public WiFi, they were careful about what they did online and did not do banking and private things on the public network. But it was also notable that for a number of people, those privacy concerns went to their own phone use as well as public WiFi. While Lena thought her iPhone was robust and "no way they can get my data or anything," Barbara was more typical:

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<sup>1</sup> There is an apparent anomaly with 79% of respondents saying they accessed the internet via home internet connection, while only 72% had broadband at home. The difference here may be due to respondents giving inconsistent answers, the use of dial-up home internet, or some respondents double-counting mobile access done at home.

I don't use my phone for anything much that needs to be secure. I mean I do have like basic protection and stuff on my phone, but I don't use my phone for banking or any financial, I only use my computer at home for that.

If people are unsure about the security of their phone, they are doubly unlikely to feel secure enough to use public WiFi.

However, a number of interviewees did use public WiFi, and while a couple of those people said they specifically used it when they were out of credit, most of those who used public WiFi said that it was just because it was convenient:

I have been known to go out if I need to use WiFi, but mostly it's just that I'm out and about doing shopping or doing stuff with the kids anyway. And then just hook into whatever's there like cafes or places like Macca's or wherever. [Barbara]

It is important to note though that most of the interviewees, when asked about public WiFi, talked initially about corporate sources – accessing it at McDonalds or Westfield being the two most often cited sources. When the Canberra residents were asked about the government-provided Canberra Free WiFi, some had not used it, but those who had seemed to find it more reliable than their other experiences of “public” WiFi. However, it was not available in outer suburbs where many waged poor households were located, and even when it was available it was not necessarily well-known or used. As Alison noted from her work experience:

A lot of my customers at work ... come into the shop to print something. They can email it to me and quite often I get them on to the public WiFi ... though they don't know about it. Like there's literally a big sign outside shop saying free WiFi in this area and nobody notices it or understands it. But [then] they love it.

The difference between “public WiFi” provided by commercial users and free public WiFi provided by purpose-built government networks or public libraries may be crucial in policy terms. On the basis of the feedback above, greater provision of public WiFi may not provide much assistance to those needing low cost internet access – because they won’t use it. However, much of this reluctance to use these systems is based on the performance and security concerns in relation to commercial networks. They are not reasons for government not to provide genuinely free public WiFi (provided the government public network is itself reliable and secure – and well publicised). In this context it was notable that a number of respondents reported using hospital and university WiFi, which suggests there is a market for reliable public WiFi.

## **Recommendation 2**

***That state and local governments provide greater access to fast, reliable public WiFi – particularly in disadvantaged areas, and advertise it in a way that distinguishes it from commercial networks.***

Related to this recommendation, it is worth noting the role of public libraries. Several interviewees referred to using public WiFi at libraries, and 9% of survey respondents listed public libraries as one of the top three places they access WiFi. This 9% was slightly higher than the 2016 survey of Centrelink recipients and broadly in line with the 14% of low income respondents who reported using “public libraries and internet cafes” in the NCOSS survey (NCOSS, 2019).

While having around 10% of households in poverty using public libraries as a way of accessing the internet is significant enough, public libraries have a greater role than simply provision of accessible WiFi. Libraries also provide access to hardware (and help from staff) which is important.

I do use free internet [elsewhere], but I don't have the equipment there, whereas in the library there's a desktop there ... [and] I do printing there, like when I have to type my resume or send something. ... And I found that the library services were really, really good and handy ... the library staff is usually excellent, very helpful. [Anne]

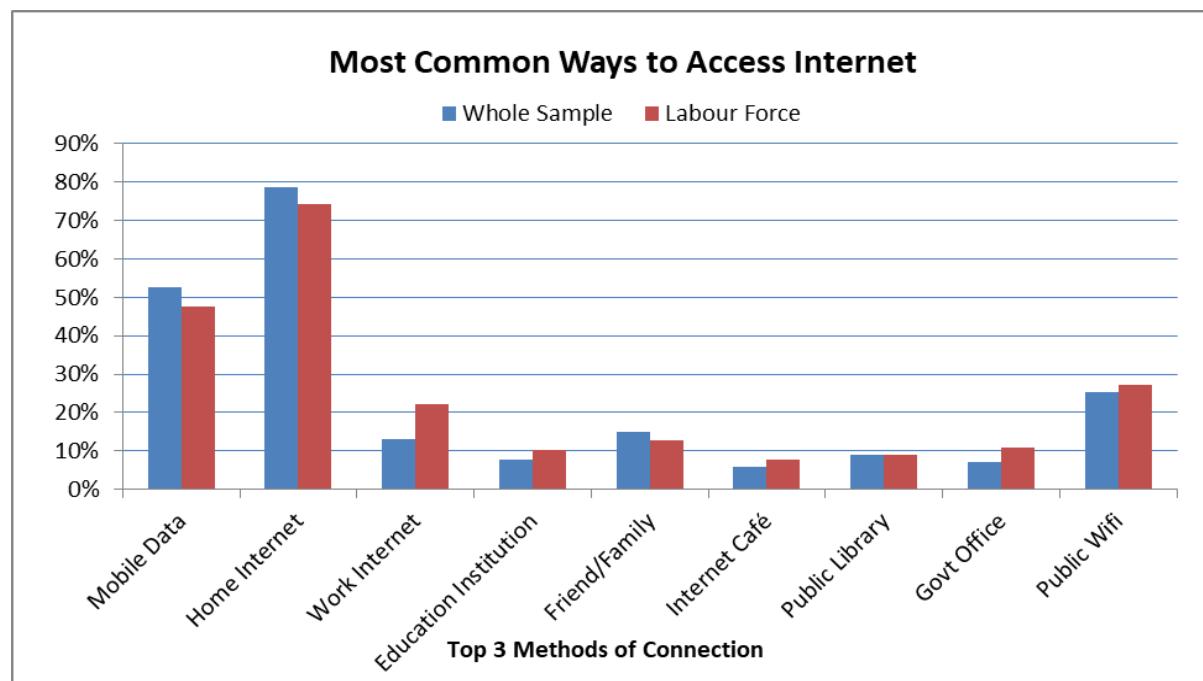
Abbey reported the same provision of computer access in the Salisbury Community Hub (an Adelaide Community Centre) and saw this as a valuable public service, but another interviewee was surprised to learn during the interview that public libraries were a source of internet connection and advice.

In thinking about public access to telecommunications, this ability to access hardware to get online is as vital as public WiFi because mobile only access is limited and many poor households do not have the full array of hardware.

## Work Issues and Usage

Despite having employment as a main source of income, only 13% of survey respondents listed the internet connection at work as one of the top 3 places they accessed the internet. This possibly reflects the types of jobs done by these households (e.g. non-office jobs), but it is also partly a product of the non-working person in the household being the respondent. Among those who were in work themselves, 22% of respondents rated work among the top three places they accessed the internet – although this was still (marginally) below public WiFi. As Figure 9 shows, there was also a slightly reduced rate of usage of mobile data and home internet among the respondents who were working – suggesting that some at least could utilise work internet connection.

**Figure 9: Most Common Ways to Access Internet, Labour Force**

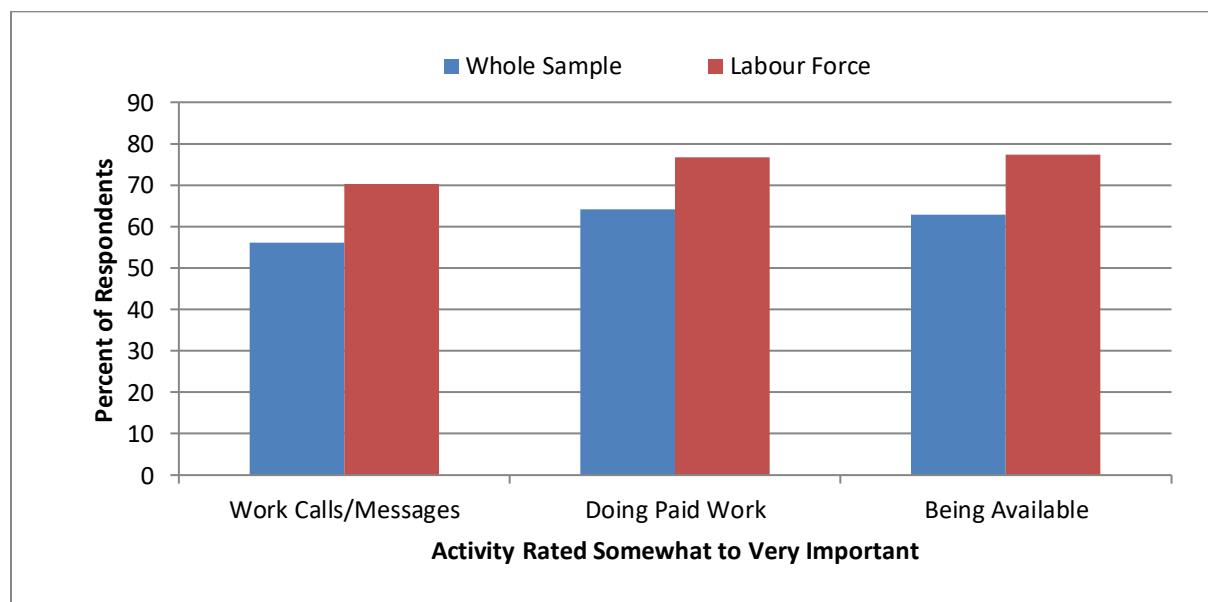


Having telecommunications access was also important *for work purposes*. On a scale of 1-10, where 5 was “somewhat important” and 10 was very important:

- 56% of respondents said making work-related calls or receiving work messages was somewhat important to very important to them
- 64% said doing paid work online (e.g. work email, research) was somewhat important to very important to them
- 52% said being available online was somewhat important to very important to them for paid work for checking rosters, receiving emails, accessing calendars/timesheets, etc.

These figures are broadly in line with the data cited in the BCAR (2020) report showing that 65% of Australian internet users used it for “working or studying from home”. Again though, the figures in the SACOSS survey were even higher among respondents who were actually in the labour force (as opposed to those who were not employed and reliant on another wage in the household). As Figure 10 shows, generally the results from respondents who were in the labour force were 12 to 15 percentage points higher than for the sample as a whole.

**Figure 10: Importance of Employment Activities**



This pattern was also reflected in the qualitative research. Several respondents checked rosters or were advised about shifts or where they had to go to work by text message. For others it *enabled* work: the photographer, the home care worker and delivery drivers all used their mobiles to navigate to destinations, while a market researcher used her phone to check prices in stores and a furniture delivery driver rang the next customer to advise delivery details. For Kay, a home-care worker in Tasmania it was necessary because “where I am at in home support they don't have a house phone so I have to have my phone charged”. As a care worker on the road, she also used her own equipment to do work emails, paysheets and other work things.

For some having their own telecommunications connection at work was more than a casual use or an enabler of work, it was a primary tool of their trade. Ariel, a casual university researcher in Tasmania, did her research at home using her own computers and data, Lena, a nurse in Canberra

was doing research at home on new infectious diseases, while Barbara said her partner was a “a bit of a technophobe” and resisted getting a smart phone for many years before finding he just needed it to access emails and internet when he was out on site away from the office.

For other interviewees, their mobile phone was even more than a tool of the trade: it was part of the business model of the employer. This was most obvious for Daniel, the Uber driver in Adelaide whose phone was required for the app that was the basis of the business. Similarly, Jo, a home childcare provider uses her mobile to contact parents and her home internet to do the government paperwork. In these two cases, the people were technically subcontractors so were expected to provide all their equipment as part of the contract – even though in reality they are mostly just selling their labour in the same way as waged poor employees.

But perhaps the most interesting example arising in the interviews was a retail outlet where staff all used their mobile phones to look up product information and answer customer queries. Sue, the employee said they did not have to, but it was just quicker and easier because the store’s own computer was so slow and antiquated that it did not really function that way. In this instance, the ability to rely on the staff’s provision of their own mobile phone services allowed the business to underinvest in technology but still maintain good customer service.

These uses of the mobile phones goes beyond an occasional contact or convenience to being a core requirement of work – and in all these cases it was simply expected that the workers had mobile phones and/or internet connections, and could and would use these for work. This raises a range of issues around cost and reimbursement which will be discussed under the affordability heading.

It is also important to note that the survey data and some of the interviews pre-date the massive shift to working from home in response to COVID-19. This shift has made personal phone and internet access even more vital for a range of workers and heightened the issues around who pays for that access. That said, with waged poor workers being more likely to be in marginalised or temporary work, working from home may not have been an option (Pennington and Stanford, 2020). It was apparent in a number of the qualitative interviews that the immediate result of the coronavirus lock-down was not a shift to working from home, but simply loss of jobs and income.

## **Children and Schooling**

Given that waged poor households are on average larger and the cohort has an over-representation of “family formation” households, then telecommunications access and usage for children is a critical issue – particularly as by definition they have less money to ensure good access. Indeed, it was notable that many of the interviewees had relatively large numbers of internet connected devices in the household, just by virtue of children having mobile phones (and sometimes iPads). This obviously adds to household expense, but it does not ensure full connectivity.

As noted above, for some households having NBN and streaming Netflix and Disney was useful for entertaining and looking after the kids, but as Alison noted, internet connection was also necessary for her to engage with the school because “so much of that is online now”. She also needed phone and internet “just to keep in touch with her teenagers”. But home internet connection is also important for schooling. BCAR (2020) estimated that a primary school student might use 1GB of data per month for homework, while a secondary school student’s homework may require 3GB per

month – quite apart from their online leisure activities which, in the case of gaming may be very data-intensive.

This data was before the coronavirus shutdowns and most of the SACOSS interviews did not cover schooling issues in depth – although it was raised and very relevant in the Canberra interviews, not least because of the ACT government program to provide Chromebooks to every secondary student enrolled in the ACT Public Education System. There were holes in the system with one family losing access in moving schools, and another family having to buy one for their child much earlier than that. Crucially, the Chromebooks program did not come with data so there was still a barrier (or extra expense) for some waged poor households – not least because the Canberra free WiFi does not exist in some suburbs where the poorest households were likely to be located. There was an attempt to address this by provision of dongles with data when the COVID-19 crisis closed schools, and the government expanded the program to every public school student in Years 4, 5 and 6.

These initiatives show an awareness of the importance of digital access for school children, although ACTCOSS' information is that the rollout of the COVID-19 measures was delayed and was inconsistent (in part because of the considerable autonomy of schools in Canberra, which itself is a source of inequality). Further, once schools started going back, the government has insisted that all devices and dongles were only on loan and had to be returned – again meaning that those without home access would be disadvantaged. Yet even with those gaps, as one interviewee, Catherine, who had two children with government provided Chromebooks noted, with the kids staying at home due to coronavirus, it would be “a real problem” without the Chromebooks.

In other contexts, stories are emerging of the coronavirus shutdowns deepening the digital divide. ABC News in Adelaide reported a school in Playford where the Deputy Principal was highlighting the problem, noting that many of the families at the school could barely afford books, let alone a laptop or decent home internet, and that it was not uncommon for four students to be sharing one laptop at home(Campbell, 2020). The Smith Family's snapshot of the COVID-19 crisis noted that such device sharing was common and lack of internet access was a problem for many low income families across the country dealing with home study (TSF, 2020a), while a school principal in NSW complained that her school was “forgotten about” during the pandemic with none of her students able to take part in online learning (Greenbank and Marciniak, 2020).

These stories were not directly related to waged poor households, but they are generic to poverty and particularly relevant given the family formation profile of many waged poor households.

While governments and schools scrambled to ensure that students could have some digital connection through the coronavirus closures, the issue is a longer term one and charities like the Smith Family have long been concerned about the impacts of the school digital divide. The Smith Family began their provision of “Tech Packs” (refurbished computers, connection and basic training) in 2007 and delivered over 5000 computers to low income families before upgrading the program to a new Digital Access Program in 2017 (TSF, 2020b) However, as will be discussed below, these programs struggle to connect with waged poor households who eschew “charity”, and if they did, the scale of their programs would never match the need.

While not a major exploration of this research, the issue of digital access for students can't be avoided – not least because of the findings above about how common and expected the use of

digital technology is at work. For employability (as well as for learning and social inclusion) students need to be skilled with digital devices and communications. It should not have taken a pandemic to highlight this school digital divide, but that divide is now clearly evident and the stories in this research shows that government programs like the ACT Chromebooks are important in getting children in waged poor households online. That program is not perfect – and indeed may add to financial costs for households with more data use and, as Barbara noted, the problem if she had to pay to replace them if lost or damaged. However, the education needs in a digital world do require home computers and internet access for school children.

### **Recommendation 3**

***Where they are not already available, state and territory governments should provide basic computer equipment and support (including data) for all school students.***

## Case Study: Ariel (Tasmania)

Ariel lives in a rented apartment in Launceston, with a partner and two young children. Her partner has been unemployed, but just recently got a farm job. She is doing a PhD at the university and working as a casual research assistant. While many people would not associate academic work with being waged poor, she is paid on an hourly basis with variable hours: "It doesn't really pay much, but you know, it's fine."

She does not have NBN and uses her mobile phone to hotspot interconnection at home because "having NBN will mean having two plans and I don't like that". This is despite working from home most of the time and using an iPad for the kids and TV sometimes. She goes to campus (she is concerned about the security of other public WiFi) when she has a lot of things to upload or download, but she does "a lot of work from home and using internet connection of course, because I'm doing research and everything requires me to be connected". She is not reimbursed for this usage and is not sure how to claim it on tax – and heard from her colleagues it was not really worth doing.

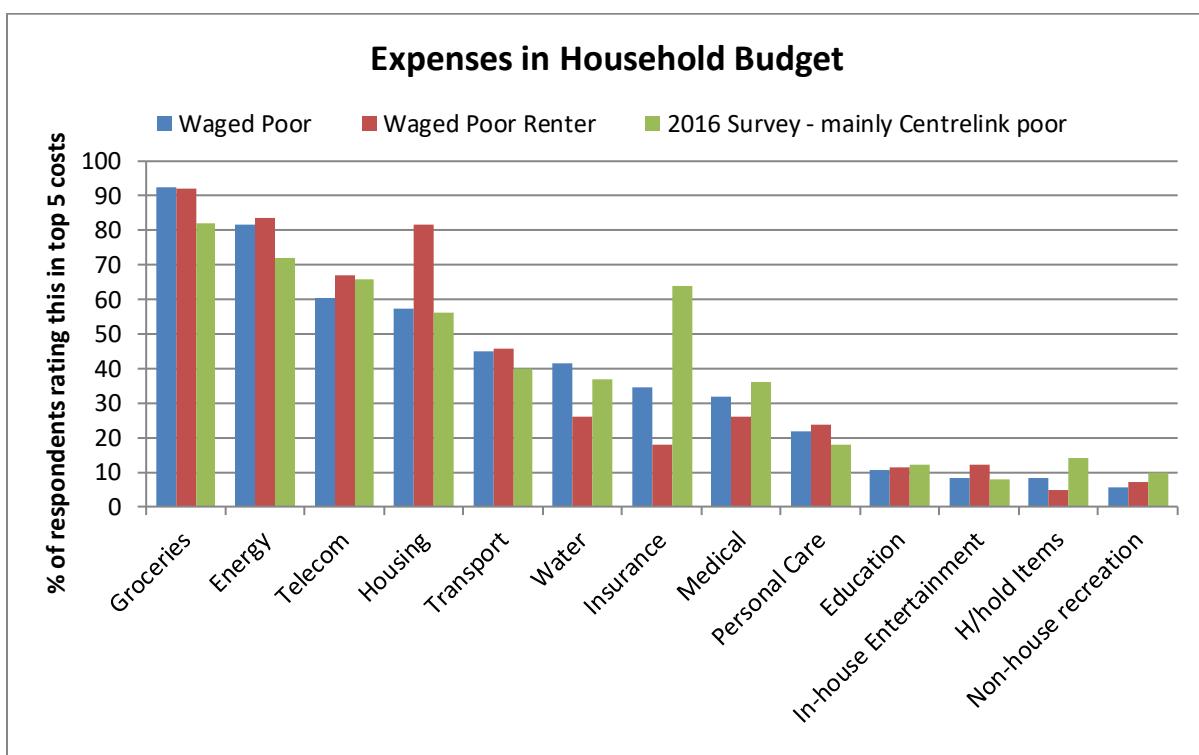
Ariel has always managed to pay her phone bill on time because she would sacrifice other things to make sure, and she does not want to pay late fees. She also said it would be "so embarrassing" to have to go to a retailer and say you couldn't pay, and she really would not want to get into debt.

## Affordability

### Telecommunications in the Household Budget

Telecommunications (phone and internet) bills were rated as a major household expenditure by the majority of waged poor households, alongside food/groceries, energy, housing, and transport. As with the 2016 *Connectivity Costs* report in relation to households on very low (mainly Centrelink) incomes, respondents were asked to select the top 5 factors in their household budget. The findings on telecommunications were relatively consistent with 61% of waged poor households and 66% of the 2016 cohort putting phone and internet connection into the top five budget factors. However, there were significant differences in the spending patterns between these cohorts, and even within the waged poor cohort between renters and others. These differences, shown in Figure 11, shine a light on some of the particular features of waged poor households.

**Figure 11: Expenses in Household Budget**



While the top 5 household budget items are similar in all 3 cohorts, a significantly greater number of waged poor renters identified housing costs as a key factor than either of the other poor cohorts – largely because of a greater representation of home-owners in those other groups. Waged poor renters were also less likely to identify water and insurance as big household expenditures – because renters don't have house insurance (and many don't have contents insurance (SACOSS, 2020)), and (in most jurisdictions) renters don't pay water supply charges.

By contrast, insurance was much more of an issue for the 2016 cohort than for the waged poor households (both renters and home-owners). This is likely due to the greater representation of pensioner home-owners and smaller households in the 2016 study group – a factor also reflected in the lower identification of energy costs in the earlier group (more houses with solar power, less usage), and the higher identification of health costs as important in the household budget.

One final issue in relation to the household budget arises in relation to young adults living in the family home. Beyond the issues of a different poverty line (see methodology section) it became apparent in the qualitative interviews that telecommunications bills might be the first major, regular bill that a person pays in their life. Alison in Canberra described her house budget share this way:

my son works part time to pay for his mobile phone, but as far as the house and food and electricity and all the bills, the internet, that's all my responsibility ... but the mobile phone or you know, treats going out, whatever is their responsibility.

For young people in households with similar arrangements, responsibility for the major household expenditures of energy, water, rent and food costs probably await moving out of home (or are contributed to via non-commercial “board”), but they may have their own mobile and streaming accounts long before these other financial responsibilities. In this context, their experience of budgeting for their phone (and of any payment difficulties) may be crucial not just to their current telecommunications needs, but also to their expectations of interactions with the wider financial world.

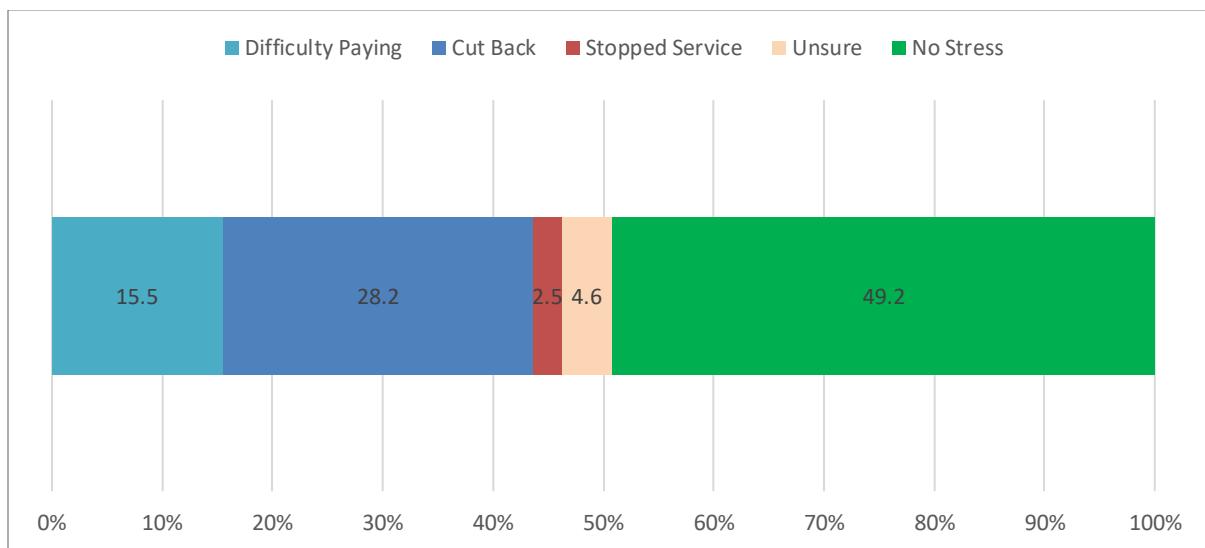
## Telecommunications Expenditure

Given that a majority of respondents rated telecommunications as a major factor in their household budget, and by definition those budgets have very low incomes, it is not surprising that half of waged poor households with smart phones, and 46% with NBN or other home broadband, “sometimes, usually or always” had trouble paying for the ongoing costs of those services. Around a third of these usually or always had trouble paying.

Again though, the figures for those in rental accommodation were far higher (59% for smart phones, and 53% for NBN), suggesting those with housing costs had much tighter budgets and this impacted on their ability to pay for telecommunications.

These difficulties in paying translated to 46% of survey respondents saying that in the last 12 months they had experienced difficulty paying their bills, cut back on or stopped using telecommunications services in the last 12 months for financial reasons. This was significantly less than the 62% recorded in the 2016 survey of households on very low (mainly Centrelink) incomes, but the pattern was similar. About half the respondents reporting such financial stress choose to cut back usage, while only a very small proportion (around 3%) stopping a service altogether (Ogle and Musolino, 2016). Again, the 28% of waged poor households who cut back on telecommunications is broadly similar to (but again lower than) the 34% of all low income households in the NCOSS (2019) survey who limited their use of mobile phones. The waged poor data is in Figure 12 below, but we highlight here the same danger we noted in the 2016 survey: cutting back or limiting usage may appear to be a harmless and obvious coping strategy, but it can come at a real cost of access to business, government services and the community.

**Figure 12: Telecommunications Financial Stress Markers for Waged Poor Households**



As with the survey data, about half the people in the qualitative interviews also said that they did not have difficulty in paying phone and internet bills, but when pressed in interviews a number of different aspects of this emerged. Firstly, in contrast to energy bills which were larger, lumpier (less regular) and more unpredictable because usage was unknown, the regular monthly billing cycle of telecommunications bills made them easier to budget for: “the numbers are not too big” and there are “no surprises”. Some interviewees suggested fortnightly or weekly bills would be better still.

Secondly, phone and internet bills appeared more manageable for some of the people we interviewed because they were using pre-paid services to manage expenditure because “with the prepaid plans, you don't have the issue of not being able to pay a bill” [Usman] However, the fact that using pre-paid plans guaranteed a clean budget did not mean that they were not having difficulties. As Stephen’s example shows, the pre-paid strategy is really just enforced cutting back usage:

I'm prepaid, so if I run out of credit then ... people can still ring me or message me when they need to. I just can't make phone calls or message people until I get more credit. For me, it's always been a lot easier to manage my phone through prepaid than on plans. When I've had [post-paid] plans, I've gone over budget and it's got a lot harder.

This echoed findings from the *Connectivity Costs* interviews where using pre-paid services was noted as a strategy used by other people in poverty to manage expenditure.

Finally, the other big reason why interviewees were able to afford their telecommunications bills was simply that with very little money to play with, they managed their money tightly or went without other things:

I'm an amazing budgeter. I will go without other stuff before I will not pay my bills, ... like we might have baked beans for a week, if things are tight, that's fine ... But I always pay my bills. [Alison]

We don't have much money left, but we never struggle with the bills ... we are very careful about our spending. [Daniel]

I don't have enough to pay. So after paying off all the bills, I even don't have enough for even feeding or something to keep me going to the next fortnight. ... I just have to scrape though till the next payment day. [Lena]

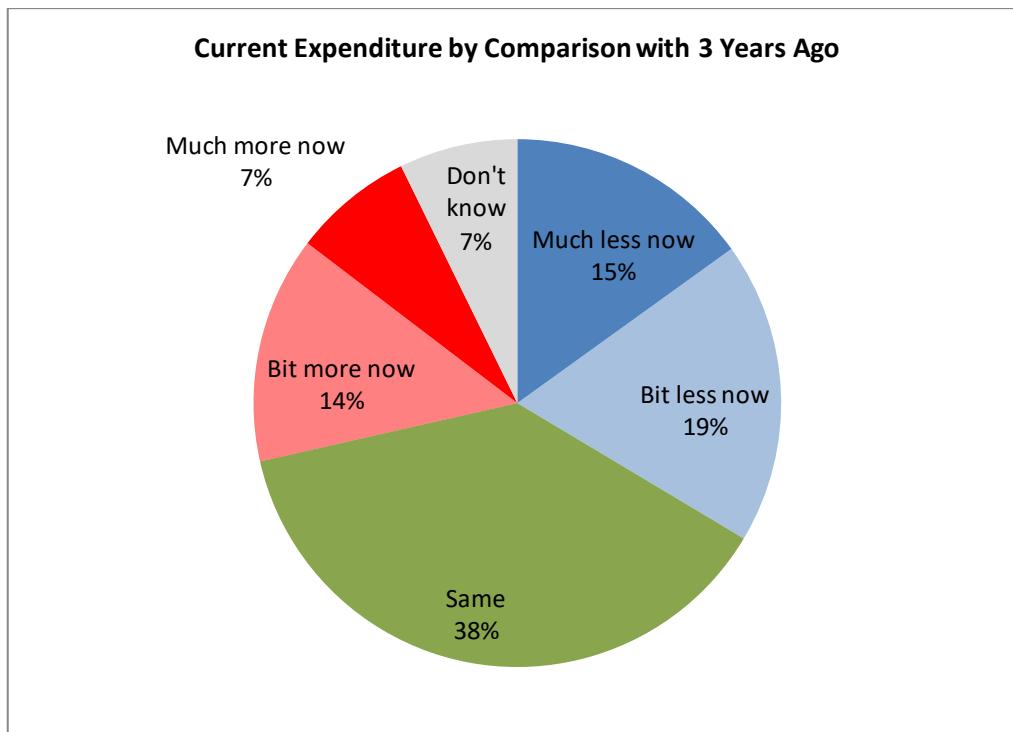
In these cases, the data on managing to pay bills reflects more on the budget skills of waged poor households and the importance they place on paying their way than it does on telecommunications affordability.

## Changes over time

There is no time series for waged poor household data, so it is hard to track their telecommunications expenditure over time. Over the last two decades telecommunication prices generally have come down substantially, but usage (in terms of numbers of devices and data use) has risen enormously. The ABS data shows that the end result of these changes is that average household expenditure on telecommunications, in real terms, has remained fairly steady between the 2003/04 and 2015/16 *Household Expenditure Surveys*. However, SACOSS analysis showed that as a proportion of household expenditure, telecommunications costs fell for average households (from 4.3% to 3.7%), but rose slightly for the lowest income quintile (from 4.5% to 4.6%) (Ogle, 2017).

Against this background, approximately one in three waged poor survey respondents said that they are spending less now on telecommunications than three years ago, while 38% said that they were spending around the same as three years ago. Only 1 in 5 respondents said they spend more on telecommunications now than three years ago. This data, which is presented in Figure 13, is obviously subjective, and pre-dates potential increases in expenditure arising from coronavirus changes.

**Figure 13: Telecommunications Expenditure Changes Over Time**



## Work and Telecommunications Costs

The data discussed above in relation to work-related telecommunications usage suggested that over 70% of waged poor workers (not households) used their personal telecommunications devices and service for work – either for being available and contactable, or actually doing work. Yet only one of the interviewees we spoke with, a home care worker, had a phone provided by her workplace.

Most interviewees used their own equipment and services for work purposes – and were expected to have and use their own phone (despite often low pay and marginal connection to work). As discussed earlier, the extent of this work usage varied from occasional instances to being a core part of the business model, but the impact on the employees also varied. Lena, the nurse who researched work issues, estimated about 80% of phone and internet use is work, Sue, the retail assistant estimated about a third of her mobile data was used for work and that she would be able to get by with a smaller amount of data if not for that.

However, for others the work usage was minor and made no difference to their telecommunications bill. Even when work usage was more sustained, such as for the Daniel the Uber driver whose phone was core to the business model, the work usage made less impact on his monthly data than other family uses so made little difference to his final bill.

There was also a quid pro quo for some employees. Only a couple of interviewees said that they were able to use work computers or printers, but some were able to use the work WiFi for both work and non-work purposes. This applied to workers in big institutions, such as a hospital and university where there was public WiFi, and also to smaller workplaces (e.g. shops).

However, while the ongoing data use may not necessarily impact on the final telecommunications bill, there are still issues around affordability.

Anne, the private housecleaner, noted how she had to make sure she kept up telecommunications payments because it was her “lifeline to work”. This echoed a theme identified in SACOSS’ waged poor energy report where the fact that people in poverty were employed changed their expenditure priorities. In the cases in that study, a key example was prioritising a car and petrol so they could get to work over other household necessities (Law et al., 2019), and in this case we see telecommunications becoming a high budget priority because it represents the access to income.

Further, even where work uses are not directly adding to telecommunications bills for the waged poor interviewees, there is still the issue of employees providing their equipment for work use. As we noted, this is an expected part of their work – yet (despite all having very low incomes) *not one of the people we interviewed was reimbursed for call costs, data use or a share of the cost of the telecommunications plan* that enabled them to use those services for work purposes. This represents a transfer of the costs of business from the employer to the employee – something that was most obvious in the case of the retail shop that failed to update its own technology because its staff’s mobiles could cover the gaps, but is also apparent in other uses of mobiles and home internet for work purposes.

This failure to reimburse employees for business expenses and the subsequent cost-shifting raises systemic industrial questions, yet relevant industrial awards are either silent on the issue or out of touch with the common use of employee’s telecommunications services for work.

For instance, the SCHADS award which covers social and community services is limited in that it only requires reimbursement of an employee's telecommunication expenses "Where the employer requires an employee to install and/or maintain a *telephone* for the purpose of being on call" [emphasis added] (s20.6). This does not cover the vast majority of casual use, mobile contacts or non-telephone internet requirements raised in our interviews. It does not even cover uses envisaged in the award itself given that s25.5(b) allows for roster changes to be notified by "telephone, direct contact, mail, email, facsimile or any electronic means of communication" (FWC, 2020a).

Neither the Hospitality Industry (General) Award (FWC, 2020b) or the General Retail Industry Award (FWC, 2020c), covering other highly casualised industries where waged poor workers may be employed, contain any mention of personal telephone or internet costs.<sup>2</sup>

Given the nature of telecommunications expenditure, particularly where there are plans with high or unlimited data and calls, it may not be feasible to reimburse for individual instances of calls or data use. Nonetheless there is a strong case that where there is either an expectation or a significant use of employee's mobile phones or home computers for work purposes, those employees should be reimbursed a part of the cost of their telecommunication plans – because it is those plans that enable them to bring their telecommunications capital to work.

It could be argued that the use of personal telecommunications at work is compensated for through the tax system where mobile and internet costs can be a tax deduction. A number of the interviewees did claim tax deductions for telephone usage, but philosophically this approach is problematic. It treats workers more like sub-contractors bringing their own tools to a job, rather than employees selling their labour. For employees, a tax deduction is also a worse financial option than direct re-imbursement from the employer because the tax deduction only reimburses a proportion of the expenditure (by reducing taxes owed at the marginal rate). For instance, if work usage was estimated at say half of a \$60 per month mobile plan, a direct reimbursement would see \$360 paid over the year. By comparison, as a tax deduction it would take that \$360 off the employee's taxable income, reducing their tax (at a marginal rate of 19%) by only \$68 for the year. Further, that tax refund is delayed until the end of the year, rather than being reimbursed at the time of expenditure to help with weekly bills.

These calculations and argument apply for all employees, but there are further and particular problems for waged poor households. With often marginal associations with work and with low incomes where they are unlikely to be getting professional tax advice, several of the interviewees said that they "were not very good at tax" and did not know how to claim a deduction for telecommunications. Another thought that they would not be eligible unless they were studying, and another couple of interviewees thought the paperwork would be too hard. And for some, it was much simpler: they did not earn enough to pay tax – and therefore a potential tax deduction was of no use to them.

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<sup>2</sup> s21(b)(ix) of the Hospitality Award does contain a requirement to reimburse an employee where they are required to provide and use "implements", but even if a phone or internet service was captured by this (which is unlikely), the reimbursement is for purchase and it is unclear how this applies to an ongoing service like the maintenance of telephone/internet connections.

For this reason, when considering the interests of waged poor workers and households, a direct reimbursement of telecommunications expenses by the employer is preferable to any tax deduction.

#### **Recommendation 4**

***That employment conditions should contain clear rules around the requirements for and uses of personal telecommunications devices and services for work, and where there is either an expectation or a significant use of an employee's devices and services for work purposes, the employee should have a right to reimbursement of costs (including part-costs of monthly phone and/or internet plans).***

Finally, in terms of work-related telecommunications costs for waged poor households, there are affordability issues arising from the shift to working at home as a result of the coronavirus response measures. Again, while much of this research pre-dated the biggest impacts of COVID-19, some of the interviews highlighted how households were bearing the costs of work communications.

Nowhere is this more evident than in Allana's story, when her partner's work shifted from university to home:

That was a bit of a thorn in our side. He originally purchased a USB dongle since we didn't think we'd have enough [data]. ... but I said that's very costly doing it that way. Pretty much once he had to download all this stuff in the home office it used up all the data and he had to get a recharge and I said you need to get work to pay for all that. But ... he just told me yesterday work had frozen all work credit cards. So we're having to cover some of those costs as well. We'll see if we can get anything at tax time. But then we figured out we could drill a hole through our floor, which is two-story and set up down in the garage and he grabbed an internet cable from work and we've plugged it into our modem [because the desktop computer borrowed from work could not pick up the WiFi]. Telstra's giving us that unlimited data and he hooked up to that now. So he's using our data for work. As long as its free that's fine, it's pretty expensive pre-paid internet.

Under the various workplace health and safety Acts an employer is responsible for safety in the workplace, and as has been made clear through the coronavirus crisis, this remains the case when that workplace is the home. With this logic of the home as the place of business, it should be beholden on businesses to cover the costs of telecommunications for remote working. This may not matter for households with existing NBN connections and equipment, but as Allana's case shows, that is not always the case and those who are already poor should not have to bear this cost.

## Case Study: Alison (ACT)

Alison is a 43 year old single parent who works as a photographer and in a print shop processing and editing photos. The job is permanent and the variable photography hours is balanced by the print shop hours to provide a regular income. She has 4 grown children at home, has NBN and Netflix (“mainly for the kids”), and does all her email and banking on her phone. The kids pay for their phones themselves, but she pays NBN and Netflix so her phone and internet bill is \$118 per month. However, she says the NBN service in her area is “just terrible” with outages – a problem of outer-suburbia which seems to affect a lot of people in the area. She has had the same mobile phone provider for 20 years and may look to get more data on her phone because she is using it when the NBN drops out.

She is not required to use her phone or internet for work, but occasionally if something urgent comes up she will quickly do it and “flick it back”, and she also uses her phone to navigate to off-site photo shoots. However, she generally uses the internet at the print shop for regular work things, and her phone automatically connects to the work WiFi when there.

While Alison’s phone use at work is relatively minor, her phone is essential for family reasons. She has her son’s friend living with them, escaping domestic violence issues in their extended family, and Alison needs to be available for her kids to contact her, or for the police to contact her if there are any changes in the AVO. She “quite often gets emergency phone calls and, if I didn’t have my mobile we’d be stuck”. It means that she pays her phone bill “like clockwork”.

Alison “grew up dirt poor, like we had no carpet, no washing machine, nothing”, but it taught her to appreciate what she had and to learn to live on a tight budget. She always pays her bills, even when it took three or four months to pay back an excess bill from her daughter because she did not know how the phone worked. Unsurprisingly, when asked whether she would seek help from a charity she said “I’m not big on the whole handouts. I think you have to earn it, you know, but I’m big on education. I don’t think we teach people how to budget.”

## **Unmet Demand**

There was not a lot of demand for *new services* demonstrated in the survey. 60% of respondents said they did not want any other telecommunications devices/services, with a further 10% saying that they did not know if they wanted anything else. The “luxury” items of subscription TV/movie streaming services and tablet devices with data were the biggest percentage of unmet demand – but the numbers were low with only 5.2% and 4.6% respectively of respondents wanting these. Affordability was the major reason cited for the unmet demand for these two items.

However, when asked if they would change or upgrade their devices/services if their financial circumstances improved:

- 35% would buy or upgrade their devices;
- 18% would upgrade their internet service speed;
- 16% would buy/use more data;
- 30% said more money would make no difference.

Taken together, this unmet demand data suggests that waged poor households are prioritising telecommunications expenditure to ensure they have the basics, but are using sub-par services and devices that they would like to upgrade as a priority (rather than buying additional services). Several interviewees commented that they had basic or the cheapest phones or plans, including Barbara who received hand-me-down devices:

my parents tend to upgrade devices very frequently, so we sometimes get hand me down devices from them, ... and hold onto devices pretty much until they're unworkable.

Alison, summed it up:

My mobile phone is literally a phone, like it's the cheapest phone that I could afford. ... it does the job of calling, like I don't take photos on it ... It'd be cool to have an iPhone, don't get me wrong, that'd be awesome. But you know, that's a luxury.

## Case Study: Stephen (SA)

Stephen works delivering furniture, but the work is casual and it varies from week to week. He usually just gets a text message the day before telling him to come in. In busy times before Christmas he could be working 5 days a week, but work “died off” after that. When there is no work he relies on Centrelink payments. He is single and lives in public housing and has two young children.

He relies on his mobile phone to get work, and until very recently it was also his only internet connection – hotspotted to his TV so that he can play the games he likes. Gaming is his major data use, but until recently he has managed the expenditure by using pre-paid plans: “that way, if I run out of credit I can just go without until I get money for credit”. He purchases \$25 or \$50 blocks, but with gaming use he could spend \$200 a month on mobile data. But when he has no money, he has no credit – which means he can’t contact people and he loses access to his key recreation: gaming.

He resisted getting the NBN because “I was like, no – I can’t afford another bill”, but with advice from friends and looking at being at home more due to the coronavirus closures and no work, he has now signed up for a \$65 monthly NBN package. It “is going to be cheaper than what I was doing ... [and] I was thinking that it would be good to have the Netflix at home and home internet to try and entertain myself a bit more”.

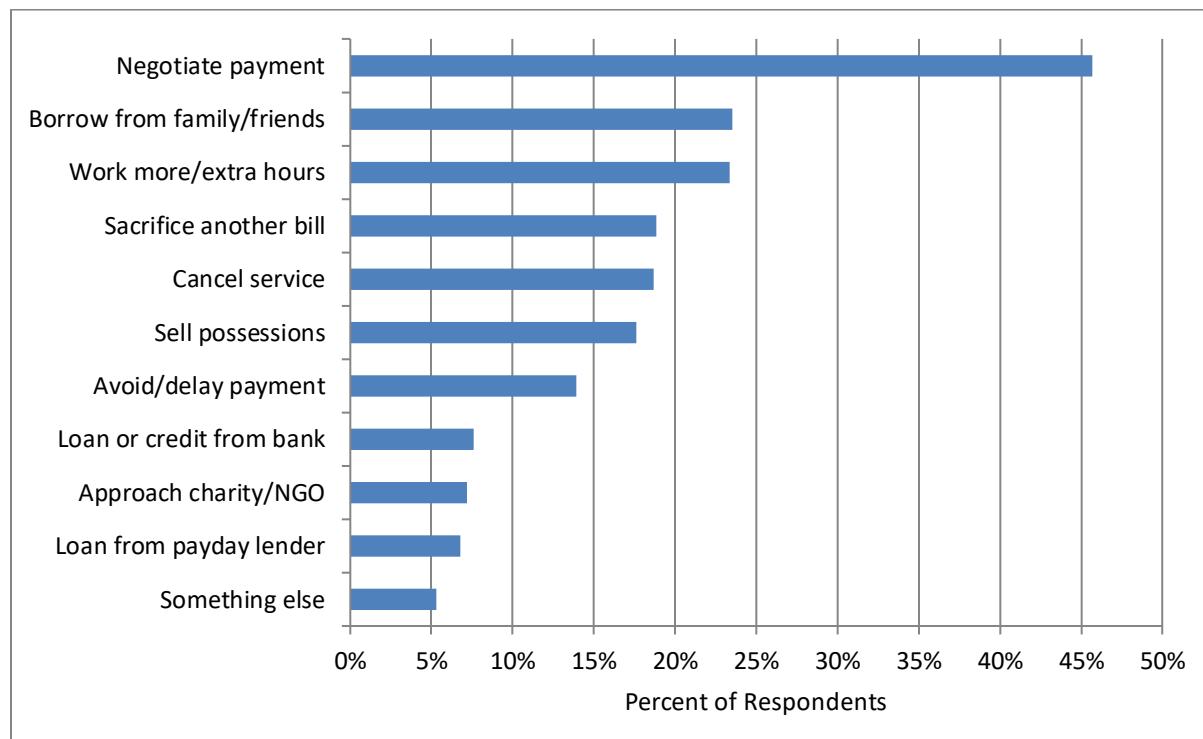
Stephen’s irregular income makes paying all his bills “a bit of a juggle ... at times when I’m really struggling I’ll suddenly get an influx of work and start catching up, then it will die down and then I’ll start to struggle again”. He has been supported by charities in the past when times were particularly hard. That meant he could survive a lot better, but he is not sure how people get to find out about these services other than by word of mouth. He did not know that community organisations could help with telecommunications and digital literacy (he says he is not very tech savvy).

What would make his phone and internet more affordable? “There’s that energy and electricity discount payment that gets made once a year or something ... If they could do that for low income earners with telephones too, the telephone bills, that would be amazing”.

## Seeking Help

Survey participants were asked to select from a range of options as to what they would (hypothetically) do if they were having trouble paying their bills. This was viewed as important both in terms of relationships with retailers and the design of hardship policies, but also because of the figures in the ABS data which showed a particularly low rate of waged poor households seeking help from welfare or community organisations. The survey results are in Figure 14 below, with 46% of respondents saying that they would approach the service provider, but only 7.2% being willing to approach a charity or welfare organisation.

**Figure 14: Respondents' Strategies if in Payment Difficulty**



## Telco Retailers

As evident above, approaching telecommunications retail service providers was the most popular strategy for the survey participants. While this is encouraging, the data still suggests that just over half of survey respondents would not approach their retailer. This is a concern to welfare and consumer advocates, but it will also be of concern to the retailers in terms of customer relations and straight business interest given that 19% of respondents said they would cancel the service and 14% said they would avoid or delay payment.

Of the 262 respondents (unweighted) who said they would be unlikely to negotiate with the service provider if in financial difficulty, 162 respondents gave specific reasons as to why:

- 14% said they would not need to (including for some because they had pre-paid phones so the issue did not arise in the same way), while a further 7% would just cut down on usage or try for a better plan.

- 9% simply did not think it was possible to negotiate with the service provider because prices were fixed or they had signed a contract.
- 27% believed it was theoretically possible to negotiate, but did not think it would help as they did not believe the service provider would do anything or that they would still have to pay in the end anyway.
- 9% would not because they did not trust the provider or were afraid of negative consequences such as a bad credit or poor customer rating.
- 11% were put off by perceived hassles of the process, the time it takes or having to deal with call centres.

In contrast to approaching a charity, only 7% of these respondents reported being put off by feeling awkward/embarrassed and only a handful (4%) by pride – though these feelings were still present, as Lena said about her experience of not being able to pay her bill:

you feel guilty and you feel incompetent at paying your bills. You know, it's very disgraceful and, disappointing to them too because you feel like you can't afford to pay the bills even if you sign up for it. ...

However, this was an exception in the interviews and she still did reach out to the telecommunications retailer. This suggests that, unlike the charities, there are not the same cultural barriers to seeking help and the issues are much more directly within the retailer-customer relationship.

That said, there are still issues in the data above for retailers to address – including with people who did not think/know that any negotiation was possible (i.e. did not know payment plans were available) or were put off by the perceived hassle. And, as will be discussed below, the qualitative interviews also raised issues about product offerings that would assist but were not available.

Notwithstanding that, it was notable that most of the feedback from the qualitative research was very positive about how the retailers had dealt with the interviewees when they had had financial difficulties. Mostly the experience seemed to be that a short (usually two-week) payment extension was obtained without question or hassle. One interviewee favourably described being able to apply for an extension of time through the company app so she did not even have to ring the retailer, while another noted a marked improvement over time:

At Christmas time I stopped December's payments, so then I was like a month behind and thought I could catch up ... I used to pay \$150 a month to so am up to \$200 a month. ... I know a couple of years ago I tried to do that and they said no and they disconnected me. And now they've actually improved that service by allowing you to do what you can to try and get it up there. [Sarah]

When asked what retailers could do to further assist, several interviewees said (unsurprisingly) they should drop their prices. Obviously retailers are operating in a competitive market and internet prices are also underpinned by the wholesale prices of the NBN, but in this context ACCAN's *No Australian Left Offline* campaign call for a concessional broadband offering is relevant (ACCAN, 2020). As one interviewee said:

there's that energy and electricity discount payment that gets made once a year or something if you register ... If they could do that for low income earners with telephones too, that would be amazing. They do it for electricity and gas, so it would be great if there was a setup for low income earners across the board for whatever essential house needs they have. I believe if you've got a mobile phone or a home phone, that's an essential need. [Stephen]

He was largely a mobile phone user who had only just taken up NBN at home (hence his phone focus), but the principle is the same for NBN. It would also be important that any telecommunications concession be made available to waged poor households. This is not the case with the current Centrelink Telephone Allowance – which is limited to certain Centrelink recipients (and is inadequate to meet telecommunications needs anyway)(Ogle and Musolino, 2016). Further, such a telecommunication concession may be *particularly* needed for waged poor households because, as the ABS data cited earlier shows, they are likely to be larger households (with higher telecommunications usage) and sometimes on lower after-housing incomes than some Centrelink recipients.

When the issue of a concessional home broadband was raised at the stakeholder workshop, NBN Co. noted that the take-up of the low income assistance package offered in response to the COVID-19 crisis (\$37 off a 25MBS service). That package was warmly welcomed by consumer advocates when announced, but while around 20 retailers signed on, the roll-out took time to implement. Some retailers said the changes took time to be built into their systems while others noted that lack of other equipment (e.g. routers) also created barriers to uptake. There clearly needs to be more evaluation of the uptake and roll-out over time, and it may take a long time to fully engage with potentially eligible consumers around discounted offering. Nonetheless, the first step is to set a concessional system in place, and the importance of such offerings to those who do take them up should not be underestimated (even if it is not everyone who is eligible).

### **Recommendation 5**

***That NBN Co. and telecommunications retailers provide a concession on NBN services to households in poverty utilising the receipt of Family Tax Benefit A or a Low Income Health Care Card as the eligibility criteria to ensure that waged poor households are included.***

Two interviewees also highlighted a need for a more flexible product which adjusted to their variable incomes. Essentially, they were looking for a plan where they could adjust the amount of data to match their available money so that, for instance, in a month where they knew they had little income they could drop back from say a 30GB mobile plan to 5GB plan.

I have got unlimited data but if I could just change it to like 20 gig for like a month and then like sort of halve it or something. I don't know if that would work, but... I think you should be able to downgrade or upgrade your usage without getting charged a fee for it every time you do it. ... You're still staying with them so they are still getting your money. [Sarah]

In a sense, some of the interviewees were doing this themselves by using pre-paid plans and then just paying for extra data when money was available. However, in doing this they may be paying premiums in higher unit prices for data – as would those who sought the same result by having a

low-value post-paid plan and then paying for extra data. What they were seeking was a flexible plan that matched their variable income.

For its part, the Telecommunications Consumer Protections Code (TCP) envisages a similar flexibility in proposing (at s7.2.2(a)) that low cost interim options might be provided for customers in hardship until they can continue their original plan (Communications Alliance, 2019). However, this is not mandatory (it is one of five options where retailers are required to offer three of the five options) and importantly, it is for when a customer is already in hardship, rather than being a part of a standard market offering.

When the issue of flexibility of products was raised at the stakeholder roundtable, it was noted that there have been changes in the market in recent years and many current retail plans are flexible – either explicitly or simply because no lock-in provisions mean that in practice they can be varied from month to month by the consumer. Further, in some cases this could be done by management apps, so there was no need to engage with retailers' call centres. These are all significant and welcome changes and where there is flexibility (recognising that not all retail plans have that possibility) the issue is not so much the market product, but the consumer awareness of the ability to change. This is a particular challenge when, as the data above shows, half the customers don't engage with their telecommunications retailer – and indeed there is a downside to apps making seeking extensions easy because it removes the personal contact with the retailer and the opportunity to identify hardship or better plan options. Further, the strong notion among these consumers that prices were set, they had signed a contract and they would meet their end of the bargain mitigates against such negotiation.

Importantly, all these flexible options still put the onus on the customer to know they can change their contract, anticipate demand and proactively engage each month to vary their data limits or plan. This is the fictitious "all-knowing, rational consumer" writ large, when the reality for many waged poor households is that they may simply be too busy, too stressed or lack the digital literacy to understand or anticipate data requirements. In that sense, there is a contradiction between the desire to "set-and-forget" (and the statements of many of the interviewees that the telecommunications bill was easier to pay because it was regular and a known amount), and the desire for a flexible product. However, we are still a long way from some of the proactive intervention requirements required of energy retailers under the National Energy Customer Framework (e.g. retailers required to contact customers and offer hardship plans when aware of hardship) and the automatic debt-trigger under the Victorian Payment Difficulties Framework which is regarded as best practice by consumer advocates (Law et al., 2019).

## **Recommendation 6**

***That (where they have not already) telecommunications retailers develop flexible plans tailored to those with low and variable incomes, and promote this flexibility to those consumers as a possibility for managing expenditure within financial constraints.***

## **Charities and NGOs**

The 7.2% of respondents who said that they would (hypothetically) seek help from a charity or non-government welfare organisation (NGO) was well above the 1% of waged poor households who had

*actually* sought such help in the 12 months prior to the ABS HES survey (Law et al., 2019). The difference between the hypothetical and actual data should not be surprising, but at 7.2%, the proportion of our survey respondents who *would* seek help from charities and NGOs is still less than half of the proportion of other households in poverty (i.e. the non-waged poor households) who actually sought such help in the ABS data. The data again shows a particular reluctance among waged poor households to seek help from charities, with over 90% of our survey respondents not seeking such help even hypothetically.

Of the 440 survey respondents (unweighted) who said they would not approach a charity or welfare organisation, 355 respondents gave a specific reason as to why not:

- 17% said that they had not or would not need to get support.
- 18% said that they were not as needy as others or that it would be inappropriate to go to a charity for help, or that it would be a last resort when desperate.
- 22% said they would rather be independent, were too proud or would be ashamed to approach a charity for help, and a further 5% just “wouldn’t want/like to”.
- 23% responded in ways which suggested a lack of knowledge of the services available, including:
  - Not knowing where to go or that charities could help “with that sort of thing”
  - thinking they would not be eligible for support
  - thinking that it would be a loan or cost them more
  - confused the services with Centrelink or government, or
  - just didn’t think of it.

Almost all these responses were reflected in the qualitative interviews.

### Lack of Knowledge

One of the key learnings from this survey data is that there is a significant lack of understanding of the work of charities and community organisations. Of the 23% noted above whose responses suggested a lack of knowledge of services, about two-thirds said they would not know where to go or that charities could help “with that sort of thing” (or that they would not be eligible for support), while around one in five asserted that the charities *could* not help them (some on the basis of previous experience).

The survey question specifically asked about seeking financial assistance in relation to a difficulty in paying bills, so the responses were perhaps narrowed to monetary assistance and in particular for telecommunications bills. In that sense other services like financial counselling, utilities or digital literacy help, advocacy with service providers, or assistance with other household bills may not have been part of their answer. However, the bulk of evidence suggests a more general lack of knowledge of the sector and the sort of assistance possible.

This lack of knowledge was evident in the numbers of survey respondents saying that they would not know where to go, and more pointed in one of the qualitative interviews where the participant (who

lives in public housing and had sought help from charities in the past) appeared quite surprised that there were NGOs who offered computer and digital literacy training. He had found NGO help through a local church and from a neighbour who accessed several services, but as he said:

it's not common knowledge, like if a worker was to find themselves out of work and struggling to put food on the table, unless they knew someone that knows about these systems [no way] It's a word of mouth sort of thing – not really advertised or promoted [Stephen]

Added to this, 10 survey respondents seemed to think that charities would offer them a loan (which they did not want), and another 5 said that they could not afford to go to community services for help. A further 5 respondents confused community services with Centrelink or the government, and another 7 respondents just “didn’t think of it”.

Taken as individual categories, all these appear to be small numbers, but as evident above, when all the categories which reflect a lack of knowledge of services are added together nearly one-in-four respondents would not seek help from charities and non-government agencies because they did not really understand what those agencies could do or how they could be of help. This speaks to a significant communications challenge for those support services to inform people about what help is available. This challenge is magnified by the cultural barriers discussed below, but as a first step NGOs should consider how they promote knowledge of their services and ensure that they are likely to reach waged poor households.

#### **Recommendation 7**

***That charities and community welfare organisations engaged in relevant work, such as financial counselling, emergency relief or digital literacy support, consider their promotional practices and whether they are targeted at or likely to reach waged poor households.***

In making this recommendation, SACOSS acknowledges that this outreach is difficult, particularly where government grants provide little or no scope for advertising. In this context, telecommunications retailers themselves may have a vital role because they have direct communication with their customers. The Telecommunications Consumer Protections Code mandates actions to be taken when customers are in hardship – including providing details on where consumers can access financial counselling support (s7.1.3)(Communications Alliance, 2019), but this is (by definition) after a problem arises. A customer must first be in payment difficulty, then approach the retailer and be on a hardship policy before the requirement to notify of potential financial counselling support is triggered.

A more proactive and preventive approach is desirable and there is some practice of this already among retailers. For instance, Dodo’s customer welcome pack provides contact for the national debt hotline, but it is not clear if this practice is widespread. Indeed, SACOSS has seen a recent bill from a major retailer with money owing from previous bill and no referral information as to where to get help. Best practice would be for information about access to financial counselling services to be included on all bills, but at a minimum such information needs to be on bills with previous monies owing, on reminder notices and all service restriction, suspension or disconnection notices. Again, at these later points s6.7.4 of the TCP Code mandates advice about the financial hardship policy, but

the consumers have to go to those policies before the financial counselling referral is mandatory. It is a two-step process, when referral information at each contact would be better.

Further, the discussion above (and the TCP Code) deal only with financial counselling advice, but lack of telecommunications literacy in understanding bills, services or technology may be just as important as a barrier to payment. These issues may appear to be beyond the immediate purview of telecommunications companies (although some retailers are involved either directly or through the Australian Digital Inclusion Alliance), but all retailers stand to benefit from increases in digital literacy. Given there are NGOs providing services in these areas, it would also be useful for telecommunication retailers to promote these NGOs services to their customers as well as financial counselling.

### **Recommendation 8**

***That telecommunications retailers provide information on financial counselling and digital literacy support services on all bills with previous monies owing, all reminder notices and all service restriction, suspension or disconnection notices.***

### **Cultural Barriers**

The survey also showed that there were significant cultural barriers to seeking help from charities and non-government welfare organisations. These were manifest in the number of respondents saying either that charities were for other “more needy” (remembering that all respondents were living at or below the poverty line). The barriers were also evident where respondents said that they would rather be independent, were too proud or would be ashamed/embarrassed to approach a charity for help, or just “wouldn’t want/like to”. All of these speak to a reluctance to seek help based on a notion that seeking help from charities is somehow not normal or is normatively bad – and not part of who they aspire to be or who they want to be seen to be.

This highlights a major challenge for non-government welfare organisations seeking to reach waged poor households. NGOs clearly need to do work not just to inform those people what services are available, but also to convince those in waged poverty that it is ok to use those services. Some of this might be about how people are dealt with when they arrive and being clear where there are eligibility criteria, but more generally it is about normalising the services in community culture.

There is also a gender dimension to this issue. In the survey there were 113 responses that dealt very directly with these cultural issues and used (or could be reduced to) words like ashamed, awkward, embarrassed, independence, or pride, or referred to others as more in need. The gender composition in these responses reflected the overall survey group demographic, but there were subtle differences in how gender was manifested in the responses.

In one sense, being ashamed, feeling awkward or embarrassed at approaching a charity are all simply negative expressions (“I should not be doing this”) of the same cultural barrier which is expressed positively as independence or pride (“I am better than that”). They stem from the same route of charity as “other” to their identity. While the women who cited these particular issues were split fairly evenly in terms of how they expressed them (48% used the positive framing, 52% used the negative), 65% of the male respondents framed them as the positive (pride, or a desire to be independent), with only 34% using the negative framing.

It should be stressed that the numbers in this sample were small and the categorisation of responses had some level of arbitrariness, but there is enough in the responses to warrant further investigation by charities and NGOs seeking to overcome these cultural barriers to service delivery.

But there are further issues for charities and non-government organisations in relation to these cultural barriers, because some charities themselves help create the notion that seeking their help is not normal. The “poverty porn” used in some charities’ communications and marketing posits the charity recipient as “other” – a person who is an object of pity, and therefore different to us. Such approaches are powerful in eliciting responses (and money) for charities, but they reinforce the notion that charities are for hopeless and unfortunate people – not for people who are employed and earning an income, no matter how low.

Few charities try to pitch themselves as being a mainstream part of life – although Foodbank SA’s association with Port Power football club was a notable exception because there is no better way to normalise your services to a mainstream and proudly male audience than to be associated with an AFL club. However, such mainstreaming is also risky for NGOs – both because successful marketing may see them over-run with people seeking support, but also because government funders often want tightly targeted services (so they fulfil criteria mis-labelled as value-for-money) and private donors might question where their money is going if they are seen to be advertising and spending on mainstream pursuits. It is a genuinely difficult balance.

It is also worth noting that the cultural barriers may not attach to the charities as organisations, but the act of receiving charity. One of the interviewees said she had never gone to a charity for help and would sacrifice other things to ensure bills were paid on time rather than seek help from a charity. But,

op shops. I think they're really helpful to me. I get a lot of my needs from thrift shops and op shops, so they already helping me in a way. [Ariel]

This commercial transaction element is also important when considered on a grander scale, namely the comparison with a fully commercial operation. *MyBudget* is a for-profit purveyor of basic financial advice and money management services. Since its inception in 1999, the company has grown rapidly and has built a multi-million dollar empire targeting its services to people struggling financially. While some in the not-for-profit sector and elsewhere decry the fees charged (including for services which sector financial counsellors offer for free) and the making of money from people’s misery (“Wikipedia - My Budget,” 2019), it is not always clear why it is morally wrong to take money for managing a poor person’s budget, but not for managing say, their medical requirements (as a GP might).

More importantly for the discussion here, *MyBudget*’s advertising is aimed at those on low incomes, but it does not “other” them – it presents a service to happy clients who are back on their feet and part of mainstream Australia. Their website is explicit:

“If you feel embarrassed about being in debt, there's no need to. Many people across Australia are in the same exact financial position as you.” (“MyBudget - Debt Solutions,” 2019)

The clients are not objects of pity or marginalised people. There are, according to their website, over 110,000 customers (“MyBudget - How It Works,” 2019), and judging by the photos and stories they appear very white and mainstream! The absence of marginalised people is problematic for obvious reasons, and the success of the people highlighted in their advertising might also be open to question, but the point here is not whether they are offering good services. The point is that in taking a different marketing approach, MyBudget has been hugely successful in attracting clients in financial stress whose needs were not being met by NGO services. And in doing that, they have been successful in overcoming the cultural barriers to seeking financial help, whereas the marketing of some NGOs contributes to those cultural barriers

This is an issue for the whole charity sector and again, the commercial comparison is useful. If a business found that 23% of a potential core market did not know about their product and another 40% thought their whole industry was a problem, then alarm bells would be ringing and they would be doing serious marketing – at an industry level as well as individually. Something similar may be needed in the charitable sector – and if so, it needs to be done in a way which is empowering rather than “othering”. This probably requires the co-operation of government or in this case, potentially the telecommunications industry to fund such advertising – potentially working through NFP peak bodies or alliances of organisations such as the Thriving Communities Partnership which already brings together community organisations with businesses in utilities, financial services, telecommunications and transport (TCP, 2020).

#### **Recommendation 9**

***That consideration be given to developing an alliance of government, industry and the charity sector (or working through existing structures such as the Thriving Communities Partnership) to enable some pro-active, positive promotion of support services available to those who struggle with telecommunications bills or digital literacy.***

# Discussion and Conclusions

## Poverty Problems Still Apply

While this report has focused on particular telecommunications affordability challenges faced by waged poor households and especially on issues arising from being employed, it is important to keep these issues in the context of waged poor households being a subset of all those in poverty. As such, waged poor households share many of the challenges that face other poor households, both in relation to telecommunications and to poverty generally. This was evident in the qualitative interviews with stories of people barely making ends meet and having to go without to balance the household budget.

In practice, this means that thinking about the telecommunications affordability challenges facing waged poor household means addressing three different areas:

- Non-telecommunications issues such as income (i.e. why are they are in poverty);
- Telecommunications issues arising generally from poverty; and
- Specific telecommunications issues arising from *waged* poverty, both from the particular demographics of waged poor households and from work itself.

### Income issues

A recognition that many of the telecommunications affordability challenges arise simply from being in poverty (i.e. from lacking income) means that one way of addressing telecommunications affordability would be to ensure that households have sufficient income to cover costs. As we noted in the SACOSS energy report:

When wages stagnate, awards are by-passed or ignored, underemployment rises, or penalty rates cuts lead to lower household incomes, it is unsurprising that waged poor households have more difficulty affording basics (Law et al., 2019, p 69).

While this report focuses its recommendations on telecommunications-specific responses, *addressing these income issues is equally part of the solution to telecommunication affordability struggles for waged poor households.*

Wage and employment issues are crucial to this income problem, but even though by definition the waged poor households in this study derive the majority of the income from wages, social security payments also provide important support for many waged poor households. Around half of waged poor households received some form of government income support payments, and payments like Family Tax Benefit and Commonwealth Rent Assistance have particular importance given the demographic characteristics of the waged poor cohort. These income support payments are currently inadequate and the increases proposed by ACOSS would benefit many waged poor households as well as other households in poverty (ACOSS, 2019). Further, as noted earlier, the business closures in response to the coronavirus impacted very immediately on some of the waged

poor interviewees, showing that the lines between unemployment, underemployment and precarious work are often fairly fine. Even those in stable employment can quickly find themselves out of work and reliant on income support.

The government's COVID-19 response recognises this cross-over of income support and waged poverty in its JobKeeper payment, while the Coronavirus Supplement implicitly recognises the inadequacy of the previous Newstart/JobSeeker payment. This inadequacy can be seen in relation to telecommunications expenditure. The average communications expenditure for Centrelink-reliant households in the ABS data was \$27.39 in 2015/16, which translates to \$29.40 in March 2020 (although this is probably an underestimate of expenditure given the over-representation of single person households among Centrelink recipients). For a single unemployed person with two children, this average Centrelink expenditure represents 5% of the Centrelink income without the Coronavirus Supplement (\$583.35, which includes Energy Supplement and Family Tax Benefit). That is nearly double the average of all households who spend 3.3% of average income on communications (BCAR, 2020). However, with the Coronavirus Supplement, expenditure reduces to 3.4% – close to that of the average household. This highlights the importance to telecommunications affordability of retaining the increased levels of the JobSeeker payment.

A similar calculation about increases in the minimum wage could be done in reference to waged-poor households, but as was evident in the survey and interview data in this report, many waged poor households are not in full-time work and their income is variable. However, an increase in minimum and award wages would nonetheless still increase income and telecommunications affordability.

The importance of income to telecommunications affordability for waged poor households leads us to echo the recommendations of the SACOSS waged poor energy report around addressing income issues.

#### **Recommendation 10**

*While not making specific recommendations on issues outside of direct telecommunications policy, this report notes the importance to telecommunications affordability of an adequate income, and therefore of addressing issues in relation to:*

- *Wage stagnation and underemployment;*
- *Inadequate income support payments; and*
- *The interaction between income support payments and paid work.*

#### **Telecommunications and Poverty**

Given that waged poor households face many of the same affordability issues as other households in poverty simply by virtue of lack of money, most hardship and affordability policies and practices aimed at assisting those in poverty will also apply to waged poor households. In this context it is also important to note that affordability issues rarely relate to one product or one area of expenditure. Just as increasing income would make telecommunications more affordable, so would decreasing housing or energy costs. In that sense, telecommunications affordability needs to be seen in the context of the whole household budget, although telecommunications expenditure is clearly a significant factor in those household budgets.

In terms of telecommunications costs themselves, the 2016 *Connectivity Costs* report contained a number of recommendations to improve affordability based on the study of people on Centrelink payments (Ogle and Musolino, 2016). The first related to the reform of the Centrelink Telephone Allowance (CTA), a poorly targeted and grossly inadequate payment to some social security recipients. Most waged poor households would not qualify for the CTA so one obvious reform would be to extend the eligibility to households below the poverty line who are mainly reliant on wages. However, as a model the CTA is flawed both because its design is based on a notion of telecommunications as an emergency rather than an essential service, and because paying an income support supplement for a universal expenditure borne by all households is also questionable. It would be better to just increase the base-level income support payment.

In any case, the CTA argument has been somewhat superseded by calls to introduce a broad-based NBN concession to make home internet connection more affordable. ACCAN's *No Australian Left Offline* campaign is calling for an NBN wholesale concession to allow retailers to provide a cheaper NBN product for low income households. The proposal aims to provide an unlimited broadband service for eligible households at approximately \$30 per month – around half the cost of current entry-level packages (ACCAN, 2020). However, as with the CTA, eligibility will be a key test of the package and with only half of all waged poor households receiving Centrelink payments, the criteria needs to be broad enough to assist all waged poor households. A recommendation along these lines has already been made in the main body of this report.

While broader discussions around concessions packages are ongoing, as noted earlier in the face of the COVID-19 crisis NBN Co. rolled out a \$100m support package for households to help those with school children get connected and those facing financial hardship remain connected (NBN, 2020). Given the impact the crisis had on many of the waged poor interviewees we spoke to, this is a welcome step, and will provide something of a pilot for broader wholesale concession scheme.

Beyond concessions, the 2016 *Connectivity Costs* report highlighted other issues making telecommunications unaffordable for low income households, including:

- the need for more data on low cost plans, excess data costs and poverty premiums that make data more expensive per GB on cheaper plans;
- billing cycles that did fit with customers' expectations and lock-in contracts with high exit fees;
- lack of compliance with the Telecommunications Consumers Protection Code.

Many of these concerns might also apply to waged poor households given that the research for this report heard similar usage of pre-paid plans and stories of people running out of data. Further, the variable income and over-representation of renters among waged poor households would make lock-in contracts a particular problem. However, since the 2016 there have been some significant changes. Data has become cheaper overall and data limits or inclusions have increased significantly on average plans (BCAR, 2020). Indeed, many people interviewed for this report had unlimited or large data limits. There has also been a move away from lock-in contracts and excess data charges from some major retailers, and the unit costs between pre-paid and post-paid plans now appear

broadly similar – thus removing one poverty premium (SACOSS calculations, plus BCAR, 2020). That said, there remains higher unit data costs on low-end contracts as supply charges are built in.

To the extent that poverty premiums remain, or any retailers retain lock-in contracts (beyond payment for devices) or charge excess data fees, then the concerns and the recommendations of the 2016 report remain. However, the market has addressed some of those concerns and the issues did not figure prominently in the interviews conducted for this research (although the call for a variable monthly package was in some ways a similar issue).

## **Waged Poor Issues**

While waged poor households will be assisted by income increases and by telecommunications measures that benefit all households in poverty, given the specific characteristics of waged poor households, there are some issues which will particularly impact on those households. These have been the subject of this report and can be summarised broadly as:

- lack of recognition of waged poor households as a cohort of people who may be struggling with telecommunications affordability;
- issues relating to employment, in particular the use of personal telecommunications services for work without reimbursement;
- telecommunications plans that are not flexible and do not match the variable incomes of waged poor households; and
- the lack of knowledge of or engagement with charity and NGO supports and the cultural barriers to using such services.

This report makes specific recommendations in each of these areas and would require action from government, regulators, trade unions, NBN Co. and retailers, and from the NGO sector. Inevitably these recommendations will not cover all the steps that could be taken to assist waged poor households with telecommunications affordability (and as above, some of those steps are not even in the telecommunications sector). Further, as the summary of the 2016 report shows, in a fast-moving market, things change quickly as some issues are solved and new needs arise. In that sense, this report is simply a snapshot in time but one with a focus on a group that has often been neglected in policy discussion around telecommunication affordability.

It is hoped that the data in this report is enough to overcome that gap and that policy responses can be developed to assist those households who are mainly reliant on wage income but are still living below the poverty line. Our recommendations are a start in that direction.

# Recommendations

## Recommendation 1

That telecommunications regulators, companies and community groups supporting consumers note the prevalence of waged poor households and include a consideration of these households in their analysis of telecommunications affordability and financial hardship.

## Recommendation 2

That state and local governments provide greater access to fast, reliable public WiFi – particularly in disadvantaged areas, and advertise it in a way that distinguishes it from commercial networks.

## Recommendation 3

Where they are not already available, state and territory governments should provide basic computer equipment and support (including data) for all school students.

## Recommendation 4

That employment conditions should contain clear rules around the requirements for and uses of personal telecommunications devices and services for work, and where there is either an expectation or a significant use of an employee's devices and services for work purposes, the employee should have a right to reimbursement of costs (including part-costs of monthly phone and/or internet plans).

## Recommendation 5

That NBN Co. and telecommunications retailers provide a concession on NBN services to households in poverty utilising the receipt of Family Tax Benefit A or a Low Income Health Care Card as the eligibility criteria to ensure that waged poor households are included.

## Recommendation 6

That (where they have not already) telecommunications retailers develop flexible plans tailored to those with low and variable incomes and promote this flexibility to those consumers as a possibility for managing expenditure within financial constraints.

## Recommendation 7

That charities and community welfare organisations engaged in relevant work, such as financial counselling, emergency relief or digital literacy support, consider their promotional practices and whether they are targeted at or likely to reach waged poor households.

## Recommendation 8

That telecommunications retailers provide information on financial counselling and digital literacy support services on all bills with previous monies owing, all reminder notices and all service restriction, suspension or disconnection notices.

## **Recommendation 9**

That consideration be given to developing an alliance of government, industry and the charity sector (or working through existing structures such as the Thriving Communities Partnership) to enable some pro-active, positive promotion of support services available to those who struggle with telecommunications bills or digital literacy.

## **Recommendation 10**

While not making specific recommendations on issues outside of direct telecommunications policy, this report notes the importance to telecommunications affordability of an adequate income, and therefore of addressing issues in relation to:

- Wage stagnation and underemployment;
- Inadequate income support payments; and
- The interaction between income support payments and paid work.

# Authors

## *Greg Ogle*

Dr Greg Ogle is the Senior Policy and Research Analyst at the South Australian Council of Social Service, and has authored a range of SACOSS reports on telecommunications affordability, including the 2016 *Connectivity Costs* report (with Vanessa Musolino). Greg has a PhD in political economy from the University of Adelaide.

## *Rebecca Law*

Rebecca Law is a Policy Officer at the South Australian Council of Social Service specialising in utilities. She was the lead author of SACOSS' 2019 report on energy affordability and waged poor households, and was responsible for the quantitative data analysis in both waged poor reports.

# Appendix 1: Survey Methodology and Demographics

The Mint Research survey was conducted with 500 online respondents in October 2019, but there were problems with the application of the selection criteria in some cases. This resulted in removing some 118 records from the dataset and topping up the sample with an additional 103 responses from a supplemental survey conducted in March 2020. The total final sample size was 485 and unless otherwise stated, all figures below refer to the cleaned and combined unweighted sample.

## Methodology

To calculate eligibility for the survey, initial screening questions asked for household income, the number of adults and number of children under 15 and the survey software then calculated the equivalised income (using the OECD equivalence values: 1<sup>st</sup> adult = 1, subsequent adults = 0.5, and children = 0.3). The survey was terminated for those with incomes above that figure, and for those who answered that less than half of their income came from employment.

However, conceptually there was also the “young adult” problem: a stereotypical 21 year old living at home, paying their own phone bill but not responsible for (or knowledgeable of) other household expenditures (including potentially household broadband services paid by the parent/s). They can't simply be treated as a member of the household as their experience may not reflect that of their household as a whole. On the other hand, a single person poverty line is inappropriate as their other costs are subsidised (so the poverty line should be lower). To exclude this young person would unnecessarily limit the sample as they may fit the criteria and have relevant experiences, but to include them may bias the survey as their experience may not reflect that of their household.

Neither SACOSS nor Mint Research was aware of established methods to deal with this situation, but we (imperfectly) resolved the issue by including a question in the screening as to whether the respondent was responsible for household bills – and if not, they were treated as an individual but with a lower poverty line. This lower poverty line was created by the somewhat arbitrary method of dividing the poverty line for the household by the number of adults – so where the poverty line for a 3 adult household was \$880 per week, the individual poverty line would be \$293, which would be \$147 below the equivalised poverty line. In the final sample, only 6% of respondents ticked the box saying they did not share responsibility for household bills and were dealt with in this way.

## Key Demographics

### Household Type and Weightings

The two most important demographic characteristics of waged poor households identified in the ABS waged poor data were household composition and housing status. Given the survey sample under-represented this family formation cohort, the survey results were weighted to more closely reflect the household composition in the ABS data. The household composition data for the SACOSS survey sample and weighting are shown in the table below.

**Table A1: Household Composition, Comparison of SACOSS Sample and ABS Data**

| Household Type                                  | Survey Sample | ABS Data | Survey Weighting |
|---|---------------|----------|------------------|
| <b>Single Person Household</b>                  | 21.9%         | 25.3%    | 1.16             |
| <b>Two adults, no children</b>                  | 26.8%         | 20.7%    | 0.77             |
| <b>Single Parent, Child/ren under 18</b>        | 6.8%          | 10.0%    | 1.07             |
| <b>Single Parent, Child/ren over 18</b>         | 3.5%          |          | 1.07             |
| <b>Two Adults, Child/ren under 18</b>           | 16.5%         | 35.0%    | 1.84             |
| <b>Two Adults, Child/ren over 18</b>            | 3.5%          |          | 1.84             |
| <b>Family with other adults</b>                 | 10.5%         | 8.9%     | 0.39             |
| <b>Mixed Adult Household (e.g. share house)</b> | 22.9%         |          | 0.39             |
| <b>Total</b>                                    | 101.9%        | 100%     |                  |

Note: survey adds to more than 100% as some households could select both living with children above and below 18 years old. The weightings were adjusted for this. The ABS data is applied across two categories where the categories do not match.

### Housing Tenure

The housing tenure demographic data is shown in Table A2 below, and because of its importance the table also shows the weighted data used in the main body of the report (i.e. weighted by household composition), and the comparison to the ABS data. By comparison with the ABS data, the survey group over-represents renters, while under-representing home-owners with mortgages.

**Table A2: Household Tenure, Comparison of SACOSS Survey and ABS Data**

|   | Percent of<br>SACOSS Survey | Weighted<br>Percent of<br>SACOSS Survey | Percent of ABS<br>Waged Poor<br>Cohort |
|---|-----------------------------|---|--|
| <b>Home owner with no mortgage</b>          | 27%                         | 27%                                     | 8%                                     |
| <b>Home owner with a mortgage</b>           | 17%                         | 23%                                     | 25%                                    |
| <b>Renting from a private landlord</b>      | 38%                         | 35%                                     | 65%                                    |
| <b>Renting, public or community housing</b> | 13%                         | 13%                                     |  |
| <b>Other</b>                                | 5%                          | 3%                                      | 2%                                     |

## Geographic Spread

While the original intention was to have survey respondents spread relatively evenly across the country in 5 jurisdictional blocks, with SA and NT combined, ACT and NSW combined, Victoria and Tasmania combined. This was the methodology used by SACOSS in the *Connectivity Costs* report (Ogle and Musolino, 2016). However, the survey changes and top-ups altered the original geographic spread.

The final geographic distribution is presented in Table A3.

**Table A3: Survey Respondents by Location**

|                                     | <b>Number of Respondents</b> | <b>Percentage of Respondents</b> |
|-------------------------------------|------------------------------|----------------------------------|
| <b>New South Wales</b>              | 101                          | 21%                              |
| <b>Victoria</b>                     | 96                           | 20%                              |
| <b>Tasmania</b>                     | 11                           | 2%                               |
| <b>Queensland</b>                   | 103                          | 21%                              |
| <b>Western Australia</b>            | 82                           | 17%                              |
| <b>South Australia</b>              | 75                           | 15%                              |
| <b>Northern Territory</b>           | 8                            | 2%                               |
| <b>Australian Capital Territory</b> | 9                            | 2%                               |
| <b>Total</b>                        | 485                          | 100%                             |

## Age

As noted in the text, there was a substantial age skew in the sample with older people being over-represented, although in the weighted results this would be accounted for in the weightings which favoured the younger family formation cohort. It is also noteworthy that 15% of survey participants were over 65 years old – the traditional retirement age, and 13% listed themselves as retired. However, this is not necessarily incompatible with the idea of waged poverty as their partners or other household members may have been in work and providing the bulk of the household income.

The age break-down of the survey group is in Table A4 below.

**Table A4: Age Composition of Survey Group**

| Age Groups | Percent of Sample |
|------------|-------------------|
| 18 – 24    | 13%               |
| 25 – 34    | 19%               |
| 35 – 44    | 20%               |
| 45 – 54    | 16%               |
| 55 – 64    | 18%               |
| 65+        | 15%               |

### Gender and Occupation

Over half (56%) of respondents were female, and interestingly, only just over a third were actually in the labour force (that is, employed full-time, part-time or casual, or looking for work). As above, the remainder would be part of households where someone else was employed and that provided the main source of income. The occupational status of respondents is shown in Table A5 below, but where the lack of direct labour force participation of many of the respondents may impact on the survey results (for instance, use of telecommunications at work) we have generally also cited in the report the figures for the subgroup of those in the labour force.

**Table A5: Occupational Status of Respondents**

| Primary Occupational Status     | Percentage of Respondents |
|---------------------------------|---------------------------|
| Work Full Time                  | 12%                       |
| Work Part Time                  | 23%                       |
| Work in a Casual Position       | 12%                       |
| Unpaid Volunteering             | 1%                        |
| Unpaid Caring/Home Duties       | 7%                        |
| Unemployed, Looking for Work    | 15%                       |
| Retired                         | 13%                       |
| Full-time Student or Apprentice | 5%                        |
| Not Working Because of Injury   | 7%                        |
| Other                           | 4%                        |

# Appendix 2: Summary of Interviewees

The names of interviewees here are the ones used in the report, but they are not their real names.

## ACT Interviewees

**Barbara** – Stay-at-home mother with 6 people in the household. Mortgagee, partner uses mobile phone and home internet for work, she uses Canberra Free WiFi.

**Toni** – 31 year old domestic cleaner renting with 3 adults and two children. Variable income, uses pre-paid data which sometimes runs out.

**Peter** – 35 year old IT worker, formerly a delivery driver where his phone was used for work.

**Alison** – 43 year old photographer, homeowner with 4 grown children at home. Can access internet at work, but also uses personal phone for work.

**Anne** – casual worker doing odd jobs and private cleaning and cooking. Uses post-paid phone and has NBN, but uses library for printing documents.

**Lena** – nurse on short-term contract, also doing casual aged-care work, and uses her own devices for work research.

**Sue** – single mother doing casual retail work, but work limited by childcare and payments. Has high rent costs making budget difficult, and uses her phone for work.

**Catherine** – 43 year old casual home and community care worker. Paying off a mortgage and lives with 3 adults and 3 children. Work provides a mobile phone, but she also has her own prepaid phone (as do her children).

## South Australian Interviewees

**Stephen** – single parent and casual delivery driver. Had prepaid mobile only with heavy usage for gaming – varying with changing income. Recently got the NBN.

**Usman** – works part-time for a telecommunications retailer. Lives with partner, and they have NBN and postpaid mobiles.

**Yasmin** – 23 year-old permanent resident, stay-at-home mother living with partner and young child, and self-employed with a phone-based selling business. Uses pre-paid mobile data, but low data usage with no streaming services.

**Chris** – 27 year old stay-at-home partner, with no children. Renting and uses NBN and mobile services, finding them easy to pay on regular basis.

**Brian** – university student doing work placement and sharing rental house with hospitality workers. They have a lot of devices between 4 people, but largely paid for separately meaning he has high costs. Housemate uses pre-paid to limit costs, but often runs out of credit.

**Jo** – lives with partner (retired) and owns own home. Does childcare contracting there and has NBN and postpaid mobiles, and uses these for work purposes.

**Daniel** – formerly a chef, now an Uber driver while studying at university. Has a wife and 3 children, and no money for “luxuries” like Netflix. Uses public WiFi and finds telecommunications bill manageable.

**Abbey** – 32 year-old widow living with extended family – 9 people with lots of devices. Is using an old prepaid mobile and goes to community centre and library for WiFi and computers.

### Tasmanian Interviewees

**Ben** – aged 22 and never been employed. Lives with his father in public housing who pays for NBN, phone and laptop. He is studying at TAFE, and says that being on a really low income forced him to be more thorough in researching telecommunications offers.

**Ken** – 22 year old living with parents in family home. Often uses public WiFi, but says 20% of his data goes on job-searching.

**Allana** – home duties with 3 children. Household has NBN and her partner does work from home, she uses public WiFi and library regularly.

**Gary** – home duties with partner working in administration and a daughter living at home. He has trouble accessing public WiFi and home data use dominated by partner when she works from home.

**Kay** – 20 year old nursing student living with parents and 3 siblings. She was doing casual disability support work (until it was cut). Her mobile has unlimited data, but with variable income she has had to go to family to help pay bills.

**Ariel** – Living in a rented apartment with two children, she is a PhD student and casual academic researcher who has been the major breadwinner until partner recently got a job. Despite working from home, she is mobile hotspotting because she doesn't want two plans.

**Nina** – living on disability pension with working husband and 18 year old son at home – making for a big family telecommunications bill (incl. NBN, Netflix). Phone bill is often overdue, but always paid.

**Sarah** – working in a corporate office and caring for husband with disability and two children. Has had trouble paying bills and gone to the retailer but would like more flexibility in plan.

# Appendix 3: Stakeholder Roundtable Participants

The Stakeholder Roundtable was held by videoconference on Friday 22 May 2020. Attending were representatives of the following organisations:

## **Collaborating Partners**

ACCAN – Australian Communications Consumer Action Network

ACOSS – Australian Council of Social Service

ACTCOSS – Australian Capital Territory Council of Social Service

SACOSS – South Australian Council of Social Service

TasCOSS – Tasmanian Council of Social Service

## **Telecommunications Retailers**

Amaysim

Aussie Broadband

Optus

Telstra

## **Community Groups**

Financial Counsellors Australia

Infoxchange

Working Women's Centre

## **Others**

ACMA – The Australian Communications and Media Authority

Communications Alliance

NBN Co.

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## **Connectivity Costs II:**

**Telecommunications Affordability  
and Waged Poor Households**