Affordable Connectivity Report

Summary May 2024

DECA

WHO ARE WE?

The **Digital Equity Coalition Aotearoa (DECA)** connects and supports the digital inclusion community. Together we are stronger, louder, and have greater impact.

We believe that every Kiwi should have clear, appropriate and affordable pathways to participate in digital life.

Why we did this mahi:
Those of us working in the **digital equity** space know many New Zealand households are facing **digital exclusion** because they cannot afford internet access. We are hearing from our community that it is getting worse with the cost of living crisis.

As DECA we partnered within our community including **Arataki Systems, Chorus, FigureNZ** and **InternetNZ** to review this issue and make recommendations for what we call the **affordable connectivity** problem.

OUR RECOMMENDATIONS:

- Introduce a digital equity payment to support 58,000 low income families
- Fund community organisations offering digital skills programmes, devices and wrap around support through an NGO intermediary
- Partner with local government to fund community hubs
- Introduce a digital inclusion index

HOW WE GOT THERE:

We evaluated affordable connectivity in NZ
We worked with Arataki, InternetNZ, Kim Connolly-Stone and FigureNZ to evaluate the scope and scale of the affordability problem in Aotearoa NZ.

Looking at data needs and usage
We were inspired by international developments and standards including *Alliance for Affordable Internet* and the *Global Digital Inclusion Partnership*. They define meaningful connectivity as an unlimited internet connection.

Current research shows people need an uncapped internet connection by monthly use. DIA and MoE for the Equitable Digital Access programme recommended 300GB or unlimited data, with students at least needing 130 GB per month. MBIE estimated 60 GB per person.

Māori community engagement by Arataki

A team, led by Lee Timutimu (**Arataki Systems**), and supported by fellow Māori tech leaders Hiria Te Rangi (Whare Hauora) and Amber Craig (Tumu Labs) explored what an affordable connectivity solution could look like. Engagement was a combination of in-person and virtual engagement and showed the importance the internet has in terms of staying connected with the outside world.

The Arataki engagement work found that whānau can afford to pay an average of $7 per week for the internet and $5 per device. The minimum needed to engage with the online world in a **mana enhancing way** was:

- An appropriate device
- Skills necessary to function in the new digital world
- An uncapped internet connection

Using this to calculate the cost of internet access and devices, **InternetNZ** research found that the cost of a minimum appropriate digital enablement package is between $27.12 to $54.37 per week depending on the number of children and adults in a household.

Would you say internet access is important to you and your whānau?

Yes!*

*100% of respondents said "YES" to this question during the community engagement.

figure.nz

Identifying those with unaffordable internet

The Broadband Commission for Sustainable Development says that for the internet to be affordable it needs to be less than 2% of income and we used this as a baseline.

FigureNZ used data from the Household Economic Survey (HES) for the year ended June 2022 and the most up to date data on income quintiles provided by StatsNZ.

Households in the lowest income quintile (earning less than $42,200) can afford to pay (on average) $8 per week for internet, based on the two percent of income benchmark. Using InternetNZ figures on affordability,

FigureNZ found that all 380,000 households in the lowest income quintile cannot afford the cost of the basic package, based on the two percent of income threshold.

This includes:
- **58 000** families
- **240,100** single-person households
- **78,200** couple-only households
- **5,900** other household compositions not elsewhere included.

No more than

2%

of income is affordable internet*

= $8

per week
for household income
under $42, 000

*UNESCO Broadband Commission

$7 per week for internet access*

*What our community engagement told us was affordable.

We used the *Chorus data calculator* to calculate a modest estimate of monthly usage for a four person household (two adults, two secondary school children).

Online activity for four people	GB per month
Web browsing for four people To be able to access news and information, government services, do shopping, banking etc.	176 GB
Homework for two children	88 GB
Three hours of video calling To connect with friends, family, engage in community, attend online doctor appointments, join a hapu hui etc	32 GB
1.6 hours of TV streaming per day E.g. to watch TVNZ content on demand, to access news and entertainment	141 GB
Two hours of YouTube per week For educational, informational or entertainment purposes	23 GB
Four social media accounts	36 GB
Total	**496 GB**

We explored subsidy options for internet and device access

We looked at many options for subsidy intervention to help solve this issue.

Option A

Administer through the welfare system

A digital equity payment through the welfare system (MSD) for internet access. This would be similar to the winter energy payment. It avoids costs and complications of working with industry within regulatory obligations and competition laws. It is mana-enhancing by not having a complicated application process and recognises income poverty as the underlying issue of digital exclusion.

Option B

# *Administer outside the welfare system*

Other government agencies could administer a subsidy or approach. MBIE is already responsible for the digital economy and communications and has experience through the ***Digital Boost programme*** (digital enablement for small businesses). Alternatively DIA is the lead on digital inclusion policy and digital government or the Commerce Commission could use regulatory powers. Some examples:

The USA federal government subsidised internet connections ***Affordable Connectivity Programme*** administered through an NGO. Eligibility is based on household income or eligibility to other assistance programmes.

In Canada, the ***Connecting Families*** programme is a collaboration between the public, private and non-profit sectors that helps families who struggle to afford access to home internet.

The ***Connecting Scotland Programme*** aimed to get 60 000 digitally excluded households online by the end of 2021. Community organisations applied on behalf of people they were working with. This included devices, training and support.

Ofcom, the UK's telco regulator, has powers to require ISPs to offer ***social tariffs*** (special prices and products) for groups of customers with special social needs or on low incomes. The ***European Electronic Communications Code*** (EU Directive 2018/1972) also makes access to adequate broadband at home a right.
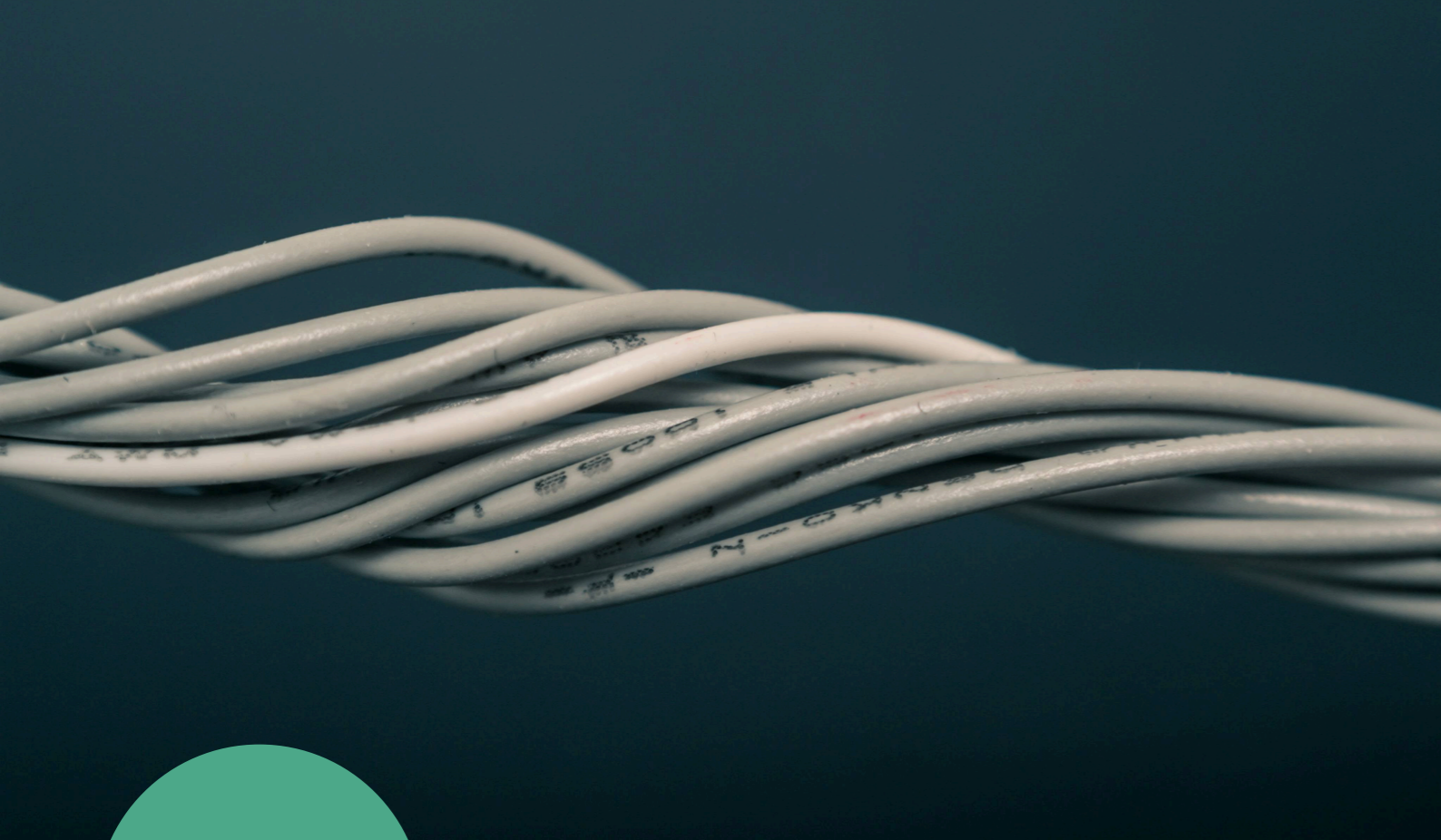
Option C
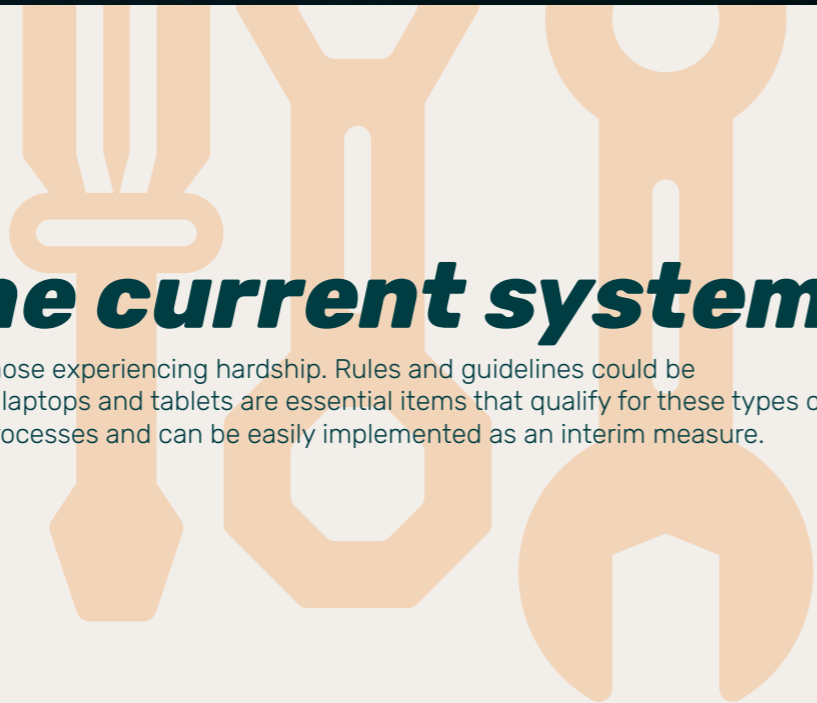
Tweaking the current system

MSD has a number of payments available for those experiencing hardship. Rules and guidelines could be standardised or made clearer that the internet, laptops and tablets are essential items that qualify for these types of payments. This utilises existing systems and processes and can be easily implemented as an interim measure.

Option D

Subsidy through the education system

With devices an essential part of learning, education funding should be used to achieve equitable outcomes for students of families who can't afford them. Ministry of Education has been providing school aged children internet access at home through the *Equitable Digital Access Programme*. MoE tested this rollout with an NGO intermediary approach through the Equitable Digital Operating System (*EDOS*).

Singapore set the international precedent for providing all secondary school students access to a laptop by 2021. The Australian government provided 30,000 unconnected families with school age students internet connections through the *School Student Broadband Initiative*.

Option F

Codesign an equity product

The Government could work with the telecommunications industry and community to co-design the concept and requirements for a low cost equity product. It has the potential to support a larger number of people by combining a government subsidy with the philanthropic efforts of telcos but has complexity within current regulatory and competition laws.

Option G

Subsidy through social housing

Around 30% of people living in social housing do not have internet access. The Department of Internal Affairs has developed a business case for digital inclusion support through social housing, which includes internet access, devices and digital upskilling.

WE RECOMMEND A DIGITAL EQUITY PAYMENT FOR LOW INCOME FAMILIES

We believe a digital equity payment through MSD, for internet access, is the most straightforward subsidy option to implement. Our recommendation is that this is first provided to the lowest income households with children targeting 58,000 households.

Using a four person family, and utilising our research and engagement, we determine the cost as:
- The cost of a subsidy for internet and device access for a two parent two child family would be $26 per week for the household (this is the difference between the $43 cost and the $17 that can be afforded). An internet only subsidy would be $4.54 per week.
- The cost of providing an internet and device subsidy to the 58 000 families in this low income group would be $78,416,000 per year. The cost for an internet only option would be $13.88 million.
- The cost of providing the subsidy to all 380 000 households with income less than $42 000 would be $513,760,000 per year.

Provide a subsidy to 58, 000 families for internet access:

$4.54 per week

Provide a subsidy to 58, 000 families for internet access:

$26 per week

Provide a subsidy to 380, 000 families for earning under $42, 000:

$26 per week

$13.9 mil per year

$78.4 mil per year

$523.8 mil per year

Reasearch shows a conservative estimate of $3 of benefit to households for every $1 invested in digital equity.

What else is needed:

We recognise that providing internet access does not provide meaningful digital access on its own. Communities need to be funded to provide digital skills and wrap around support.

We looked at community funding and an NGO intermediary model

Digital inclusion services are currently being offered across communities in Aotearoa. These include:

- **Digital skills (literacy)** programmes which provide skills, motivation, trust and confidence to get online and be part of the digital world.
- **Device** donation and recycling schemes that get laptops and tablets to people who can't afford to buy them.
- **Digital hubs** and other intermediaries providing free wifi and support get online and access online services.
- **Affordable internet access**: Organisations such as libraries, city missions and Digital Inclusion Alliance Aotearoa help families access the Skinny Jump low cost internet service. Some councils and social housing trusts also support affordable internet access initiatives.

Some provide a combination of services including devices, digital skills and internet access. Many of these organisations are struggling to meet demand and scale. Many have stopped due to lack of sustainable funding. We believe that a NGO intermediary is the ideal way to fund community initiatives offering digital skills, device access and wrap–around support services to help people get online and stay safe. An intermediary has better knowledge of the community sector, where the need is, and can coordinate efforts and provide shared resources. It removes burdensome government procurement for community organisations delivering programmes, allowing them to focus on meeting community needs.

THERE ARE PRECEDENTS IN AUSTRALIA AND HERE IN AOTEAROA:

The Good Things Foundation is a digital inclusion charity operating in the UK and Australia. It leads a network of thousands of community organisations operating across both countries, focusing on helping people access and use the internet to have better lives. In Australia, Good Things is the NGO intermediary funded by the Federal Government to distribute funds for digital upskilling in communities.

The Whānau Ora model involves government funding community delivery of wellbeing initiatives through three commissioning agencies. It is designed to bring decision-making closer to communities, and ensure appropriate intervention.

WE CALL FOR NATIONAL MEASUREMENT AND EVALUATION

We need to start measuring levels of digital inclusion, at least in terms of internet access, device access and digital skills. Currently we have a sub-optimal census question on internet access and the **digital skills survey** that has been run by BNZ over several years.

The **Australian Digital Inclusion Index** uses data from the **Australian Internet Usage Survey**, along with data about First Nations people living in remote areas of Australia, to measure digital inclusion across three dimensions of access, affordability and digital ability.

We looked at the number of measurement tools that the UK has:

- The UK **Consumer Digital Index**, run by Lloyds Bank. The index benchmarks how the UK is doing in terms of the Essential Digital Skills Framework.
- Digital inclusion questions in surveys run by the UK **Offce for National Statistics**. These include its **Census**, Internet Users Labour Force Survey, and the **Internet Access Opinions and Lifestyle Survey**.
- **Online Nation**, an annual report from Ofcom on the online life of the UK
- **A Digital Exclusion Risk Index**, using indicators of demography, deprivation and broadband access that shows where digital exclusion is most likely to occur.

We recommend the introduction of a digital inclusion index in Aotearoa New Zealand similar to that used in Australia.

We acknowledge the mahi across the motu that local government supports at the grassroots level. Many are already providing help to get online to access government and other essential services. Government should consider partnering with councils to co-fund libraries and other community hubs separately, through DIA. Local government needs support to continue this vital service, with increased demand being placed on staff and volunteers to provide digital inclusion support as a result of government digital transformation programmes that move services online.

WE TAUTOKO THE ROLE OF LOCAL GOVERNMENT

This document summarises and refers back to the full Affordable Connectivity Report which you can find at www.affordableconnectivity.nz

Digital Equity
Coalition Aotearoa