



15 May 2013



House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600
Attention: Jessica Hargreaves

CARE Incorporated
ABN 45 037 269 595
**Financial Counselling
Service**
Consumer Law Centre ACT

Dear Ms. Hargreaves

RE: Committee Inquiry into IT Hardware and Software Products

We are writing in response to the House of Representatives Standing Committee on Infrastructure and Communications. Thank you for the opportunity to make comment in relation to this inquiry. The focus of our comments in this submission, is on consumers who are excluded from technology due to financial hardship and unaffordability of services.

About Care Inc. and the Consumer Law Centre of the ACT

Care Financial Counselling Service (Care) has been the main provider of financial counselling and related services to low to moderate income and vulnerable consumers in the ACT since 1983. Care's core service activities include the provision of information, counselling and advocacy to consumers experiencing problems with credit and debt. Care also has a Community Development and Education Program, makes policy and comment on issues of importance to its client group and has operated the ACT's No Interest Loans Scheme since 1997.

In late 2002, Care was selected as the host agency for the Consumer Law Centre of the ACT (CLC). The CLC was officially opened in January of that year. The CLC offers legal assistance in the area of credit and debt, consumer protection and fair trading. In addition to casework, the CLC advocates and provides policy comment on local, territory and national issues to improve legal protection and raise awareness and understanding of consumers' rights in the ACT.

Across Care's service delivery programs, the agency responds to over 2000 new requests for assistance every year.

In addition to casework, Care and the CLC work hard to advocate on behalf of the ACT's consumers, providing policy comments on issues of significance to our client group and striving to improve legal protection and awareness of consumers' rights in the ACT.

*Serving Canberra and
Region since 1983*



Issues

Clients who are experiencing financial hardship, especially long term, have little capacity to access technology, even if it is heavily subsidised or “affordable”. “A new computer” (even second-hand) is often stated by clients of financial counselling as something on the “wish list”. A couple of de-identified case studies follow:

- 1. Client is a 43 year old male, who had a financially unsuccessful business funded entirely by the government NEIS scheme, (equivalent to Newstart allowance). He has a deficit of over \$120 per fortnight on this allowance and a debt with a collection agency, which resulted from a personal loan he was unable to service. He also has unresolved medical issues which require treatment, but which he is unable to afford on his income. The client has sold his car. He plans to put the proceeds into his debt with the collection agency. He has explained, however, that he would like to be able to keep \$400 or \$500 of this money to buy a “second hand computer as the current one keeps crashing, running out of memory and takes forever to download emails or access websites”. However, he also has to replace broken whitegoods in the home and make a decision to further defer medical treatment if he purchases the computer. His ability to do business online was also restricted due to the lack of adequate technology, and now his capacity to look for work and support is also restricted due to an outdated and unreliable computer.*
- 2. 55 year old female who lives with her 28 year old daughter. Her daughter works part time, lives with mental illness and finds it too stressful to deal with Centrelink, consequently does not receive an income support benefit. The client receives a disability support pension and has a number of chronic illnesses herself. Medical expenses are high, even with PBS subsidy. The client has an old credit card debt and an unresolved insurance liability following a motor vehicle accident. She is seeking waivers for both debts. However, with household income restricted to one pension and a modest part-time salary, even if both debts are waived, the budget is in deficit by approximately \$50 per fortnight. The client describes a new computer as “a bit of a pipe dream”. She has also explained that her daughter is very introverted and interested in computers, however they have no access to new hardware and struggle with an outdated system which cannot support much more than “slow browsing and a long time downloading emails”. The client has said “I*



would love to buy her a new laptop from ALDI, but we just can't afford it" The client was very interested when I suggested that some services may be able to fund a new (second-hand) computer, but a local scheme which did this first advised me that all computers would require some payment from the client – none were offered for free, and then the scheme closed down.

Access to technology is still a barrier for people experiencing financial hardship, and particularly for those consumers also experiencing medical and other health issues. A computer is still viewed by many as a "luxury item". A number of clients of our service are able to access internet through their local library or employment service providers, however these environments are shared, require "bookings and getting to" and do not reflect the way that technology is used in our community. Further, the scope and nature of exclusion is growing, as a number of service providers (including utilities, finance and telecommunications services) charge an additional amount for paper bills; otherwise only accessible online.

As a result a large number of our clients end up in lease contracts for computers, with rental companies such as Radio Rentals or Flexirent. Such contracts are enormously expensive. Low income consumers who 'rent' a computer, pay far more than consumers who are able to purchase one outright or access credit through the mainstream market. Yet low income earners are least able to afford the impost on their budget of exorbitant rental payments.

Alternatively some consumers may take up offers to 'Buy now, pay later' through schemes that provide an interest free period on goods. Whilst these schemes may appear very attractive, it is not commonly understood that if a payment is missed or paid late and the full amount not paid during the interest free period, then interest (at a high rate) will be applied from the day of purchase.

There are no and low interest loans available in some areas of the community but these are not widely known about. We would support additional resourcing to expand the reach of microfinance programs. Such schemes assist low income consumers to purchase essential household items, including IT products, and therefore play a vital role in increasing financial inclusion in our community.

In addition to the cost of purchasing a computer there are also a number of associated costs involved in accessing IT. These include costs for:



- Internet service provision
- Software products
- Repairs (which can be high, especially for vulnerable clients)
- Education and training to be able to make effective use of IT products

Telecommunications are becoming increasingly complex and expensive. There are a myriad of products on the market and it is not easy to compare the costs associated with these products. Care believes that there could be a place for a telecommunications provider to offer a low cost mobile plan for Centrelink clients, as many households abandon home line services, and use their mobiles to access email, internet and telephone services.

This is particularly prescient

Yours sincerely

Carmel Franklin

Care Financial Counselling Service and the Consumer Law Centre of the ACT.