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ACCAN Research Snapshot: Affordability

Everyone deserves access to communications goods and services. However, despite the quality and variety of communications services in Australia increasing over time, the affordability of communications continues to be a challenge. In particular, the affordability of communications services remains a significant concern for people on low incomes, with the costs of these services often contributing to financial hardship and debt issues.

Given many households are currently facing cost of living pressures, it is more important than ever to make sure that communications goods and services are affordable.

ACCAN continues to advocate for more affordable goods and services for communications consumers. To better represent the consumer voice ACCAN recently conducted a survey to find out more about how people are affording and using their phone and internet services. We would like to share three key findings:

1. People on low incomes experience greater difficulty affording their phone and internet services.
2. Consumers think all telcos should provide an affordable internet plan.
3. Access to free public Wi-Fi can be a useful tool to improving access to certain digital services.

People on low incomes experience greater difficulty affording their phone and internet services

Our survey asked respondents whether they agreed that their phone and internet costs were affordable. We also asked respondents how much their monthly communications bills were.

Whilst the results from the survey indicate that the majority of people (70%) agreed that their phone and internet costs are affordable, our research showed there is still a concerningly high proportion (27%) of people who regard their phone and internet costs as unaffordable.

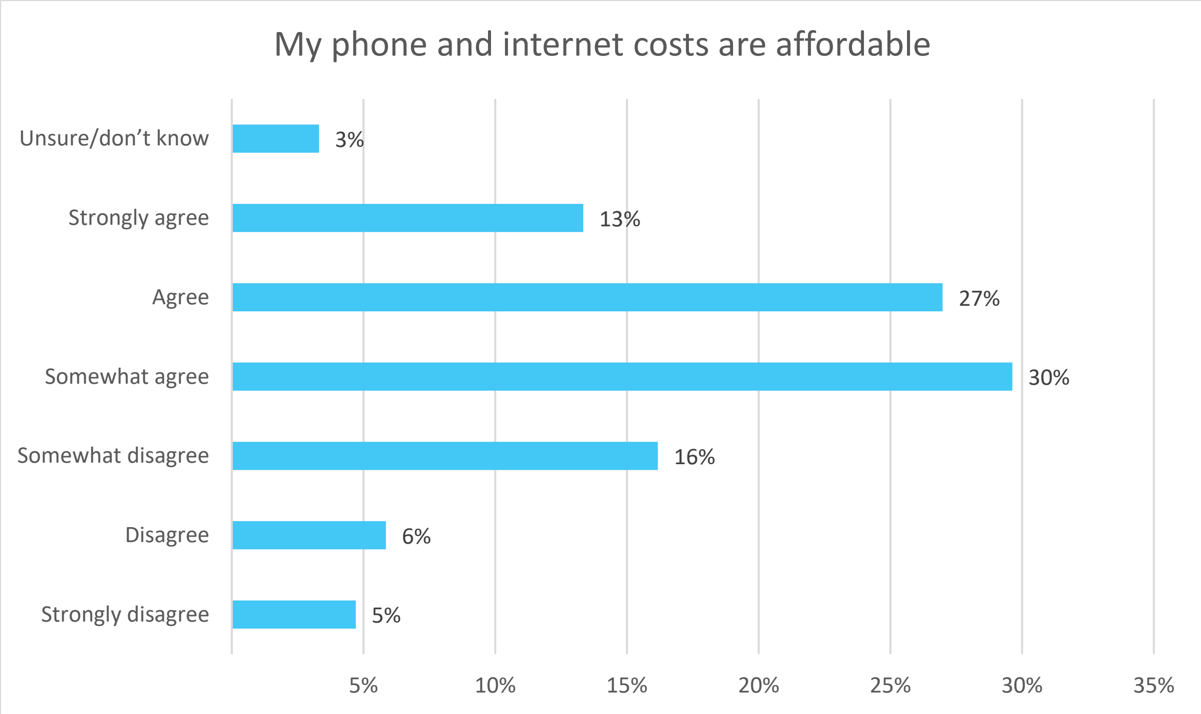

Figure 1. 30% of respondents somewhat agreed, 27% agreed and 13% strongly agreed that their phone and internet costs are affordable. 16% of respondents somewhat disagreed, 6% disagreed and 5% strongly disagreed that their phone and internet costs are affordable. 3% of respondents were unsure or didn't know. Source: Ipsos 2022.

Delving into this further, when the results are disaggregated by gross annual household income, a higher proportion of respondents on lower household incomes felt that their phone and internet costs were not affordable compared to those on higher incomes.

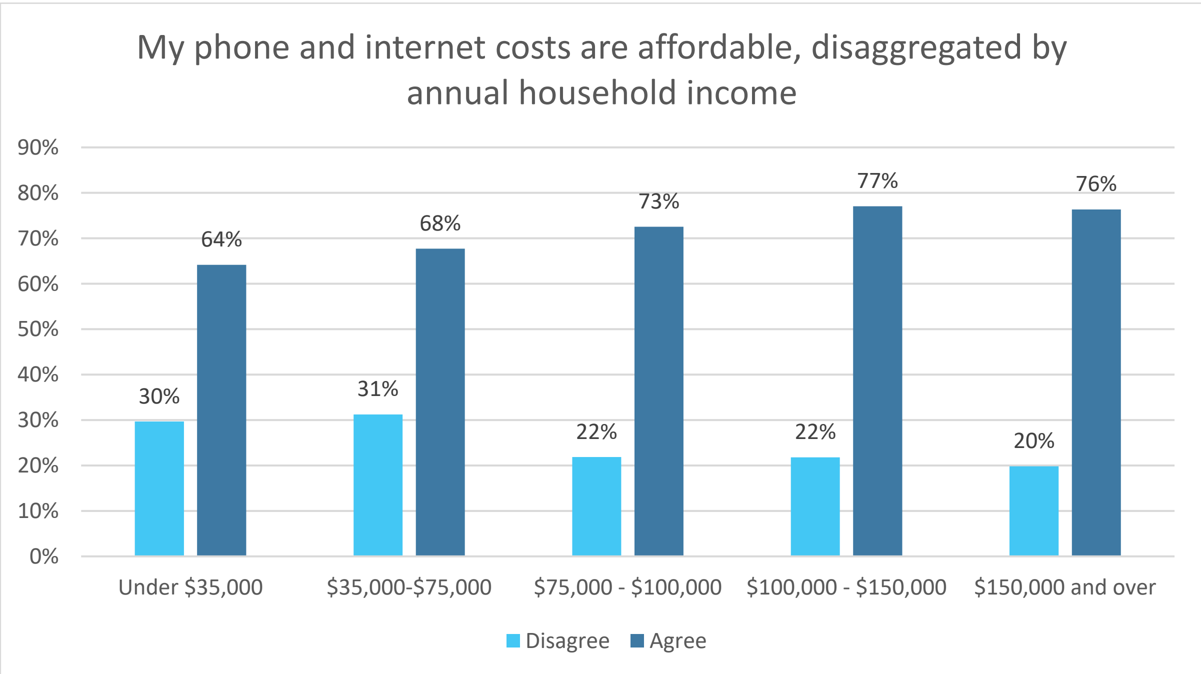

Figure 2. 30% of respondents earning under $35,000, and 31% of respondents earning between $35,000-$75,000 do not find their phone and internet costs affordable. By contrast, 22% of those earning between $75,000 and $100,000, 22% of those earning between $100,000 and $150,000 and 20% of those earning over $150,000 do not find their phone and internet costs affordable. Source: Ipsos 2022.

We also asked how much people are paying (on average) for different connection types.

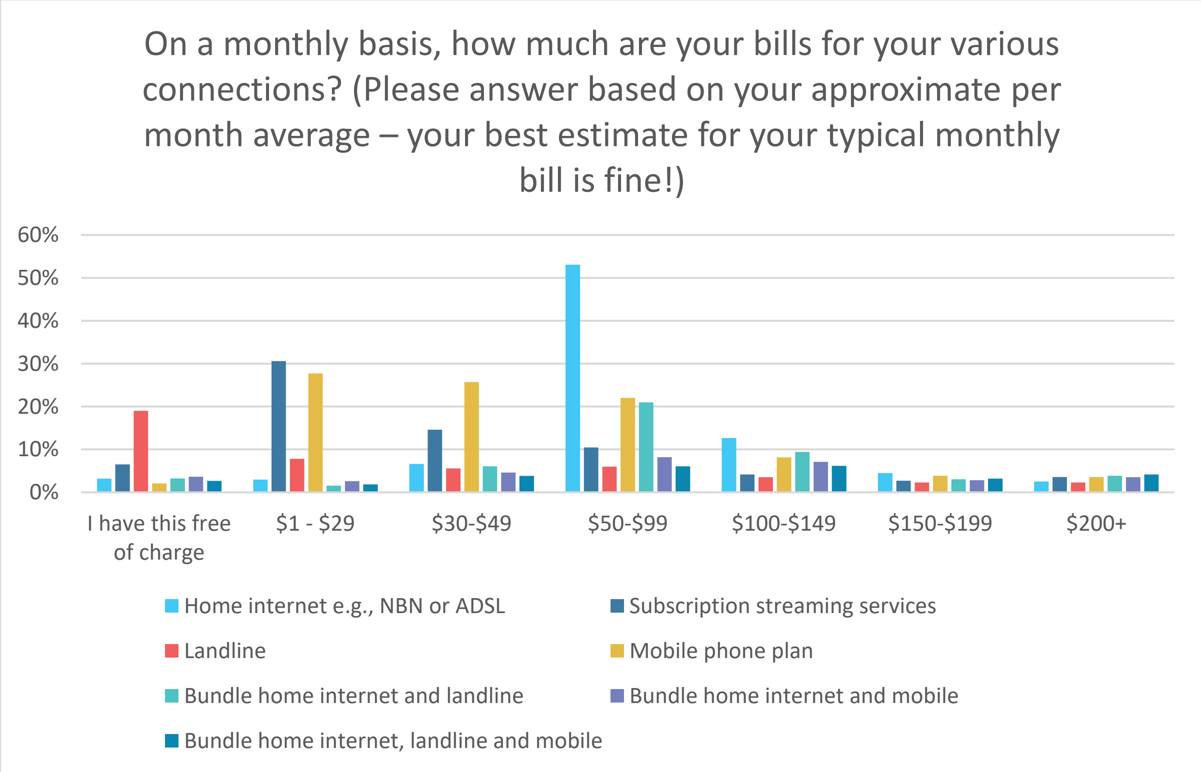

Figure 3. 53% of respondents pay between $50-$99 for their home internet connection; 31% of respondents pay between $1-$29 for subscription streaming services; 28% pay between $1-$29 for their mobile phone plan; and 26% pay between $30-$49 for their mobile phone plan. Source: Ipsos 2022.

Over half (53%) of people who pay for a stand-alone home internet connection (i.e. not part of a bundled service) paid between $50-$99 each month.

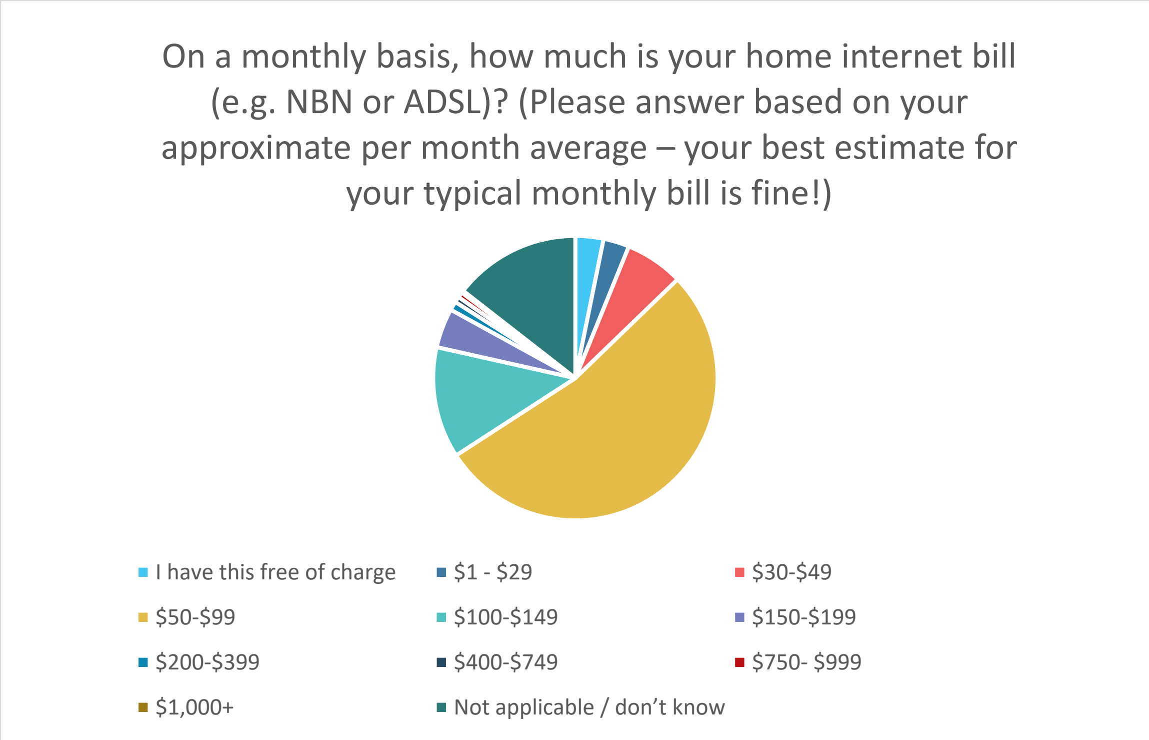

Figure 4. 53% of respondents who pay for a stand-alone home internet connection pay between $50-$99 per month, followed by 13% who pay between $100-$149 per month, and 7% who pay between $30-$49 per month. Source: Ipsos 2022.

When looking at mobile bills, the majority of respondents (28%) spent between $1 - $29 per month on their mobile service, closely followed by 26% of people who spent $30 -$49 per month, and 22% who spent between $50 - $99 per month on their mobile service.

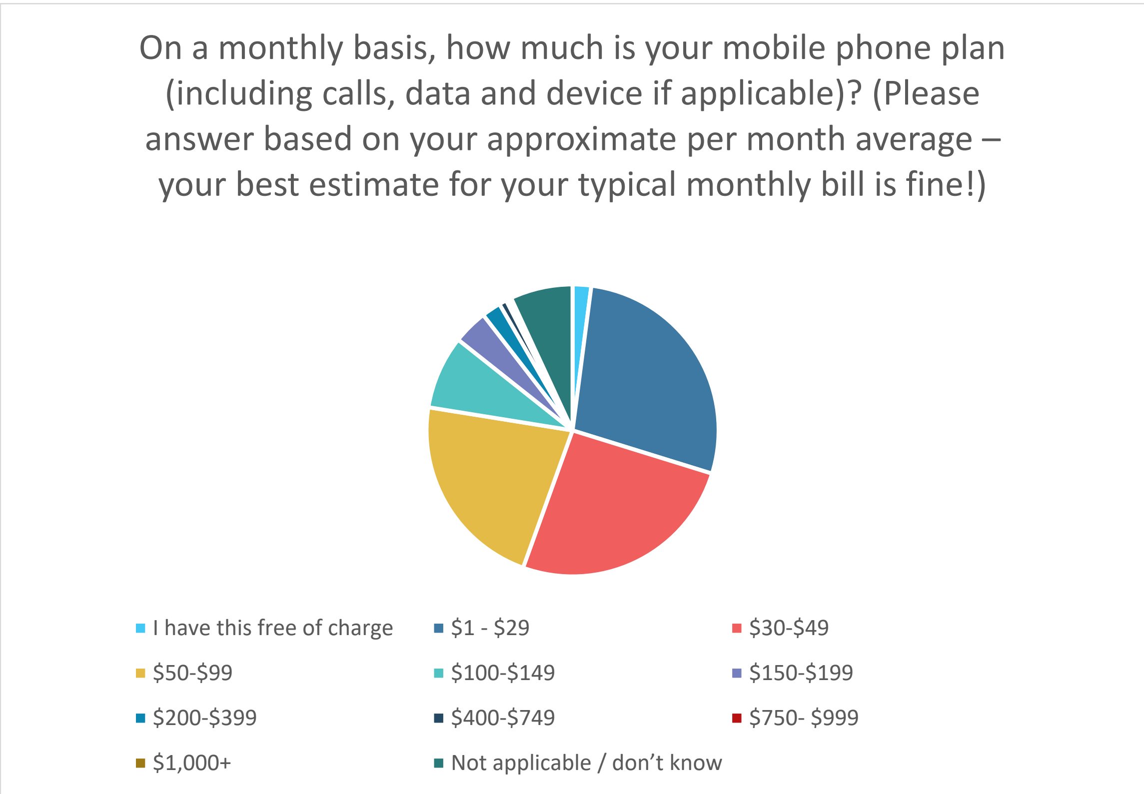

Figure 5. 28% of respondents who pay for a mobile phone plan pay between $1-$29 per month, followed by 26% who pay between $30-$49 per month, and 22% who pay between $50-$99 per month. Source: Ipsos 2022.

When disaggregating monthly spend on a home internet bill by gross household income level, the graph below shows that whilst the majority of respondents within each income group spends between $50-$99 per month on home internet, generally people in lower income groups spend less on their home internet bill compared to those in higher income groups. Indeed, for more expensive home internet connections ($100-$149), about 17% of those earning above $75,000 reported paying this amount, compared with almost 9% of those earning below $75,000.

In addition, it is interesting to note in the following graph that a higher proportion of respondents earning below $35,000 reported that this question was not applicable to them, or they didn't know the cost of their home internet bill. This could mean that these respondents are less likely to have a home internet connection compared to respondents in other income brackets.

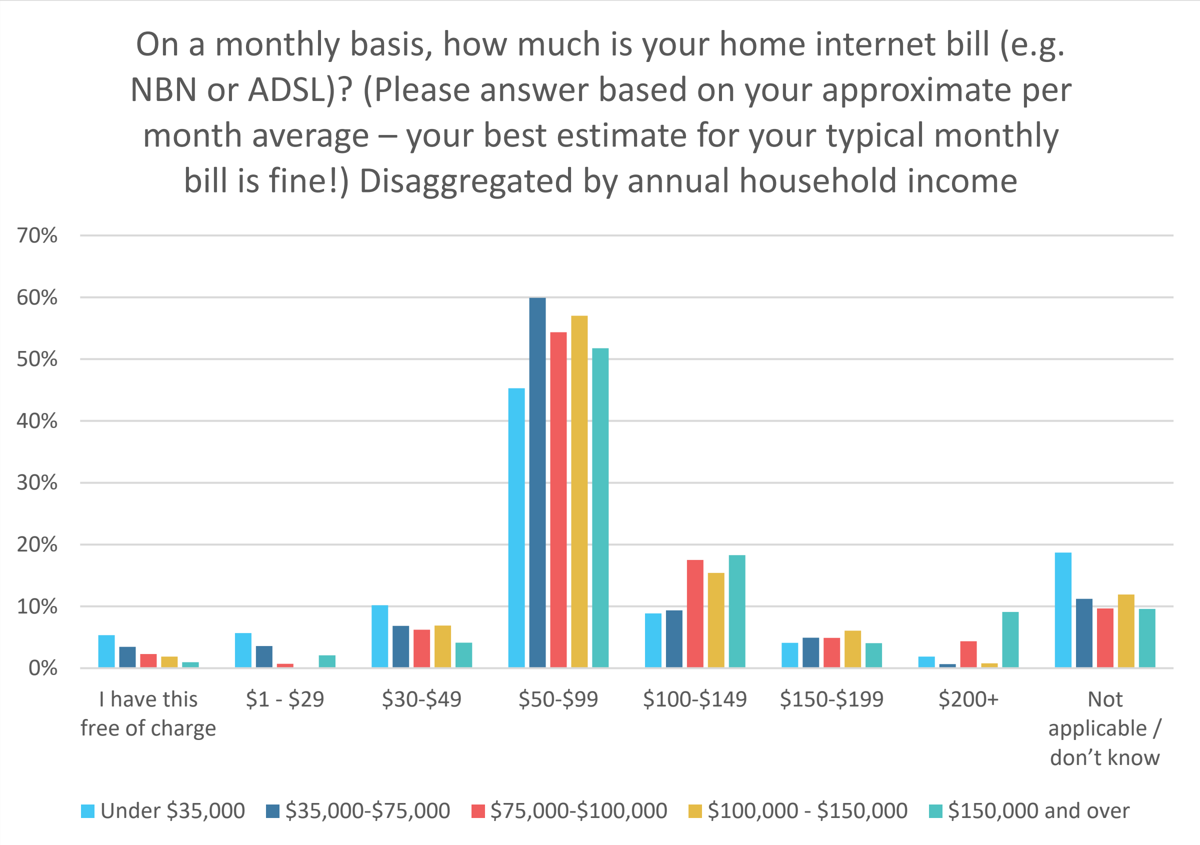

Figure 6. Regardless of income level, the majority of respondents pay between $50-$99 per month on stand-alone home internet connections. A higher proportion of respondents on higher incomes paid between $100-$149 for their home internet connection. Source: Ipsos 2022.

When looking at monthly bills for mobile phones, the amount spent each month is more evenly distributed between household income. However, those earning below $35,000 are again overrepresented in responding that the question was not applicable to them or they didn't know the cost of their mobile phone plan. This could indicate that respondents in this income bracket are less likely than other respondents to have a mobile phone plan. Further insight is needed to better understand why those on lower incomes have responded in this way about both their home internet and mobile bills.

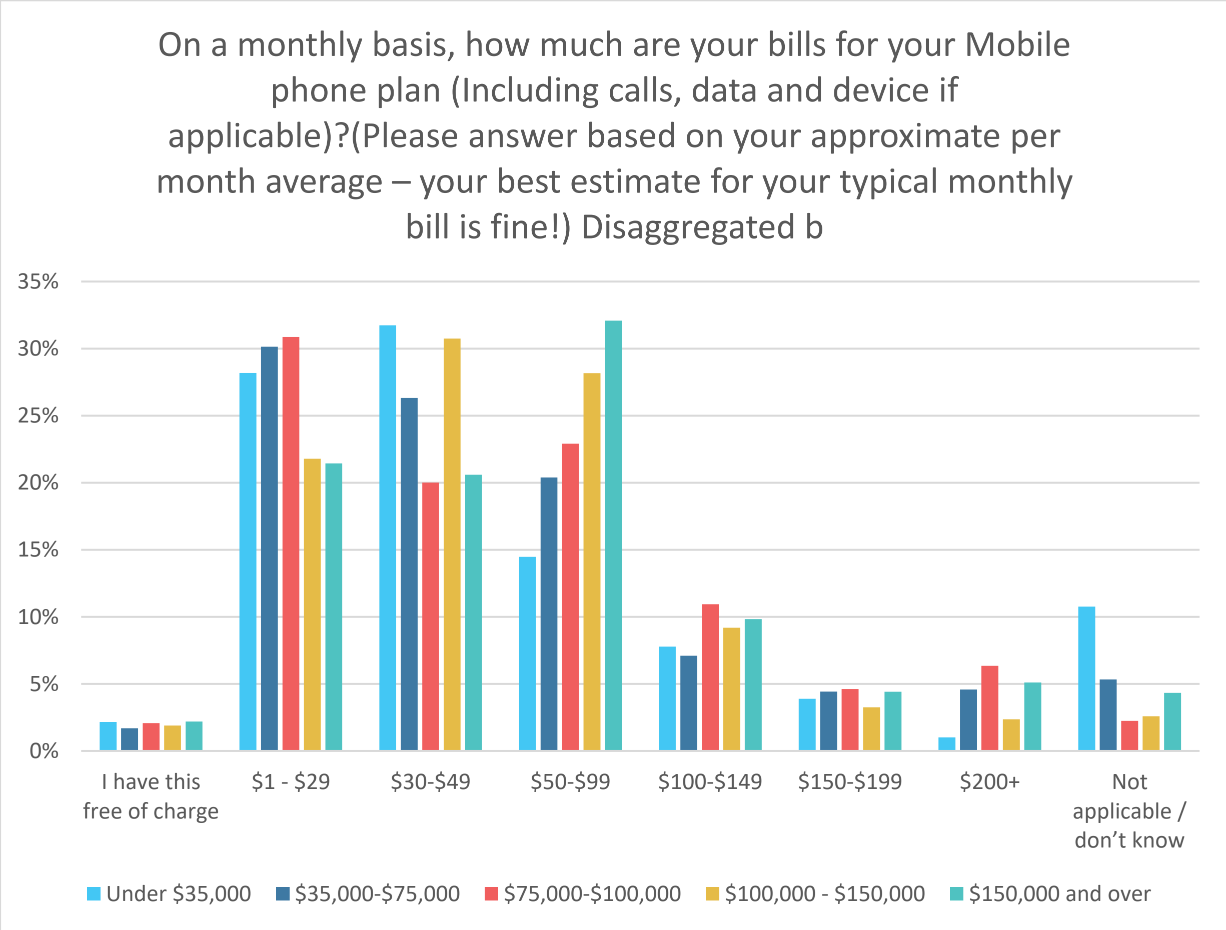

Figure 7. Overview showing how much respondents pay for their mobile phone plan, with all household income levels fairly well represented in the $1-$29, $30-$49 and $50-$99 payment brackets, with the exception that respondents earning below $35,000 are overrepresented in the 'not applicable/don't know' response. Source: Ipsos 2022.

Finally, people aged over 50 reported paying the least for their mobile phone plan, with 34% of respondents over 50 paying between $1-$29 per month and 27% paying between $30-$49 per month. Higher proportions of respondents under the age of 50 reported paying above $150 for their mobile phone plan per month, compared to people aged over 50.

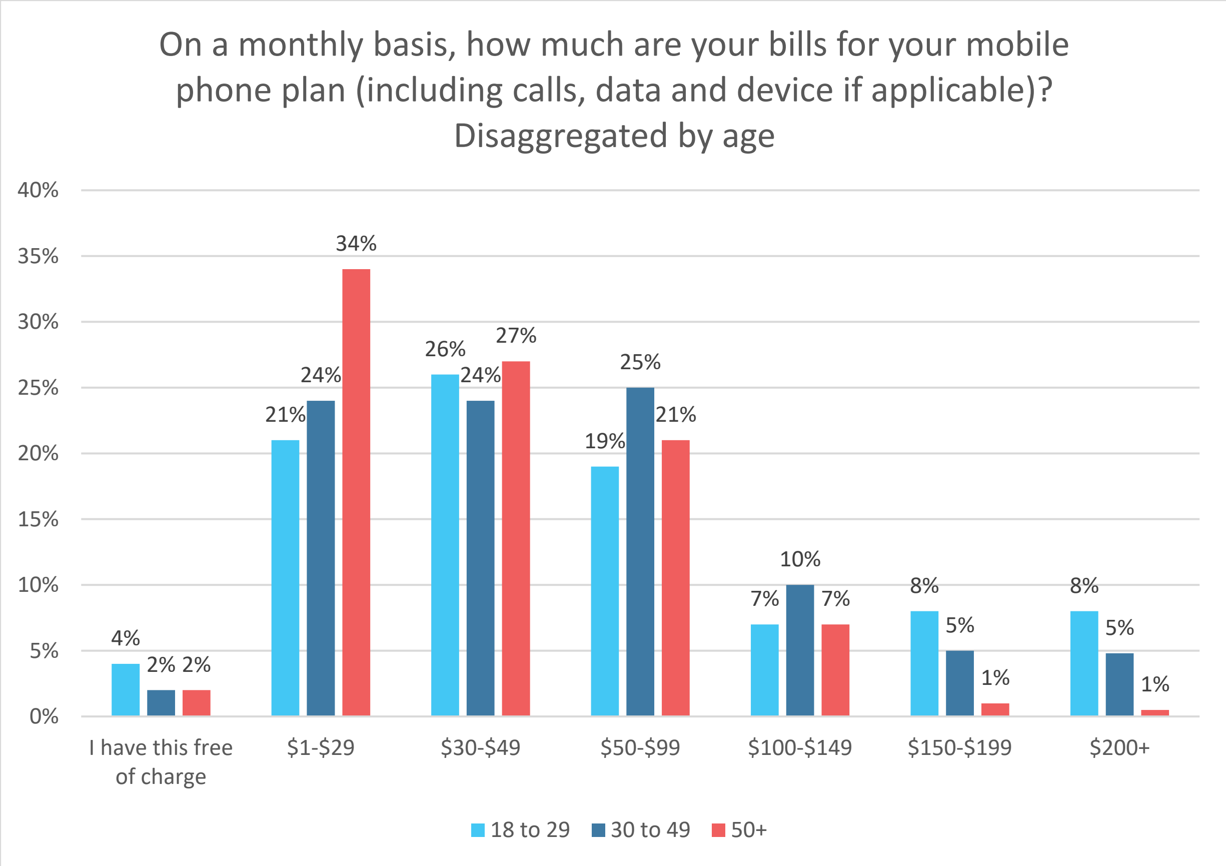

Figure 8. 34% of respondents aged over 50 pay between $1-$29 per month for their mobile phone plan, compared to 24% of those aged between 30 to 49 and 21% of those aged between 18 and 29 who pay between $1-$29 for their mobile phone plans. Source: Ipsos 2022.

What is ACCAN doing about it?

ACCAN is continuing to engage with industry, government and regulators around the affordability of communications goods and services. A big focus of ACCAN's affordability work in 2021 was NBN's wholesale pricing, which is passed on to consumers by telco retailers, making it critical to the affordability of NBN services. In addition to participating in NBN's 2021 Pricing Review, ACCAN has been heavily involved in the NBN Special Access Undertaking (SAU) Variation, run by the ACCC. The SAU is a key part of the NBN's regulatory framework, as it determines how much the NBN can charge for wholesale phone and internet services. ACCAN has continued this involvement into 2022 and will work alongside other consumer advocates and ACCAN members to call for more affordable home internet and phone services.

In 2021 ACCAN also undertook an analysis of mobile affordability. In line with the 2021 ACCC media on this topic,[1] we found a lack of information about more affordable mobile services and concluded that cheaper pre-paid mobile plans typically offer quite poor value for money. We plan to continue this analysis to remain informed about the affordability of mobile services available to consumers.

Finally, there is scope for ACCAN to expand upon these research findings to dive deeper into the affordability challenges being experienced by communications consumers across Australia. These findings provide a useful overview of the issues, however further work is required to ascertain the

[1] ACCC 2021, Consumers pay more for faster broadband and extra mobile data but may not need it, https://www.accc.gov.au/media-release/consumers-pay-more-for-faster-broadband-and-extra-mobile-data-but-may-not-need-it

extent to which people experiencing affordability challenges are forgoing communications services, and the impact that has on their perspective on whether the services they have are affordable for them.

Consumers think all telcos should provide an affordable internet plan

ACCAN's research asked respondents whether they thought telecommunications providers should be offering an affordable internet service so that everyone can remain connected.

An overwhelming 90% of survey respondents agreed that all telcos should provide an affordable (base level) internet plan so that everyone can remain connected. When disaggregating these responses by gross annual household income, the graph below shows that support for all telcos to offer an affordable internet plan was high across each income group.

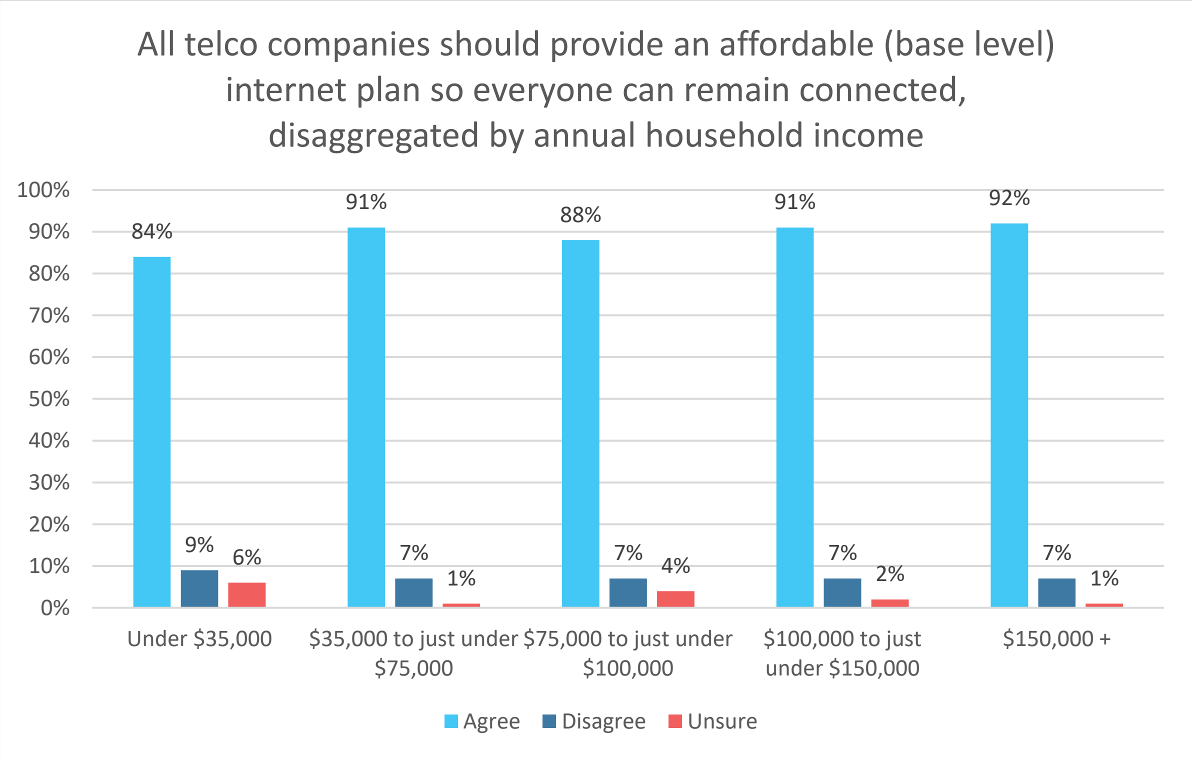

Figure 9. Regardless of income level, the majority of respondents agreed that all telecommunications providers should offer an affordable internet plan, with 84% of those earning less than $35,000 supporting this statement through to 92% of those earning above $150,000 supporting this statement. Source: Ipsos 2022.

Interestingly, support for all telcos to offer an affordable internet plan seemed to increase with age.

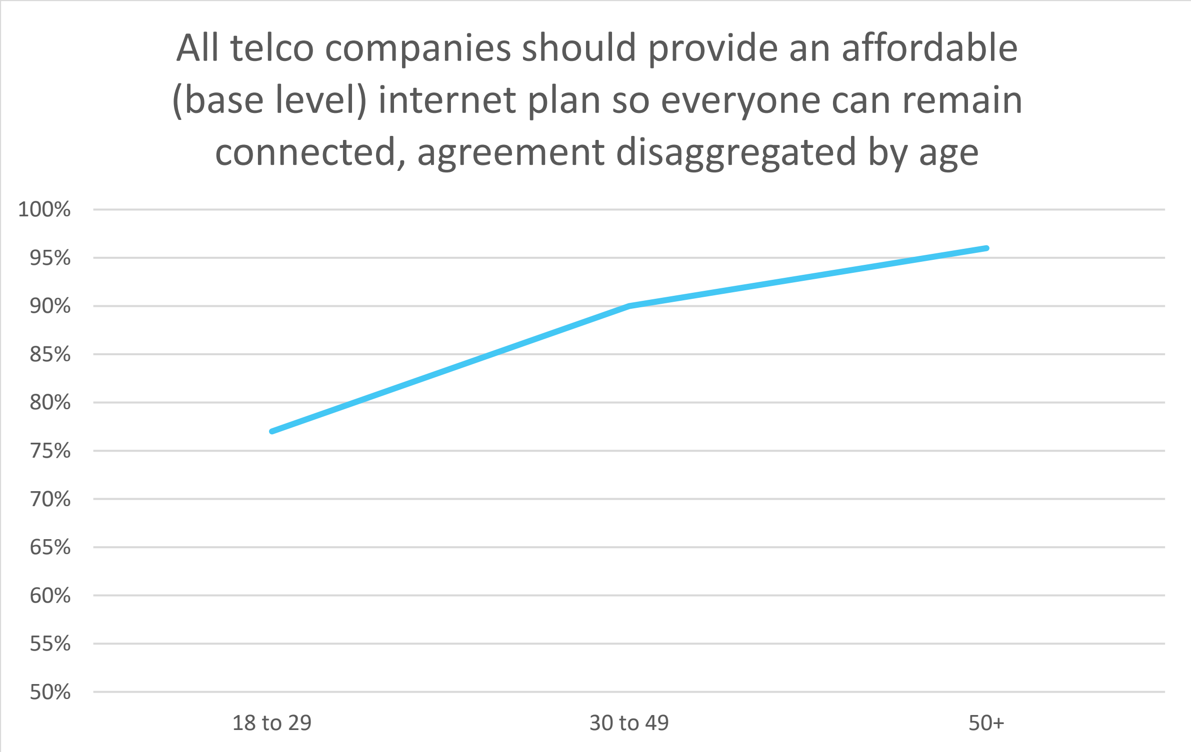

Figure 10. 96% of respondents aged over 50 support the idea that all telcos should provide an affordable internet plan, followed by 90% of respondents aged between 30 and 49 and 77% of those aged between 18 and 29 supporting the idea. Source: Ipsos 2022.

What is ACCAN doing about it?

For a number of years ACCAN has been advocating to industry, government and regulators about the need for an affordable, concessional home broadband service for households on limited incomes. This has formed our home broadband priority that No Australian be Left Offline.[2] The delivery of a concessional home broadband service to low income households would ensure that all households that can benefit from connection to a fast NBN broadband service are able to do so. This research shows that the majority of respondents agree that an affordable internet plan should be offered by all telcos, supporting our ongoing advocacy on this issue.

This survey response also reiterates the importance of the findings of a research report commissioned by ACCAN in 2021. A key finding from this commissioned research report was that existing telco low income measures can contribute to addressing the needs of low income households, including fostering greater feelings of connectedness. A key recommendation emerging out of ACCAN's 2021 research analysis was for a comprehensive review of telecommunications affordability provisions, which could in turn inform new regulatory requirements on telcos to offer affordable services targeted to people on low incomes. ACCAN will continue advocating for this review and the expansion of affordability provisions across the telco industry.

[2] Further information available: https://accan.org.au/accans-work/no-australian-left-offline

Access to free public Wi-Fi can be a useful tool to improving access to certain digital services

The survey asked respondents whether public Wi-Fi was important to them, whether they would use it, whether they knew where to access it, and what stops them from accessing free public Wi-Fi more often.

The majority (60% of respondents) agreed with the statement that free, public Wi-Fi is important to them. Despite this, only 36% of respondents said that they use free public Wi-Fi services where they live (either regularly, sometimes or occasionally). Almost one third (31%) of respondents did not know where to access free public Wi-Fi near where they live.

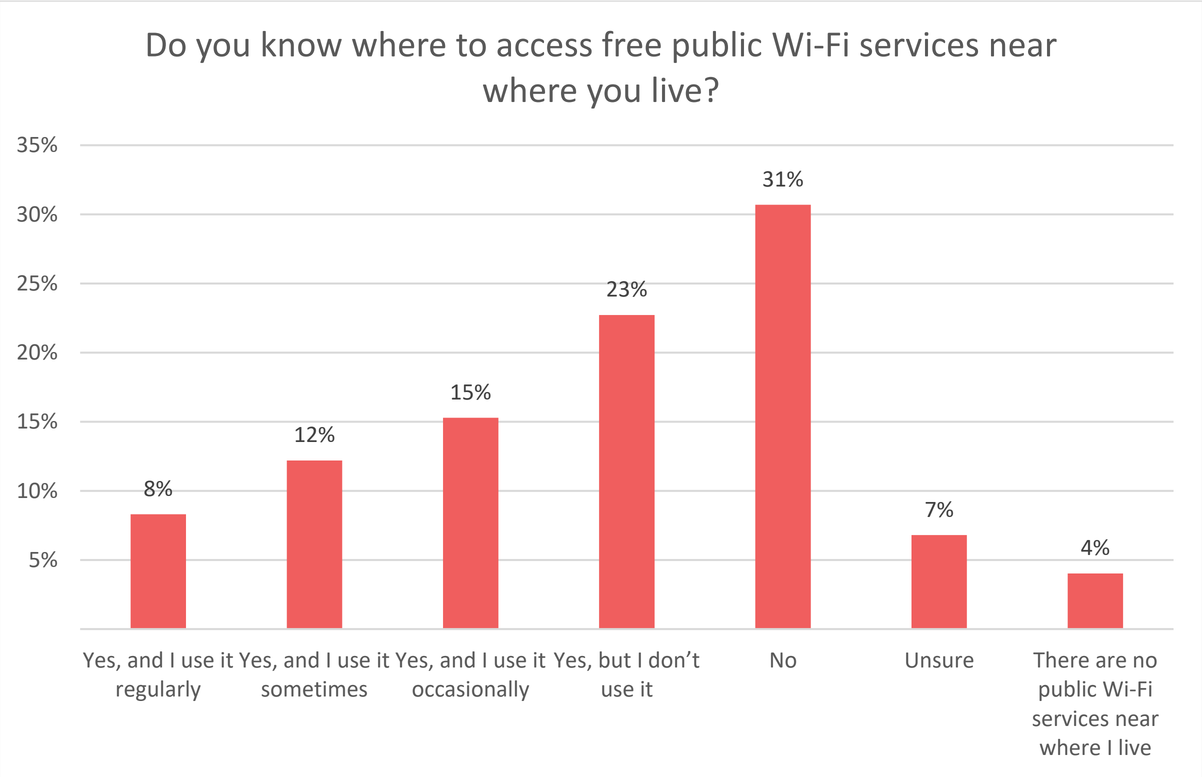

Figure 11. 31% of respondents did not know where to access free public Wi-Fi near where they live. 23% of respondents reported they knew where free public Wi-Fi was located near where they live but they do not use it. Only 4% of respondents reported that there were no public Wi-Fi services near where they live. Source: Ipsos 2022.

Fewer respondents aged over 50 reported knowing where to access free public Wi-Fi services near where they live. Higher proportions of respondents aged between 18 and 29 reported knowing where to find free public Wi-Fi services near their homes.

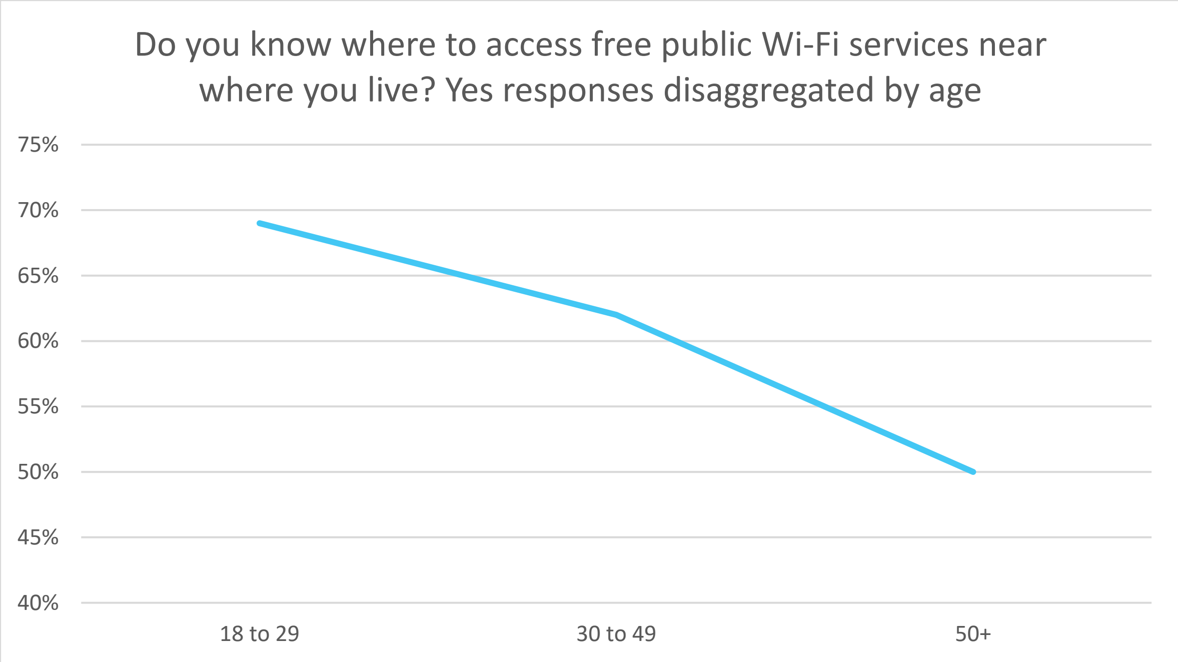

Figure 12. 69% of respondents aged between 18 and 29 reported knowing where to access free public Wi-Fi near where they live, followed by 62% of respondents aged between 30 and 49, and 50% of those aged over 50. Source: Ipsos 2022.

3 in 5 survey respondents said they would use free public Wi-Fi were it available at a convenient location to where they live. When disaggregating this response by gross household income level, the graph below shows that the willingness to use free public Wi-Fi is fairly evenly distributed between household income.

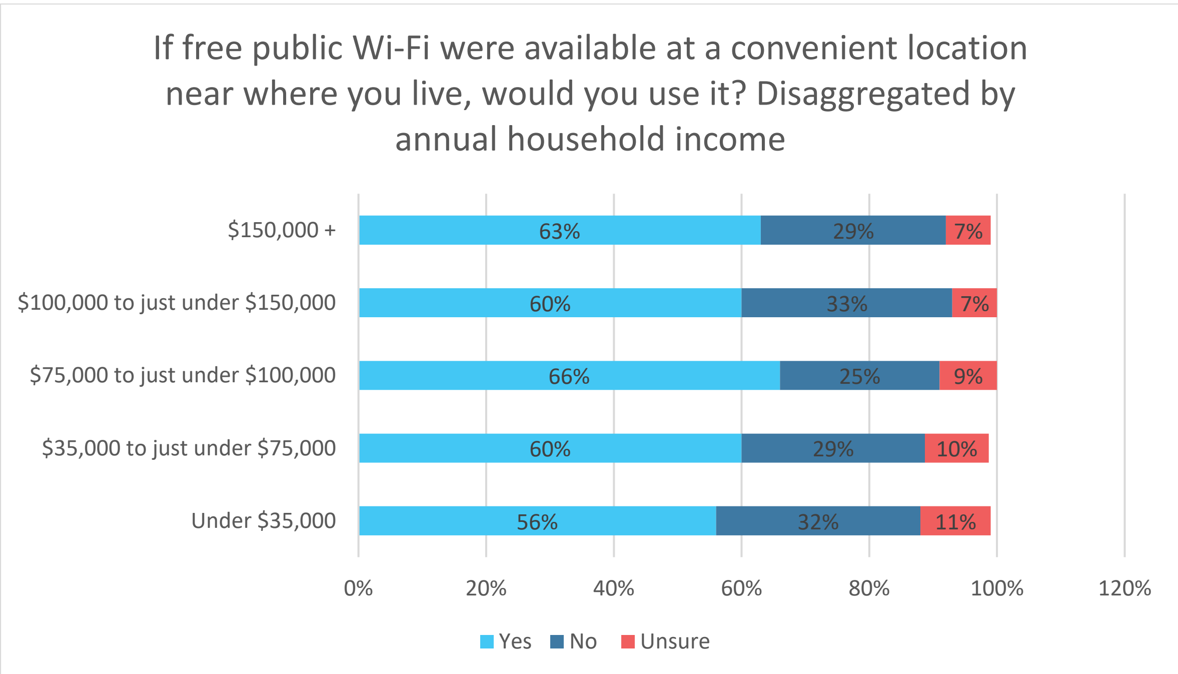

Figure 13. 56% of those earning under $35,000 would use free public Wi-Fi if it were available at a convenient location near where they live, as would 60% of those earning between $35,000 and $75,000. Source: Ipsos 2022.

The top three reasons for a respondent not using free public Wi-Fi more often were because they don't trust it (36%), they don't need it (34%), and because it doesn't work well (19%). This would suggest that increasing the security and quality of free public Wi-Fi could be beneficial to encourage more consumers to use the service.

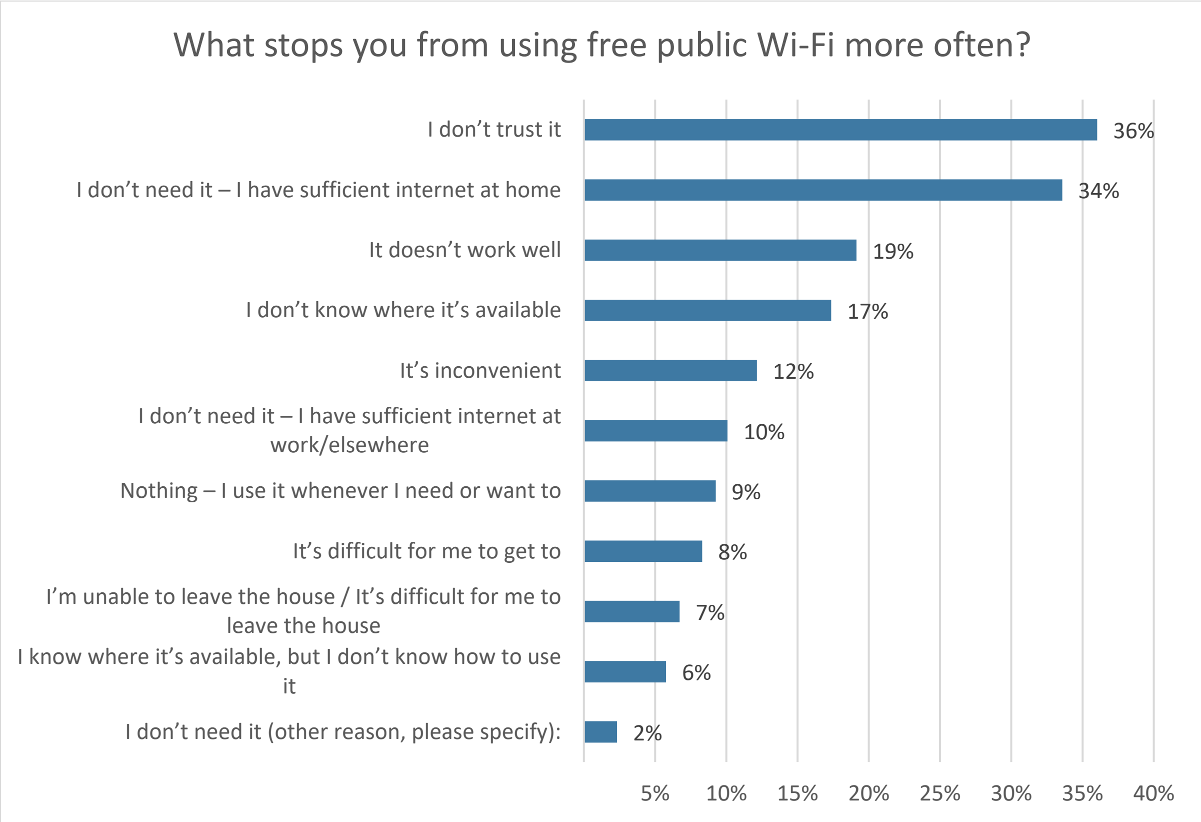

Figure 14. 36% of respondents stated they don't use public Wi-Fi more often as they don't trust it, 34% reported they don't need it and 19% stated it doesn't work well. 19% of respondents said they don't know where free public Wi-Fi is available, and 12% said it is inconvenient. Source: Ipsos 2022.

What is ACCAN doing about it?

ACCAN has identified work areas relating to the availability and awareness of free public Wi-Fi, and is looking to develop a policy position regarding public Wi-Fi in consultation with our members and other community organisations. We believe there may be a need to provide information to consumers about how to keep their data secure when using free public Wi-Fi services. ACCAN is also considering whether an audit is required to create a map of free public Wi-Fi services that are available across Australia, and whether infrastructure improvements are required to support the greater availability of this important connectivity type.

ACCAN is also aware that the allocation of spectrum can influence how Wi-Fi is utilised. Consequently, it is important that decisions regarding spectrum allocation be made in consultation with consumer groups to ensure that consumers benefit from the ways in which different bands of spectrum are allocated or used.

Conclusion

ACCAN's research found that some consumers are still struggling to afford their phone and internet services.

Given the survey found widespread support for all telcos to offer an affordable internet service so that everyone can remain connected, there may similarly be appetite amongst consumers for existing low income obligations to be expanded across all telecommunications providers. A review of existing low income measures, with a view to expanding these offerings, is an essential next step towards ensuring more affordable phone and internet services are available for all.

ACCAN will continue to engage with affordability issues to ensure that consumer experiences are reflected in decisions relating to wholesale and retail internet prices, the affordability of pre-paid and post-paid mobile services, and the use of spectrum as it affects the provision and availability of Public Wi-Fi services.

The Australian Communications Consumer Action Network (ACCAN) is Australia's peak communication consumer organisation. The operation of ACCAN is made possible by funding provided by the Commonwealth of Australia under section 593 of the Telecommunications Act 1997. This funding is recovered from charges on telecommunications carriers.