

Tip Sheet

Choosing an internet service

The communications marketplace in Australia is notoriously confusing.

On the surface, it looks good. There are dozens of internet service providers (ISPs) competing for your business. You just need to remember three golden rules.

First golden rule: Don't trust the advertising

ISP advertising is notorious for being confusing at best and misleading at worst.

Second golden rule: Sit down in a quiet room with pen, paper and a calculator.

You absolutely must read the fine print on any promotional material or web site. This is always going to take some time. When you do it, have a calculator and a pen and paper handy.

Third golden rule: Ask a lot of questions

Generally you will be signing up via a conversation over the phone with a sales person. When you are ready to make that call, there are lots of traps to look out for. Below are the questions you should ask.

What is the real price I will be paying?

Ignore the big number in the advertising. Pay attention to the asterisks and squiggles and ask questions about what the small print says. A good way to check is to look at the total cost for the whole contract period (usually in small print) and divide it by the number of months – usually 12 or 24.

Second, check what the set-up fee is. It might be listed separately.

Third, do you need to add in the price of a new modem? The modems that each ISP supports are different. Sometimes to encourage you to take up their service, ISPs will tell you to try out your old modem on their new service because it “should work”. Of course, if it doesn't, you can always buy the modem, but it might mean more delay.

How much data is included in the plan?

Almost all plans will have a data allowance which includes both your downloads (i.e. watching a YouTube video) *and* your uploads (i.e. when you post your own video onto YouTube or Facebook). The data allowance is measured in gigabytes (GB).

See the table over the page for an idea of how much data is used by the most common internet activities.

Will you pay excess download charges if you go over your data allowance?

Some deals involve hefty “excess use” charges if you go over your data allowance. Sometimes these charges are referred to as “overage” fees. If you want to protect yourself from nasty surprises – what we call “bill shock” – then you should choose a service that is “shaped”.

Is your data usage “shaped”?

A “shaped” service means if you exceed your data allowance, you won’t be charged more, but your internet connection will be slowed down for the remainder of your billing month. If this happens, at least you can still do the basics like check your email.

What about bundling?

Usually the price is better when your broadband and your phone service is “bundled” together. That means you pay one bill for both internet and phone and perhaps a pay-TV service or mobile. Of course, if you consider bundling, you should take a close look at the pricing for phone calls to see if the phone call charges meet your needs.

What is the duration of the contract and what is the cost to end it early?

Most are 12 or 24 month contracts. In the case of those few ISPs that offer services on a month-to-month basis, you have to pay higher set-up charges.

We believe 24 months is too long. People move in and out of homes, needs change, and technology changes. That’s why it is so important to ask what happens if you break your contract early.

Some ISPs will demand you to pay out the entire remaining contract months. Others will only charge you a relatively small contract break fee.

In our research we have often found these cancellation fees to be either well hidden or missing entirely from ISP web sites. Yet for some people, this will be a crucial factor in deciding whether a service is worth taking or not.

What download speed will I get?

No matter what download speeds ISPs promise in their advertising, these are theoretical. It is very hard for an ISP, or anyone else, to know in advance what speed you are going to get. This is because there are many, many variables involved, such as how far away your home is from the telephone exchange, how many other customers are sharing the wires at the same time and your own equipment at home. It’s not a bad idea to ask neighbours what ISP they use and if the speed and connection are good.

The only small message of comfort based on the experience of others is this: if your service ends up being so slow compared to what was offered that you can’t use it in the way you wanted and expected to, *and* if the ISP can’t do anything to fix it, they should let you out of the contract without charging you any penalty.

To help you decide what plan is best for you, here’s a guide to how much data is used up by common online activities.

Note: All figures are approximations. 1000 Megabytes (MB) = 1 Gigabyte (GB)

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| 1 min YouTube video | 5 MB |
| 1 min mp3 audio | up to 1 MB |
| 1 hr Skype Video Chat | 170 MB |
| 1 hr Skype Audio Chat | 30 MB |
| Movie download | 700 MB |
| TV show download | 350 MB |

About ACCAN

ACCAN (Australian Communications Consumer Action Network) is Australia’s new peak communications consumer organisation. ACCAN’s goal is available, accessible and affordable communications that enhances the lives of consumers. The operation of ACCAN is made possible by funding provided by the Australian government. **Published September 2010**