

**March 2023**

# ACCAN Research Snapshot: Affordability<sup>1</sup>

Communications affordability is an important issue for consumers of telecommunications products and services. Many consumers face cost of living pressures and have experienced the increased cost of telecommunications services in the past two years.<sup>2</sup> ACCAN conducted a survey through Ipsos in March 2023 to better understand consumers' experiences with communications affordability.

ACCAN research indicates that:

- Phone and internet costs are unaffordable for more than a quarter of consumers.
- Consumers are going without other essentials to afford their telecommunications bills.
- Consumers are turning to multiple payment methods to pay their phone and internet bills.
- 92% of consumers believe that telecommunications companies should provide an affordable internet plan.

## Methodology

ACCAN's affordability survey sought the views of 1,000 respondents from a variety of age groups, locations, and incomes. This nationally representative survey of adults aged 18+ was carried out in March 2023, as part of an Ipsos Digital Omnibus online survey. It captured a range of demographics allowing the data to be analysed for trends and differences against various characteristics and circumstances.

## Phone and internet costs are unaffordable for more than a quarter of consumers

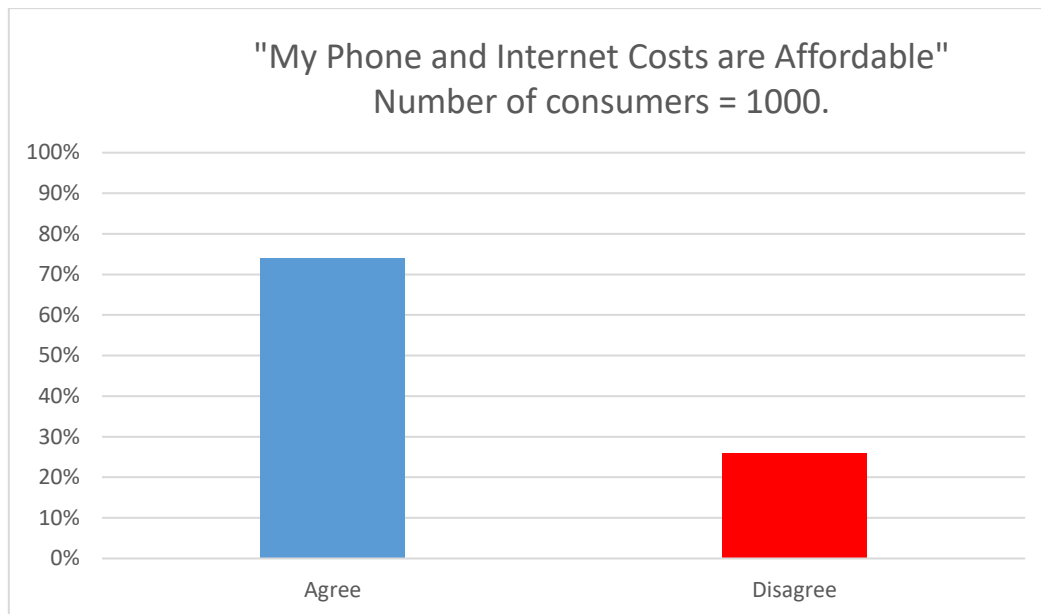
Our survey asked consumers if their phone and internet costs were affordable. 26% of consumers stated they did not find phone and internet costs affordable. These results are consistent with ACCAN's 2022 affordability survey which found 27% of consumers did not find phone and internet costs affordable.<sup>3</sup>

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<sup>1</sup> This research can be referenced as: ACCAN. 2023. Affordability Snapshot.

<sup>2</sup> ACCAN. 2023. *Submission to the Select Committee on Cost of Living*. Available at: <https://accan.org.au/accans-work/submissions/2115-select-committee-on-the-cost-of-living>

<sup>3</sup> ACCAN. 2022. *Affordability Snapshot*. p.1. Available at: <https://accan.org.au/accans-work/research/2003-consumer-expectations-2022>



Over a quarter (26%) of consumers surveyed disagreed that their 'phone and internet costs are affordable'. (n=1,000)

## Consumers are experiencing hardship paying their telecommunications bills

Rising costs of living have meant that some telecommunications consumers have had to go without essentials to afford telecommunications bills.<sup>4</sup> Our survey asked consumers to categorise their experiences regarding phone and internet bills in the last 2 years by responding to a series of statements.

The findings below demonstrate that many consumers are experiencing telecommunications payment problems and are going without other essentials to afford telecommunications bills.

Key findings from the research included:

- 20% of consumers missed phone and internet bill payments because they couldn't afford it.
- 22% of consumers paid a bill late because they couldn't afford it.
- 21% of consumers went without other essentials such as food or medicine to pay a phone and internet bill.
- 20% of consumers used their phone and/or internet less than they needed to help save money.

Some of the payment options that are offered by telecommunications providers to their customers are not suitable for people in vulnerable circumstances. The research found that 34% of consumers avoided direct debit arrangements when they could. Previous ACCAN research has similarly found that some payment options may place unfair financial risk on consumers.<sup>5</sup>

<sup>4</sup> ACCAN. 2023. Submission to the Select Committee on Cost of Living. Available at: <https://accan.org.au/accans-work/submissions/2115-select-committee-on-the-cost-of-living>.

<sup>5</sup> ACCAN. 2023. ACCAN Research Snapshot: Direct Debit in Telecommunications. Available at: <https://accan.org.au/accans-work/research/2121-direct-debit-in-telecommunications>

## 1 in 10 consumers are experiencing payment problems, but not seeking help

Our survey asked consumers (who were solely or jointly responsible for their telco bills): “In the last 2 years, which of the following have you asked for help to afford your phone or internet bills? Please select all that you have used”. This question captured the views of 938 consumers.

38% of respondents reported experiencing problems paying their telecommunications bills. Respondents turned to several people or organisations for help:

- 17% asked a friend or family member.
- 12% asked their phone or internet company.
- 4% asked a community organisation.
- 3% asked a financial counsellor.
- 11% had a payment problem but did not ask for help.

These findings are concerning as they may suggest low awareness amongst consumers that they can contact their telecommunications provider when they experience payment problems. According to the ACMA: “Only 57% of the general Australian adult population and 64% of those who experienced a financial hardship situation in the past 12 months reported they were aware they could contact their telco provider for help managing the payment of bills due to financial difficulties”.<sup>6</sup> This shows that providers should do more to inform consumers of their options when experiencing financial hardship.

Our finding that only 3% of surveyed consumers asked a financial counsellor for help indicates that financial hardship counsellors engage with only a small amount of the consumers experiencing financial hardship.

## Consumers are turning to multiple payment methods to pay their phone and internet bills

Our survey asked: “In the last 2 years, which of the following have you used to help pay for your telecommunications products & services (e.g., internet, mobile phone and/or landline phone)?”

Our data suggests that some consumers are unable to consistently afford telecommunications costs and face problems paying their bills. This is reflected in how many consumers are using multiple payment methods to pay their bills:

- 77% sometimes used direct debit.
- 51% sometimes used credit cards.
- 29% sometimes used Buy Now Pay Later services (BNPL).
- 24% sometimes borrowed from friends and family.
- 16% sometimes used wage advance products, for example, MyPayNow and BeforePay.
- 15% sometimes used payday loans.

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<sup>6</sup> ACMA. 2023. *Financial Hardship in the telco sector: Keeping the customer connected*. p.2. Available at: <https://www.acma.gov.au/financial-hardship-telco-sector-keeping-customer-connected>

## How much are consumers paying for their various connections?

Our survey asked consumers: “On a monthly basis, how much are your bills for your various connections?”

### Mobiles

Our findings show that in 2023, similar numbers of consumers (25%, 24%, and 24% respectively) pay \$1-\$29, \$30-\$49 or \$50-\$99 for their mobile phone plans.

Key findings from our research included:

- 25% of consumers pay between \$1-\$29 dollars for a mobile phone plan.
- 24% of consumers pay between \$30-\$49 dollars for a mobile phone plan.
- 24% of consumers pay between \$50-\$99 dollars for a mobile phone plan.

Consumers paying less than \$29 dollars for their mobile plans may face price rises from several telecommunications providers.

### Home internet

With regard to home internet, we found:

- 53% of consumers pay \$50-\$99 dollars for NBN or ADSL home internet.
- 14% of consumers pay \$100-\$149 dollars for NBN or ADSL home internet.

### Landline

Key findings regarding landline connections included:

- 20% of consumers pay for a landline connection.
- 21% of consumers have a landline connection free of charge.
- 56% of consumers answered “not applicable”.
- 3% of consumers responded with “don’t know”.

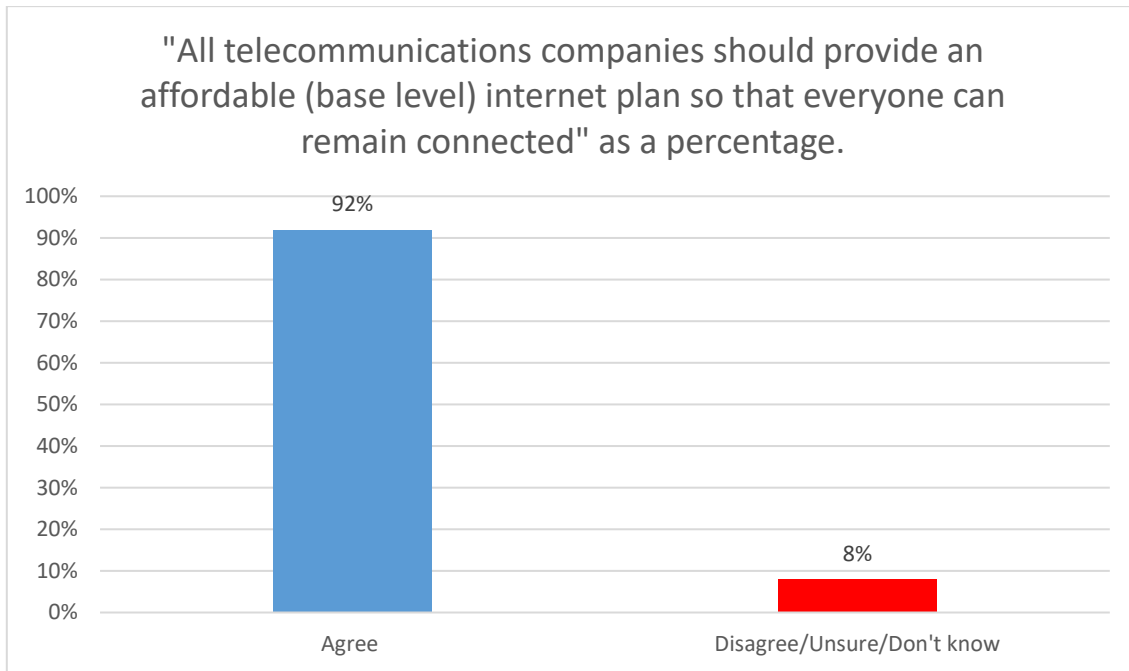
More than half of consumers don’t use landline connections. While the use of landline connections in metropolitan areas are declining, landline connections are critical for many RRR and metropolitan households with specific connectivity needs.

## Consumers overwhelmingly believe that telecommunications companies should provide an affordable internet plan

ACCAN’s research found that 92% of consumers agree that all telecommunications companies should offer an affordable, base level internet plan. This figure is a small increase from ACCAN’s 2022 affordability research which noted that 90% of surveyed consumers supported the initiative.<sup>7</sup>

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<sup>7</sup> ACCAN. 2022. Affordability Snapshot. p.8. Available at: <https://accan.org.au/accans-work/research/2003-consumer-expectations-2022>



The total number of consumers surveyed for this question was 1,000. The graph above shows that 92% (n=922) of respondents agreed that 'All telecommunications companies should provide an affordable (base level) internet plan so that everyone can remain connected'. 8% disagreed or were unsure/didn't know.

## ACCAN's telecommunications affordability advocacy

ACCAN advocates for more affordable, accessible, and inclusive telecommunications services. Based on this and previous research, ACCAN is advocating for:

- A concessional broadband service for households receiving government financial support.<sup>8</sup>
- An independent plan comparison tool for telecommunications services.<sup>9</sup>
- Telecommunications providers to offer more flexible payment options for consumers.

### Recommendation 1: A concessional broadband service for households receiving government financial support

Our research shows that consumers, particularly the most vulnerable, need greater support to afford their phone and internet services. This is supported by previous research conducted by ACCAN which has shown that 57% of low-income households and individuals experienced some difficulty paying for an NBN service.<sup>10</sup>

ACCAN's [No Australian Left Offline](#) initiative details the benefits of introducing a 50mbps unlimited broadband service offered at a wholesale price of \$20 per month by NBN Co to households receiving government financial support.<sup>11</sup> Not only would this ease cost of living pressures, but it has the

<sup>8</sup> ACCAN. *No Australian Left Offline*. Available at: <https://accan.org.au/accans-work/no-australian-left-offline>

<sup>9</sup> ACCAN. 2023. *Independent Plan Comparison Tool*. Available at: <https://accan.org.au/accans-work/policy-positions/2123-independent-plan-comparison-tool>.

<sup>10</sup> ACCAN. *Addressing Telecommunications Affordability: ACCAN Analysis*. p.3. Available at: <https://accan.org.au/accans-work/research/1924-telco-affordability>

<sup>11</sup> ACCAN. *No Australian Left Offline*. Available at: <https://accan.org.au/accans-work/no-australian-left-offline>

potential to improve economic outcomes for individuals and households and benefit the Australian economy.<sup>12</sup>

## Recommendation 2: An independent plan comparison tool for telecommunications services

This research shows that consumers need to be able to choose telecommunications products and services that suit their needs. Unfortunately, consumers are often at a disadvantage when looking for the information they need. Previous ACCAN research has shown that an overwhelming 87% of consumers agree that it should be easier to find and compare information about phone and internet plans.<sup>13</sup>

Ensuring that consumers can find the right service and product for them may save consumers time and money. An independent plan comparison tool would help to decrease the information asymmetries that telecommunications consumers face and allow consumers to find independent and complete information about voice, data, and broadband products and services.<sup>14</sup>

## Recommendation 3: Providers should offer more flexible payment options for consumers

Vulnerable telecommunications consumers can be negatively impacted by the limited payment options available for their telecommunications bills. However, some payment options may place unfair financial risk on consumers. Past ACCAN research on direct debit in telecommunications found one-third of consumers have experienced some form of telecommunications payment issue in the past two years.<sup>15</sup>

Telecommunications providers should offer consumers a choice of payment method from the outset and not nominate direct debit as the default for consumers. Telecommunications providers should offer multiple free methods of bill payment in addition to direct debit. Telecommunications providers should not impose charges or late fees for late payments caused by delayed processing.

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**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.**

**ACCAN is committed to reconciliation that acknowledges Australia's past and values the unique culture and heritage of Aboriginal and Torres Strait Islander peoples. [Read our RAP](#)**

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<sup>12</sup> ACCAN. *No Australian Left Offline*. Available at: <https://accan.org.au/accans-work/no-australian-left-offline>

<sup>13</sup> ACCAN. 2022. *ACCAN research snapshot: Consumer expectations – reliability and fairness*. August 2022. p.

14, Available at: <https://accan.org.au/accans-work/research/2003-consumer-expectations-2022>

<sup>14</sup> ACCAN. 2023. *Independent Plan Comparison Tool Policy Position*. Available at: <https://accan.org.au/accans-work/policy-positions/2123-independent-plan-comparison-tool>

<sup>15</sup> ACCAN. 2023. *Direct Debit in Telecommunications*. p.1. Available at: <https://accan.org.au/accans-work/research/2121-direct-debit-in-telecommunications>