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Mobile a threat but NBN ain't bad

An increasing number of Australians are using mobile phones to back up their household fixed line broadband connection. But be wary of predictions that millions of households will move to mobile-only broadband connections.



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A market study of telecommunications usage highlights the potential threat to NBN Co's business model from ultra-fast 5G mobile services.

But the TPG Telecom-sponsored study also gives a reasonably strong endorsement of the monopoly wholesale broadband provider and the performance of the multitude of retail service providers selling fixed line broadband.



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The study of current and future usage of fixed line and mobile broadband services was undertaken by the Centre for International Economics in partnership with Woolcott Research and Engagement. About 1000 people were surveyed in September.

It follows similar surveys in December 2017 and March 2020. In the 3½ years between the 2017 survey and the September 2020 survey, the number of mobile-only broadband users stayed stuck at 17 per cent.

The really big move was in the number of people using a combination of fixed line and mobile services to manage their broadband connection. This rose to 28 per cent in 2020, from 5 per cent in 2017.

This change in usage fits with the study's finding that about 26 per cent of households now have a broadband modem with 4G back-up.

NBN Co will be pleased to know that fixed line customers are "very satisfied" with download allowances and compatibility, only 12 per cent of customers were dissatisfied with their fixed line connection speed, only 8 per cent were dissatisfied with their connection reliability, and only 8 per cent of customers were dissatisfied with the price of their service.

When you look at those numbers from the opposite perspective, it is evident that more than 90 per cent of NBN customers have no issue with the reliability and cost of their broadband service.

This is hardly a strong base from which TPG Telecom and its competitors can build a growing customer base of mobile-only customers.

TPG Telecom chief executive Inaki Berroeta told a CommsDay Summit on Tuesday the growth in acceptance of unlimited mobile data plans on the Vodafone network was an incentive for customers to switch to mobile-only plans.

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The CIE study found that the price of data on fixed line broadband has, in effect, moved to zero. In mobiles, the price of data falls as plans get bigger. For example, going from a 10 GB per month plan to a 15GB/month plan has a higher cost than going from 50GB to 55GB.

It is the CIE estimates of the cost of data in 2025 which is the critical piece of its forecast that up to 34 per cent of households will not use the NBN Co's fixed line services and become mobile-only broadband users.

"At an extreme, if the price of mobile data fell to almost zero, data usage would no longer be expected to affect the choice between fixed and mobile," the study says.

It is a brave call to assume the price of data on 5G mobile networks will fall to zero. Also, the CIE estimates do not include the possibility that NBN will respond to the competitive threat with cheaper priced plans.

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