Whether it be transport, housing, entertainment or food, the cost of living is at the forefront of everyone’s mind. This report is the ninth instalment of a monthly series that aims to compare the prices of everyday essentials.

RACQ has commissioned this research from Deloitte Access Economics. As Queensland’s peak motoring body, RACQ will use the data to advocate for its 1.6 million members. This may involve questioning discrepancies in cost or celebrating fair prices.

The ninth report in this series focuses on communication.

RACQ hopes to better educate Queenslanders through this research, allowing families to recognise where they must allocate funds. The research will be made publically available on RACQ’s website so that Queenslanders can access the information most relevant to them and their every day expenses.
The rise of digital

Digital communication is rapidly overtaking our more conventional methods of connecting with each other, such as posting letters, and even making phone calls. Postal services are set to decline by 11.4% per annum and already letters planned as social communication only account for 3% of total letters, with the remainder being promotional (23%) and transactional (74%).

While voice calls remain one of the most frequented means of communication (alongside instant messaging (IM)), its popularity is on the decline, particularly for those aged 35-44, with a 13% reduction from 2014 to 2015. The 18-24 age range is the only one in which IM surpasses voice calls and the margins continue to narrow.

In this report we consider the cost of communication as a part of our lifestyle in Queensland. We investigate the cost of purchasing new phones and phone plans, our broadband coverage, prevalence of social media and its cost on our time.

Source: Deloitte (2015)
The recent introduction of the National Broadband Network (NBN) to Queensland is offering quicker and more reliable Internet services in households, schools and workplaces. As one of the largest ever investments in infrastructure, it has great implications for the ever more connected society in which we live.

In December 2016, 740,000 Queensland homes and businesses had been connected, and this is expected to reach 1.5 million by the end of 2018.

So how much would it cost to make the switch to NBN and is it worth it for you?

So is the switch worth it? Based on cost alone, if you want high amounts of data without the price tag of NBN, stick to ADSL 2+. But if you’re more concerned with your speed, NBN could be worth it for you.

Source: Individual retailer websites, 2017
While satellite internet connections are relatively uncommon, with just 0.56% of the market or approximately 76,000 subscribers (ABS, 2016), it is the only option for accessing the internet in rural and remote regions of Queensland.

Even with satellite, access to internet in regional areas remains limited due to low data caps (50GB per month), competition for connectivity, and high drop outs from adverse weather.

With the roll out of Sky Muster in late 2016, an NBN network service designed to provide access to faster broadband services, particularly in rural and remote regions, accessibility for Queensland homes has increased alongside download speed and reliability.

Plans haven’t come cheap though and households and businesses are having to pay a premium for data. Prices are considerably higher than both ADSL 2+ and NBN, where the price of unlimited downloads with ADSL 2+ is the same as 10 GB with Sky Muster.

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MONTHLY PRICE OF NBN SKYMUSTER

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<th>GB</th>
<th>SkyMuster</th>
<th>ADSL 2+ Unlimited GB</th>
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Source: Active8me, 2017
Collectively, Australians look at their mobile phone more than 440 million times per day and the average adult spends around 35 hours per month on their smartphone.

So how much is this usage setting us back? In the last 12 months, the average Australian aged 18-64 spent $344 on their mobile phone plan, approximately $28.70 a month (MFAA, 2015).

While not alarmingly high, 30% of people surveyed said that they never budget for this item or that it was an unexpected expense.

There is a generational difference, for both amount of money spent on smart phones, and their plans. Those aged 25-34 spent the most on both of these fronts, although there were more 18-24 year olds making purchases.
Clearly the usage of our mobile phones is high, so finding the plan that’s right for you is very important. Whether it’s data, calls or texts, your mobile usage preferences are likely costing you more than you think. Based on a comparison of sim-plans paid on a monthly basis, online providers consistently came in cheaper, offering unlimited calls, texts and data at a much lower price than their larger counterparts. Out of the ‘big 4’, Virgin comes in at the best value for money, with Telstra as the most expensive.

12-MONTH CONTRACTS If you think you’re going to be sticking with the plan for at least the next year, consider getting a 12-month contract rather than month-to-month, as it generally gives a slight discount on the monthly price.

MUSIC BONUS ADD-ONS The bigger providers often offer added extras, such as free streaming or music subscriptions. If this is something you pay for already, you could save money by choosing a slightly more expensive plan.

SERVICE AVAILABILITY Depending on where you live and work you may need to consider what network coverage you get with each service provider.

INTERNATIONAL CALLS/TEXTS A lot of phone plans are coming with deals on international calls and texts. If this is something that you frequently use, you could save a lot of money by avoiding paying international charges that are otherwise disproportionately expensive.
At June 2015, **29% of Australians were mobile-only phone users**, without a fixed telephone line service in their home (ACMA, 2015). This is a small, but growing percentage, which has more than doubled since 2010. Over half of these are aged 25-34, and are more likely to live in a shared household. **In Queensland, the average amount spent on home phone plans is $265 per year**, right on the national average of $260 (MFAA, 2015).

OTT VoIP services are disrupting telecoms, by **providing a low cost alternative communication** by using an application run over the top of another service accessible through the internet, such as Skype or Facetime. **27% of Australians reported using VoIP services**, and it has been predicted that **by 2018 it will result in a $63 billion revenue loss for traditional service providers** (ACMA, 2015). Whilst users of VoIP will still have to pay for data, the ability to get large amounts of data either through mobile phones or broadband as illustrated in the previous pages has become considerably more affordable and practical than a phone line. **How can you save using VoIP Services?**

**PAY LESS FOR NATIONAL AND INTERNATIONAL CALLS.** Instead of having the cost of your phone call depend on the area to which you are calling, VoIP services are not costed geographically. Calling locally will now be no different to the other side of the world.

**AVOID TELEPHONE LINE OR START-UP COSTS.** When joining a VoIP service, there are no start-up or initial overheads that have to be paid, which is often the case with a land-line.

**SUPPORT AND MAINTENANCE FEES.** Service fees from traditional service providers are either paid monthly as part of your plan, or as any issues arise. However, with VoIP services, any maintenance is borne by the service provider with no cost to the consumer.

**AVAILABILITY OF VIDEO CALLS.** A service not even available through traditional telecoms, and often very expensive through mobiles, VoIP makes video calls affordable and easily accessible for all users.
The presence of social media in our lives is becoming increasingly obvious, whether it be for casual conversations with friends, reaching out to overseas family members, business marketing and customer complaints.

A study conducted in 2015 found that 80% of Australians engaged with social media, an increase from 65% in 2012. Over half of the respondents stated that their communication with others through social media is as valuable as time they spend together in person.

Luckily for Queenslanders, the majority of social media platforms are free to use, earning the majority of their revenue through advertising.

**But what about the cost of your time?**

### How Often?
- > 5 times per day: 74%
- 26%

### When?
- During Work: 49%
- First thing in the morning: 22%
- 29%

### Where?
- Kitchen: 29%
- Study: 26%
- 45%

*Source: Sensis, 2016*
Limitation of our work

General use restriction

This report is prepared for the use of RACQ. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of estimating the cost of living Queensland. You should not refer to or use our name or the advice for any other purpose.