

# Price, speed and Elon Musk: why some Australians are ditching the NBN

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Tens of thousands of Australians are abandoning the national broadband network for 5G mobile and other ways of accessing the internet with experts saying three main factors are driving people away: price, speed and Elon Musk. Despite the NBN being only a few years past completion, between the end of June 2022 and the end of April 2024 the number of customers in the most common category of services declined by more than 65,000. This category, also known as brownfields, covers 7.1m active NBN broadband services to homes and businesses that existed before the NBN was built and is a mix of fibre-to-the-premises-type connections as well as connections made under the Coalition's revised plan that used existing copper and cable connections (which predated the NBN and was used mostly for pay TV). The Coalition's communications spokesman, David Coleman, said this month the decline was a "troubling sign" for the company and the government had questions to answer. But others blame the Coalition itself. In February, the company's outgoing chief executive, Stephen Rue, told Guardian Australia those shifting away from the NBN were largely customers on fibre-to-the-node – the Abbott-Turnbull-era technology that uses legacy copper phone lines, where speed and quality decreases the further away your home is from the node. "The main reason for that is service and a desire for faster speed ... customers who are at the end of the FttN line ... they get 25 megabits per second, but they can't experience a faster speed and obviously there are some copper lines that have unreliability," he said. NBN has embarked on a massive full-fibre upgrade to premises in the fibre-to-the-node "footprint" – effectively rebuilding most of the network to the type planned by the former Rudd Labor government in 2009 before changes made under the Coalition after 2013. The company has projected that 5m premises will be upgraded by the end of 2025. Over 200,000 premises have already been upgraded in these parts of the network to improve speeds and to keep customers on board, but the effort has not yet halted the decline in customers. Associate Prof Mark Gregory, of RMIT's school of engineering, said the "copper debacle" was the cause of the company's woes but more attention needed to be paid into what the company is offering to keep customers and how. Cost seemed to be a major factor moving customers away, he said. "The current NBN charges are too high and this means that customers are looking for alternatives." Aiding customers hunting to reduce their internet bill are cut-price 5G home internet plans, which some retailers market at a lower cost to their own NBN plans. They are able to do this due to the lower cost in supplying internet over mobile, compared with the wholesale prices NBN charges. This is reflected in recent financial statements from the two biggest retailers, Telstra and TPG. Both companies admit a customer decline in fixed-line services; TPG reported losing 109,000 NBN customers in its last financial results, while Telstra reported losing 58,000 in the first half of the 2023-2024 financial year. Both said the

losses were offset in part by gains in fixed wireless, suggesting some of their customers are giving up the NBN for a 5G alternative. Sign up for Guardian Australia's free morning and afternoon email newsletters for your daily news roundup. It is understood Vodafone's parent company, TPG, has been steering customers who might otherwise choose a lower-speed NBN plan to its 5G home internet product because the margins are better using TPG's mobile network and customers can get more for less. For example, Vodafone's 5G home internet plan is \$55 a month for 100Mbps, while Vodafone's NBN 25Mbps plan is \$70 a month and the 100Mbps plan is \$80 a month. In 2023, TPG grew its fixed wireless business by 56,000 customers, for a total of 227,000 on the technology. Dr Gareth Downing, acting CEO of the Australian Communications Consumer Action Network (ACCAN), said it wasn't surprising Australians were ditching the NBN for more affordable options. "4G and 5G wireless technologies can in some cases provide faster internet speeds than the NBN, particularly in areas with limited NBN infrastructure or where the NBN connection speeds are slow due to congestion or distance from the node," he said, adding that the mobile services could also be more affordable. Downing said ACCAN had long suggested a cheaper price plan for households receiving government financial support. The other factor is the arrival of Elon Musk's Starlink low-earth-orbit (LEO) satellite internet service in Australia. Although more expensive than the NBN options, the speeds are much faster and customers in regional and remote parts of Australia have taken to it in droves. The company posted on Musk's social media platform X in March that it now had 200,000 customers in Australia. "The cost of LEO products such as Starlink is prohibitive for some consumers," Downing said. "Competition may drive prices down as new offerings such as Amazon's Project Kuiper enter the Australian market." Gregory said the trend to satellite alternatives could continue with retailers signing deals with LEO companies like Starlink and could make NBN an irrelevancy in regional and remote parts of the country. "The large telcos have already reached agreements with one or more LEO provider and they will aggressively push LEO as an alternative to NBN. This will increase when mobile is added to the suite of offerings provided through LEO." NBN Co's own satellite customer base has dropped to 87,000, from a peak of 111,000 in 2021, partially driven by customer frustration at the service but also partially due to NBN Co moving some customers onto its fixed wireless service as upgrades have been made. NBN Co has also been offering improved speeds and download capacities on the satellite service in recent months. NBN Co has argued overall the number of connections on the NBN is going up – 95,000 net gains in the same period, but this is largely due to close to 170,000 new connections to newly established premises (greenfields) in that time. The company has pointed to the upgrade plans for how it will manage customer retention. "Our network upgrade program is supporting customers to meet their desired broadband internet speeds, performance and reliability needs," a spokesperson said. "The reduction in brownfield sites represents only 0.76% of our base of 8.6m premises. We are pleased to see many NBN customers seeing the value in a full fibre connection with around 6,000 customers per week, on average, placing orders and receiving full fibre upgrades." Rue announced on Monday he would leave NBN Co to become the CEO of Optus in November and a replacement has not yet been announced.