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NBN Pricing Analysis vs ADSL2+

Posted on [October 18, 2011](#) by [Cameron Craig](#)

UPDATE: This analysis has been published on [news.com.au](#) and is getting lots of comments. Thanks to those people who commented about one of the price points as it was not the figure we supplied and we've asked for an update.

With a minimum data speed of 12Mbps, users that reach their download capacity of 50 gigabytes will pay approximately \$100.50 on ADSL2+ plans offered by Exetel, Internode, [iiNet](#) and iPrimus

The correct figure is **\$59.14** as an average of ADSL2+ Bundles and Naked DSL (inc. line rental and set up costs average across contract length) on Exetel, Internode, iiNet and iPrimus and average of **\$48.46** on the NBN plans for 12Mbps.

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We've had a good look at the consumer prices already published for the NBN and compared this to the prices people already pay for their ADSL 2+ plans and Naked DSL (we combined these prices to get an average of what we pay now per ISP).

There are a lot of intersecting points with this analysis and we've laid out what we've analysed below.

Our analysis only covers **consumer price plans** for the NBN and ADSL 2+ and does not provide any analysis on infrastructure costs or underlying cost differences between what is charged by Telstra for wholesale access today and what will be charged by the NBN Co.

We currently compare consumer [broadband plans](#) only and we've compared this to the NBN prices that have been published by 4 ISPs (iiNet, Internode, iPrimus and Exetel).

Yes, these prices will change...they've already changed once before the NBN even commercially launched, and they'll change again. Therefore, the results we've found today will change as more ISPs release their NBN pricing and we will release multiple updates.

Levelling the Playing Field

1) What People Pay Now

The majority of Australians already pay line rental on a monthly basis for a 'bundled broadband plan'. A typical consumer might pay \$50 for Broadband and then also pay \$29.95 for Line Rental for the copper line on which their broadband is received and may get 50GB per month of usage.

For 50GB of broadband access you're paying a total of \$79.95 per month. If you're on Naked you might pay \$69.95 for 50GB from that ISP. We rolled all of these plans (Naked and Bundles) together to get a 'what you pay now per GB' for each of the NBN ready ISPS.

From a consumer's point of view, what we all already pay right now for broadband includes line rental for the majority of Australians. For example, TPG's Unlimited ADSL 2+ plan was advertised at \$29.95 per month on the back of the Sydney's buses and on radio / TV, but ran afoul of the ACCC as the price for the unlimited ADSL is actually the full price of \$59.99 as line rental must be included if it is required for that broadband access. On this basis, we've included line rental in our analysis where it is applicable as it is what people pay on their broadband bill.

2) Naked DSL is Not Entirely Naked

Many people already pay only for Naked DSL broadband in which the monthly price is lower, but there is still a copper line rental cost to the ISP and therefore to the customer. This can be seen in the fact that Naked DSL plans are usually only \$10 per month cheaper than a bundled phone line plan, not \$25-\$30 cheaper.

We analysed the aggregate costs per GB of usage for existing ADSL 2+ Bundles AND Naked broadband from iiNet, Internode, Exetel and iPrimus to get a cost per GB and run this against the NBN plans which have no line rental cost as the fibre connection provided by the NBN is the 'phone line' of the future.

The future NBN environment will be more closely matched to Naked DSL where there is no line rental charged to the customer and that will mean most people move from today's bundle plans to broadband and voice access from the NBN with no additional line rental costs as copper lines are being made redundant with the new fibre infrastructure. Millions of households will face the switch from copper to fibre and dropping their line rental costs for good.

3) Prices Will Change!

Prices will always be moving around and will probably come down. Prices have been moving non stop with ADSL 2+ and have come down considerably in the past 3 years (especially as the big 3-5 jostled for position and market share). We've made in-numberable changes to ADSL plans and prices on our site.

The NBN

There's a lot of things about the NBN that provide context to this analysis. Depending on who is in government, the NBN may never be completed or may be reduced in scope and this may reduce the cost to build and cost to access for ISPs and consumers.

- The NBN sets out to be the core telecommunications infrastructure for Australia's immediate future. This replaces the existing PSTN copper line to your home.
- The NBN Co. provides the access and then an ISP like Telstra, iiNet, and many more will resell this access. The speed and quality of access will be relatively universal so the quality of access *should* be entirely commodotised. The network and traffic management done by an ISP may affect the speed and quality of the connection for a consumer but this is yet to be seen in reality.

- Marketing, customer service, content bundling, VOIP plans and other elements will be the key choices for customers as the broadband access will be common across ISPs.
- The prices charged by NBN Co. to ISPs for access would be far cheaper if it only had to cover metro areas and not provide national coverage as there is significant cost in connecting 93% of the population to fibre across this huge and sparsely populated country. If it was metro only, a new broadband network would be cheaper to build and cheaper to access for consumers.
- However, the NBN is national and the NBN Co. Business Case shows that the price for the entry level plan (12Mbps) will be the same in the metro areas as it will be for satellite access in the most remote areas. This may be seen as admirable and democratising or may be seen as the metro areas subsidising the regional areas.

What customers will pay on the National Broadband Network.

Have released pricing...



iPRIMUS



iinet
connect better

Pricing still TBA...

amnet



'yes'
OPTUS



Adam internet



BIG FISH

TRG

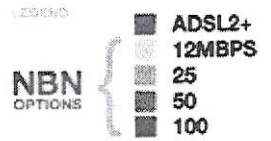
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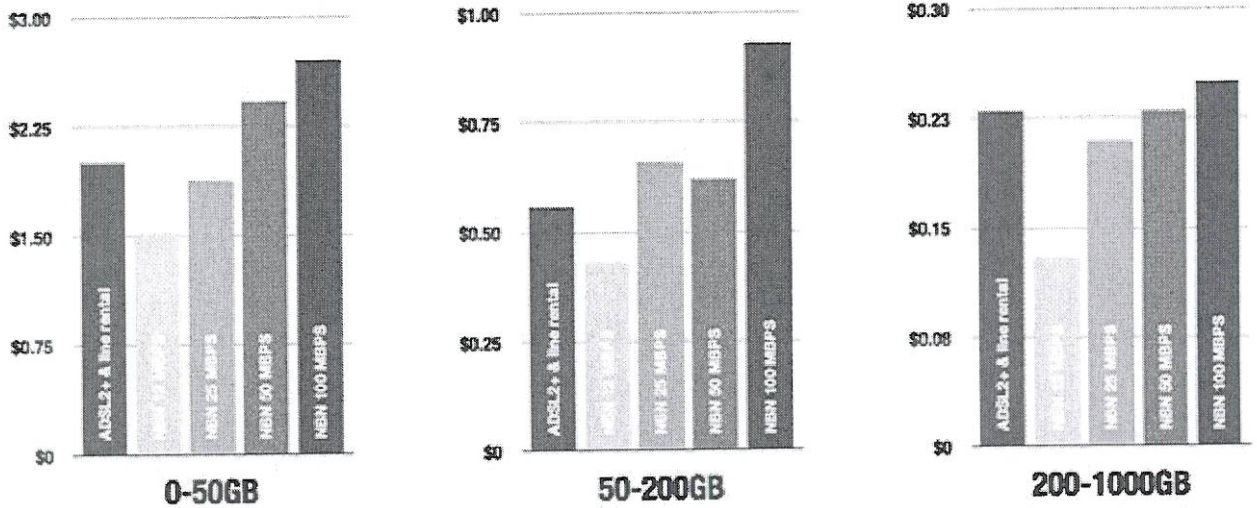
We've analysed the early trends in pricing and how the NBN stacks up against ADSL 2+...

Many NBN plans will be cheaper than many of today's ADSL 2+ bundle plans

From those ISPs that have announced consumer pricing, the underlying price of their NBN plans is actually cheaper per GB than their monthly ADSL & line rental equivalent plans (monthly line rental will not be required on the NBN).



Customer price per GB...



Data rates are combined pricing of Internode, Exetel, iPrimus and iNet plans for the NBN v.s. their combined pricing on ADSL 2+ for equivalent usage amounts.

How much more or less will the NBN cost a customer?

NBN plans are compared against the current combined price of broadband ADSL2+ plans & monthly phone line rental costs.


National Broadband Network Speed Tiers & Plans

	ADSL 2+ Price per GB	12 MBPS Comparable Speed to ADSL 2+	NBN Price difference to ADSL 2+	25 MBPS 2.5 x Faster	NBN Price difference to ADSL 2+	50 MBPS 5 x Faster	NBN Price difference to ADSL 2+	100 MBPS 10 x Faster	NBN Price difference to ADSL 2+
0-50GB /month	\$2.01	\$1.53	↓ -24%	\$1.88	↓ -6%	\$2.42	↑ 20%	\$2.70	↑ 34%
50-200GB /month	\$0.56	\$0.43	↓ -23%	\$0.66	↑ 18%	\$0.62	↑ 11%	\$0.93	↑ 66%
200-1000GB /month	\$0.23	\$0.13	↓ -43%	\$0.21	↓ -9%	\$0.23	↓ 0%	\$0.25	↑ 9%

Data rates are combined pricing of Internode, Exetel, iPrimus and iNet plans for the NBN v.s. their combined pricing on ADSL 2+ for equivalent usage amounts.

There's less waiting on the NBN.


With the biggest plans on ADSL 2+,
Downloading 1000GB takes...

9 
DAYS
22 HOURS
36 MINUTES

What it costs now (up to 24 MBPS connection)
Broadband + Line Rental.....\$149.95 or
Naked.....\$119.95

Cheapest unit cost: \$0.12/GB
iPrimus ADSL 2+ Quad-1 Plan

With the biggest plans on NBN,
Downloading 1000GB takes...

7 
HOURS
9 MINUTES

What it will cost (100 MBPS connection)
NBN Broadband (Average announced).....\$144.95

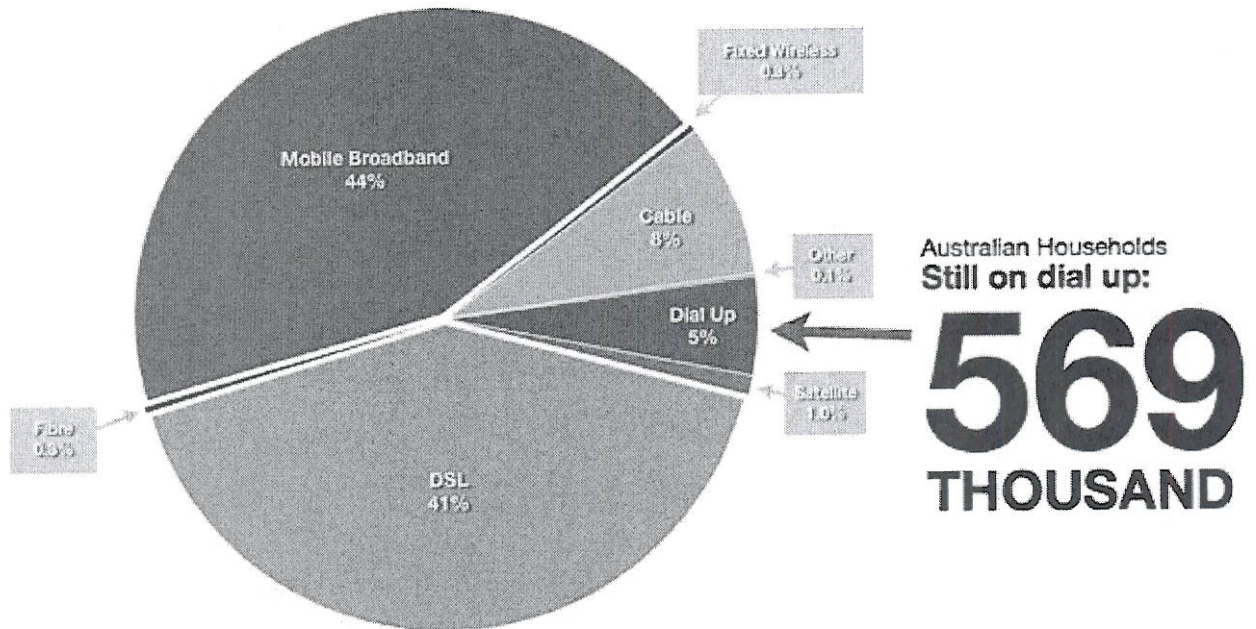
Cheapest unit cost: \$0.10/GB
iNet NBN 3 Fastest Plan

Downloads calculated as ADSL 2+ speeds = 10Mbps - <http://www.1stwebpage.com/3016/calculating-downloads-calculator.php>

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Arguments in favour of the NBN.

It's 2011 and over half a million australians are on dial up internet!!!



Half of the population

is plodding along at speeds that hardly support video...

55%

of Australians are still plodding along with broadband connections with advertised speeds less than 8Mbps.

Another 35.8% are in the ADSL2+ speed range of 8-24Mbps advertised speed, with only half getting actual speeds of 9Mbps and above*

The NBN will offer speeds of



12Mbps ~ 100Mbps

Beneficiaries of the NBN...

90%

of Australians can benefit from faster speeds available on the NBN.

VS

10%

of Australians already accessing advertised speeds faster than 24Mbps via cable internet in metro cities.

Australian Bureau of Statistics Internet Activity, Australia June 2011 <http://www.abs.gov.au/ausstats/abs@/ Canberra/01133>

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