



Mobile phones do it all these days – music, photos, satellite navigation – and you can also stay in touch. **Nicola Field** shopped around to find you the very best deals.

# Best deals

**T**HE CONVENIENCE OF mobiles often goes hand in hand with confusion over costs. Faced with a mountain of carriers, plans and call charges, it's hard to know if you're getting the best deal. But with some upfront research, it's possible to enjoy the convenience while keeping a lid on regular call costs.

If you're new to mobile phones, the first step is to select a handset. Start out by test driving a range of phones. Once you've found the ideal handset, take note of the make and model and shop around for the best price. The internet can be helpful here – for example, in early August [www.myshopping.com.au](http://www.myshopping.com.au) listed six different suppliers of the Apple iPhone, with prices ranging from \$799 to \$1425.

Now this is important – despite the marketing hype, phones advertised for “\$0” are rarely free. These phones are typically packaged as part of a fixed service contract. As Doug Purdie of research group Phonechoice points out: “You're likely to be paying for the phone somewhere along the line.”

While choosing a handset is the fun part of buying a new phone, deciding on a payment option is arguably more important. This will determine your regular telephony costs, with two key options to select from – prepaid and post-paid.

## Prepaying – full control but watch for expiry

Prepaying involves buying a set amount of phone credit upfront – typically in increments of \$20, \$50 or \$100. Once you've used up the allotted amount in, say, calls or text messages (SMS), you'll need to reload the phone with fresh credit.

Vodafone's general manager consumer markets, Edward Goff, says: “Prepaying is

ideal for people who want 100% control of their mobile spend, or for light mobile phone users, who just want to have credit when they need it.”

Certainly one of the pluses of prepaying is that you're not committed to a set monthly phone bill, so it's also a handy way for talk-fest teens to keep a lid on phone costs, as well as giving first-timers an idea of their likely usage patterns.

With so much upside, it's not surprising that prepaying is fast becoming the preferred choice for many phone users, with industry sources saying around 54% of us prepay our phone bill these days. It's still worth shopping around between carriers as there can be significant differences in prepaid call charges.

Purdie of Phonechoice explains: “There are three carriers – Vodafone, Optus and Telstra – which carry all the traffic. Any other carrier is a ‘reseller’, meaning excess network capacity is purchased from the big carriers and resold through their own channels.” With plenty of resellers to choose from, Purdie adds: “The smaller operators tend to give better value and often better customer service.”

As table 1 shows, when it comes to basic call and SMS charges, a smaller provider can indeed offer big savings. A one-minute call with Telstra or Optus, for example, can cost more than \$1 – a charge that can be halved, or better, with the likes of Virgin Mobile (Bean Counter deal), Savvytel, Soul or RevTel. Put differently, it means you get more calls – or longer conversations – for the same amount of money.

A big gripe about the prepaid system is that phone credits typically have a limited life span. And it's definitely a case of “use 'em or lose 'em”, because no refunds are available for credits that remain unused by the expiry date.

Telcos do provide details of phone credit

**TABLE 1: SELECTED PREPAID CALL RATES**

PROVIDER	RATE	FLAGFALL	COST OF 60SEC CALL	SMS (NATIONAL)	EXPIRY
Soul	9¢ <sup>2</sup>	25¢	\$0.43	25¢	60 days
Optus	39¢ <sup>2</sup>	29¢	\$1.07	25¢	6 months
Revolution Telecom (RevTel)	10¢ <sup>2</sup>	20¢	\$0.40	15¢	60 days
Savvytel	12¢ <sup>2</sup>	20¢	\$0.44	15¢	no expiry
Telstra	38.5¢ <sup>2</sup>	25¢	\$1.02	25¢	14 days-6 months
Virgin Mobile <sup>1</sup>	10¢ <sup>3</sup>	25¢	\$0.35	10¢	45 days
Vodafone	30¢ <sup>2</sup>	20¢	\$0.80	25¢	60-365 days

Source: [www.mysoul.com.au](http://www.mysoul.com.au), [www.isim.com.au](http://www.isim.com.au), [www.optus.com.au](http://www.optus.com.au), [www.revtelem.com.au](http://www.revtelem.com.au), [www.savvytel.com.au](http://www.savvytel.com.au), [www.telstra.com.au](http://www.telstra.com.au), [www.virginmobile.com.au](http://www.virginmobile.com.au), [www.vodafone.com.au](http://www.vodafone.com.au) as at August, 2008. <sup>1</sup>Online only rates. <sup>2</sup>Cost for 30 seconds. <sup>3</sup>Cost for 60 seconds. Charges may vary according to special offers or calls on same network.

## MOBILE PHONE PLANS

TABLE 2: BEST MOBILE PLANS, LOW USAGE

SERVICE PROVIDER	TOTAL COST	CALLS IN PLAN	MIN CHARGE (PM)	CONTR. COST	FLAGF.	RATE <sup>1</sup> (30SEC)	BILLING INC.	MESSAGING		
								DEPT	RETRL	SMS
Savvytel (GSM, SIM Starter Kit)	\$13.22	\$20.00	none	none	20¢	12¢	30sec	-	12¢	15¢
Virgin Mobile (GSM, Motor Mouth)	\$14.20	\$0.00	none	none	25¢	5¢	30sec	-	-	25¢
Think Mobile (GSM, Simple Swift)	\$14.63	\$12.01	\$12.00	\$12.00	12¢	12¢	30sec	-	12¢	12¢
SlimTel (GSM, VIP)	\$15.18	\$0.00	none	none	-	11¢	1sec	7¢	7¢	17¢
SIMplus Mobile (GSM, iSIM prepaid)	\$15.27	\$20.00	none	\$19.95	-	19.5¢	1sec	-	19¢	15¢

Source: PhoneChoice as at August 2008; all one-month personal plans, prepaid and post-paid, ranked by indicative total cost for defined usage (excludes network or service provider charges and any discounts or bonuses). <sup>1</sup>Rate applies to local landline calls and mobile calls on and off the same network. **Low usage defined as:** 5 local peak landline calls for 6min and 30sec; 5 local off-peak landline calls for 6min and 30sec; no long distance calls; 4 different network peak calls for 4min and 20sec; 4 different network off-peak calls for 4min and 20sec; 15min and 30sec of voice mail deposit and 15min of retrieval; 30 SMS messages.

TABLE 3: BEST MOBILE PLANS, MEDIUM USAGE

SERVICE PROVIDER	TOTAL COST	CALLS IN PLAN	MIN CHARGE <sup>1</sup> (PM)	FLAGF.	RATE <sup>2</sup> (30SEC)	BILLING INCR <sup>T</sup>	MESSAGING		
							DEPT	RETRL	SMS
Exetel (GSM)	\$40	\$300	\$40	25¢	37.5¢	30sec	20¢	20¢	25¢
Virgin Mobile (3G)	\$45	\$250	\$45	40¢	40¢	30sec	-	-	25¢
Savvytel (GSM)	\$45	\$250	\$45	30¢	40¢	15sec	-	-	25¢
GOtalk (GSM)	\$45	\$250	\$15	30¢	35¢	30sec	-	35¢	25¢
Virgin Mobile (GSM)	\$45	\$250	\$45	40¢	40¢	30sec	-	-	25¢
Simpliciti (GSM)	\$47	\$240	\$47	25¢	35¢	1sec	-	17¢	25¢

Source: PhoneChoice as at August 2008; all one-month personal plans, prepaid and post-paid, ranked by indicative total cost for defined usage (excludes network or service provider charges and any discounts or bonuses). <sup>1</sup>Minimum monthly charge is the monthly contract cost. <sup>2</sup>Rate applies to local landline calls and mobile calls on and off the same network. **Medium usage defined as:** 14 local peak landline calls for 15min and 30sec; 14 local off-peak landline calls for 15min and 30sec; no long distance calls; 40 different network peak calls for 70min; 40 different network off-peak calls for 70min; 30min and 45sec of voice mail deposit and 30min and 30sec of retrieval; 150 SMS messages.

expiry dates, but it's probably fair to say most of us don't take much notice. And that sees an enormous amount of money go down the drain in unused call credits – more than \$1.5 billion worth each year in Australia alone, according to Savvytel's Mark Whitaker.

Savvytel, a gold winner in Money's annual Best of the Best awards for Best Mobile Plan – Medium Usage, has bucked the industry trend by doing away with expiry dates. Other providers take a slightly different approach. With RevTel, for example, any remaining credits are rolled over into the next expiry date if you recharge before existing credits expire.

There can be additional downsides to the prepaid system. Some services such as international roaming (making and receiving calls from your mobile while overseas) may be unavailable and, while recharge cards are typically available from retail outlets, some of the cheaper deals – such as Virgin's Bean

Counter rates – can only be purchased online. Prepaid call charges can also be more costly, so if you're a frequent mobile user, it may be worth looking at post-paid options.

### Post-paid – potentially cheaper for regular users

Post-paying your phone bill involves receiving a regular phone bill via a payment plan, and again there are two key choices – with plans being either capped or uncapped.

Uncapped plans should be approached with care. While many fixed plans involve a set payment each month, this should typically be regarded as the minimum amount you'll pay. If you exceed this monthly charge in terms of calls and other services, the sky can be the limit for your phone bill.

Katherine Lane, principal solicitor with the NSW Consumer Credit Legal Centre, points out that most of us don't keep tabs

on the phone charges we're building each month. She cautions that plenty of phone users, especially those on low incomes, have found themselves deep in debt as a result of unexpectedly high phone bills. She advises: "If the household budget is already stretched through rising living costs, it could be worth going back to prepaid."

Note too, with uncapped plans, opting for a smaller monthly payment can mean paying more in individual phone charges. As a guide, Telstra's cheapest plan costing \$20 a month has a standard call rate of 47¢ every 30 seconds (along with a flagfall of 27¢). At that rate it wouldn't take long to exceed the \$20 monthly charge. Opting for a \$60 a month plan sees the call rate drop to 26¢ every 30 seconds.

Along with the labyrinth of call costs through which consumers must navigate their way, Purdie believes one of the key issues associated with fixed contracts is that "carriers are trying

## FACT FILE

## Need to know

## Tips for saving on mobile phone bills

- If you're new to mobiles, opting to prepay the costs will give you a good idea of your usage patterns without committing to a fixed contract.
- Be wary of locking into lengthy contracts that could see you miss out on a cheaper deal.
- Despite competition between telcos, landline to mobile charges haven't fallen significantly and it can often be cheaper to contact a mobile number from a mobile rather than a fixed line.
- If you're likely to make regular calls to particular friends or family members, it can be worth checking which network they are on. Calls to numbers on the same network often attract lower call rates.
- Text messaging (SMS) involves a fixed cost, making it a cheaper option than making a call if the message is brief.
- Save on voice mail retrieval costs by asking your carrier to extend the call diversion time beyond the default (typically 15 seconds). This gives you a better chance of picking up a call that may otherwise go to voice mail.

to get people to sign up for longer periods". He explains: "Contracts extending over 24 or 36 months represent a long time to be tied to any one phone plan and, when telcos push for longer fixed contracts, it may be a sign that call charges could drop in the future."

If you do opt for a contract, be sure to ask what happens if you wish to make an early exit. You may be asked to pay the equivalent of the remaining monthly charges. And if you don't pay the bill, the service provider may have the right to suspend the service while still demanding payment of the monthly fee.

Purdie adds a further note of caution: "Even if your phone is lost, damaged or stolen, under a fixed-term contract you may still be obliged to keep up the plan payments." (If the phone is stolen, contact your carrier to suspend the service – at least this will prevent you being liable for excess calls.)

You should also check the details of what's

TABLE 4: BEST MOBILE PLANS, HIGH USAGE

SERVICE PROVIDER	TOTAL COST	CALLS IN PLAN	MIN CHARGE <sup>1</sup> (PM)	FLAGF.	RATE <sup>2</sup> (30SEC)	BILLING INCR <sup>T</sup>	MESSAGING		
							DEPT	RETRL	SMS
m8 Telecom (GSM)	\$125.00	\$1000	\$50	22¢	30¢	30sec	6¢	11¢	25¢
Virgin Mobile (3G/GSM)	\$146.80	\$1150	\$145	40¢	40¢	30sec	-	-	25¢
SlimTel (3G/GSM)	\$183.50	\$520	\$78.99	25¢	35¢ <sup>2</sup>	30sec	22¢	35¢	25¢
Southern Phone (GSM)	\$293.37	\$1000	\$129	35¢	40¢	30sec	7.5¢	15¢	25¢
Exetel (GSM) Mobile X	\$316.85	\$15	\$15	15¢	7.5¢	30sec	20¢	20¢	15¢
Savvytel (GSM)	\$357.80	\$900	\$135	30¢	40¢	30sec	-	-	25¢
Think Mobile (3G/GSM)	\$373.43	\$12.01	\$12	12¢	12¢	30sec	-	12¢	12¢
Think Mobile (GSM)	\$396.63	\$12.01	\$12	20¢	12¢	30sec	-	12¢	12¢

Source: PhoneChoice as at August 2008; all one-month personal plans, prepaid and post-paid, ranked by indicative total cost for defined usage (excludes network or service provider charges and any discounts or bonuses). <sup>1</sup>Minimum monthly charge is the monthly contract cost. <sup>2</sup>Rate applies to local landline calls and mobile calls on and off the same network. **High usage defined as:** 50 local peak landline calls for 125 minutes; 50 local off-peak landline calls for 125 minutes; no long distance calls; 95 different network peak calls for 475 minutes and 30 seconds; 95 different network off-peak calls for 475 minutes and 30 seconds; 60 minutes and 30 seconds of voice mail deposit and 60 minutes of retrieval; 300 SMS messages.

included in the cap. "Capped" plans can be potential money savers, especially if you're prepared to compare carriers' fine print. Under a capped plan, you pay a monthly charge for a set value of calls. You can expect to pay extra if your call costs exceed the cap, but capped plans can be a useful option if you have a reasonable idea of your phone usage.

In addition to the cost of each capped plan, it's worth reading the fine print for the inclusions, as international calls or multimedia messaging service (MMS – used for, say, sending photos) may not be part of the deal.

### Your call pattern

With a smorgasbord of phone plans to choose from, the best starting point in selecting the plan that suits your needs and budget is to identify your call patterns. If you already have a phone, previous phone bills will provide a useful guide.

There are no hard and fast rules about what comprises "low", "medium" or "high" phone usage. However, based on the criteria used by Phonechoice, low usage comprises around 10 local calls, eight mobile-to-mobile calls, 15 minutes of voice mail and 30 text messages a month. At the other end of the scale, high phone usage entails a monthly total of around 100 local calls, 190 calls to mobiles, 60 minutes of voice mail and 300 SMS messages.

### Low usage

After sifting through the mountain of available options, Phonechoice nominated Savvytel's \$20 SIM Starter Kit capped plan as best value for infrequent phone users – see table 2. It's

worth clarifying that Savvytel's SIM Starter Kit will cost \$20 upfront, but under the call patterns we've assumed here, you'll use only \$13.22 worth of credits each month. And because Savvytel has done away with expiry dates, the remaining credits can be carried over indefinitely.

Not far behind Savvytel, Virgin Mobile's Motor Mouth rates will see you pay around \$14.20 each month under our assumed usage pattern. The third-cheapest option is Think Mobile's Simple 12¢ Plan, which will generate a total monthly cost of \$14.63.

### Medium usage

If you're likely to get more use from your mobile, take a look at table 3 for the best-value options. Heading the field is Exetel's \$40 capped plan which offers \$300 worth of calls each month with lowish flagfall of 25¢ and billing rate (37.5¢ for 30 seconds). It has a one-off "activation" charge of \$20 and be aware that unused credits in capped plans do not roll over to the next month. At \$5 extra, Savvytel's and GOtalk's \$45 capped plans have more expensive flagfalls but don't charge for voice mail deposit and retrieval.

### High usage

If a mobile phone is an indispensable part of your life, table 4 shows that it may pay to opt for m8 Telecom's well-priced talkCap 1000 that comes in at \$125 a month. The flagfall is a low 22¢ but it does charge for voice mail deposit and retrieval.

For a capped plan with a twist, Optus recently introduced its "Timeless" suite of capped call

# MOBILE PHONE PLANS

plans – some of which feature untimed calls. As a guide, the “Yes” Timeless \$99 Plan (when taken with the \$14.95 monthly Mobile Internet Pack), includes unlimited, untimed standard local and national voice calls, standard SMS, MMS and calls made within Australia (to GSM mobiles), plus 200 MB of data.

Optus consumer managing director Warren Hardy believes this type of plan “allows customers the freedom to ditch their landline and be free to talk as long as they want”.

## Data downloads - the 'X' factor

As mobile phones, especially “smart phones”, increasingly become a one-stop shop capable of downloading complex data such as music and email files, Phonechoice’s Purdie says the lines between low, medium and high phone usage are becoming blurred – and data downloads could prove to be the wild-card when it comes to estimating our likely phone usage.

The rise of fast web browsing on mobile phones has prompted the Australian Competition

and Consumer Commission (ACCC) to warn about the potential for high excess fees.

ACCC chairman Graeme Samuel says: “In the case of smart phones, consumers can download greater amounts of information from the internet than ever before. With this comes the potential for them to exceed their phone plan value and incur considerable additional charges.”

Again it comes back to thinking about your likely data use and choosing the most appropriate plan. Opting for a handset featuring a data usage meter may be a sensible precaution to avoid excess charges.

## Premium content - a potential pitfall


One of the biggest traps with mobile phones is paying for something you really don't want – and that's definitely the case with premium content such as ring tones, games or wallpaper.

According to the ACCC, young phone users in particular often don't understand what they're signing up for, and may inadvertently commit to a subscription service. (See *Kids & Money*,

p 30). Most mobile phone extras are accessed via premium phone numbers (those starting with 190) – the ACCC says the cost can be as high as \$12 for each ring tone or message. And if you've signed for a subscriber service, that can mean paying big money each month for a service you don't want.

The ACCC recommends sending a “STOP” SMS message to the premium content number, though this is not always effective. Savvytel offers a “Stop Content” service – available irrespective of which carrier you use. Log on to [www.savvytel.com.au](http://www.savvytel.com.au) and click on “STOP Content” for more details.

## Payment problems

If mounting mobile bills are a problem, the Telecommunications Industry Ombudsman (TIO) offers a free dispute resolution service. CCLC's Lane says it may be possible to get some sort of relief on the grounds of hardship, adding: “Don't be afraid to use the TIO if your telco is being unreasonable.” Visit [www.tio.com.au](http://www.tio.com.au) or contact the TIO on 1800 062 058. 

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