

## Consumers Being 'Abused' by Text Message Price Rort

Richard Webb  
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Australians are paying the highest prices in the world for text messages, industry experts say.

And texts cost the mobile networks practically nothing but earn them millions in profit each year.

Australians are expected to send 20 billion texts this year, more than 20 per cent higher than last year.

While the cost of mobile phone calls has declined in the past five years, the standard flat rate for a text message at Telstra and Optus has remained unchanged at 25 cents. At Vodafone, a text is 28 cents.

According to research done for The Sun-Herald, that is more than 10 times what it costs in many parts of Asia and almost a third higher than in Europe and Canada.

The Australian consumer is being "abused" by this text messaging pricing rort, said Allan Asher, chief executive of the Australian Communications Consumer Action Network, a new consumer body established by Federal Communications Minister Stephen Conroy.

"The mobile service providers are pricing texts at a vast profit margin and, sadly, it shows just how far from the competitive world market Australia is," he said. "We are being abused by the Australian telcos.

"Our service is among the worst in the world and our prices are among the highest. We are being taken for a ride by an industry that just doesn't care."

Last financial year, total mobile telecommunications revenue increased by 10 per cent from \$10.8 billion to \$12 billion, while mobile phone subscriptions increased to 24 million.

Consumer monitor Choice spokesman Christopher Zinn said the price of text messages would not come down until there was "a proper competitive market with transparent pricing".

Robin Braun, professor of Telecommunications Engineering at the University of Technology, Sydney, said that texts were a "huge money spinner".

The cost of texting on the GSM (2G) system was effectively free for the telecommunications companies, as they piggybacked on the management channel used for the operation of the network.

Texting was a cost for the 3G system but it was "minuscule", Professor Braun said.

The 25 cent cost of a text, for 160 bytes, means Optus and Telstra effectively charge \$1560 per megabyte. If comparing with a \$30 internet plan with a download limit of 10 gigabytes, the charge per megabyte is 0.3 cents, including free email.

There are several online companies in Australia offering cheap packages of text messages, often used by marketing companies. One Australian company, SMS Tech, resells bulk text packages for between 5 and 8 cents a text.

SMS Global resells text services at between 5 and 10 cents a message - for both local and international texts. The standard price for an international text at the major mobile services providers is 50 cents.

SMS Global director of marketing Paul McKenna said: "We came into the market with a belief that everyone is paying too much for SMS."

Australia's three mobile network carriers Telstra, Optus and Vodafone argue they are not charging 25 to 28 cents a text since most Australians sign up to a cap plan, whereby the user gets a certain number of calls and texts a month for a set amount of money.

Vodafone Australia spokesman Greg Spears said the company's \$49 cap plan, for example, provided customers with \$350 credit a month.

"If a customer used their entire \$350 worth of credit exclusively for texts, that customer could send 1250 texts per month - so each text has actually cost less than 4 cents."

However, Mr Spears conceded there was a need to be more transparent about costs to customers in the cap plans.

An Optus spokeswoman pointed to the Australian Communications and Media Authority Communications 2008-09 report, stating the average revenue generated per text message sent in Australia had declined, from 9.1 cents the previous year to 8.6 cents.

She also pointed to the range of Optus SMS packages such as one whereby customers could send 500 texts for \$10 a month, which reduced the price of messages to 2 cents.

A spokesperson for Senator Conroy said: "There is competition in the mobile phone market. Companies offer a range of different services. It is important that consumers shop around for the best deal."

Telstra did not respond to a request for comment.

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#### HOW WE COMPARE

Cost per text message  
CountrySMS price (in \$A)  
Australia 25c  
Canada 16c

China 2c  
Hong Kong 9c  
India 3c  
Indonesia 4c  
Japan 6c  
New Zealand 14c  
Britain 20c  
United States 21c

<http://www.watoday.com.au/technology/technology-news/consumers-being-abused-by-text-message-price-rort-20100124-ms39.html>