



The Secretary of the Committee
House Standing Committee on Communications
House of Representatives
PO Box 6021
Parliament House CANBERRA ACT 2600

Submission No.4

13 August 2008

Dear Sir / Madam

INQUIRY INTO INTERNATIONAL MOBILE ROAMING

BackChat Mobile is making a submission in response to the invitation from the House Standing Committee on Communications. We believe that roaming alternatives are a viable alternative, but their take up is being severely restricted due to the actions of the incumbent mobile service providers. We urge the Committee to consider this submission in light of the benefits to consumers that will flow from having robust alternatives for consumers.

Summary:

Competition for conventional mobile roaming is available, but is being inhibited due to:

- Carriers locking handsets
- Unclear or misleading roaming prices provided by mobile service providers

Details:

We will provide comments on two of the terms of reference.

1. The impact of new and emerging technologies and commercial initiatives that may reduce international mobile roaming charges for users or provide a substitute for international mobile roaming services.

There are a number of mobile roaming alternatives available. The success of these depends on the ease of use of these options. Today, however, there are a number of factors that inhibit the use of substitute services such as roaming prepaid simcards. In our opinion, the major inhibitor is networked locked handsets.

BackChat Mobile is a supplier of prepaid roaming simcards for international travellers. The product is aimed primarily at leisure and small business travellers who feel the impact of roaming costs directly as part of their cost of going overseas. To a large extent, business travellers are not as concerned with the cost of communication as the company they work for. Roaming charges with BackChat Mobile are approximately 50% to 70% less than using traditional roaming

How the BackChat Mobile service works:

BackChat uses a call-back system to avoid large roaming costs. In practice the process is as follows:

1. User inserts BackChat simcard before they travel
2. The user dials the number required
3. Their handset rings, they answer and are connected

Rates are 50% to 70% less than traditional roaming.

In many parts of the world, especially in the United Kingdom and Europe, this is a standard alternative for making calls for leisure travellers.

Clearly, services like those of BackChat Mobile are not suitable for all users, but they can significantly reduce the cost of roaming for price sensitive travellers. Importantly, these reduced rates and competition can create downward price pressures for the incumbent service providers.

At present, an increasing number of handsets provided by the mobile service providers are locked so that they can only be used with a simcard from their network. These locked phones are the major inhibitor of use with this type of roaming substitute. The major carriers are using locked phones as a mechanism to ensure customers cannot use another simcard while travelling overseas, and are therefore forcing the use of their roaming service.

This practice of locking phones is not based on any sound reasons.

If a customer has signed a contract with a carrier, they are compelled to pay a monthly amount, irrespective of which simcard is in the phone. A part of this goes to repay any handset subsidies provided.

Therefore, the rationale provided by the carriers that phones are locked as they are subsidised is not correct, as the carrier will still recoup the cost of the handset subsidy through the ongoing contractual payments.

Sim swapping solutions like that provided by BackChat Mobile are temporary short-term solutions, not a permanent customer churn between service providers.

We therefore call on the Commission to ensure that competition is enabled by compelling mobile service providers to unlock phones for consumers at a low cost, and allow consumers to utilise third party providers to unlock their handset. Ideally, customers who purchase a handset outright or are under contract should not have to receive network locked handsets. This practice does not happen with any other consumer item.

2. The adequacy of existing information from mobile operators available to consumers concerning international mobile roaming charges for users.

Mobile roaming pricing presented by the mobile phone carriers and service providers is generally unclear, confusing, or misleading.

Some examples of unclear or misleading pricing include:

- Not including the flagfall in the per-minute cost.
- Not providing pricing for calls to countries other than Australia.
- Having different pricing depending on the networked connected to.
- Not including the cost of calls in the cap as part of the published cost per minute.

We urge the Committee to provide clear guidelines for mobile service providers to present clear and accurate roaming rates. These rates should represent the total amount that a consumer will pay per minute of calling while roaming, including all flagfalls, surcharges, included calls and other 'hidden' costs.

Recommendations:

BackChat Mobile recommends that the Committee:

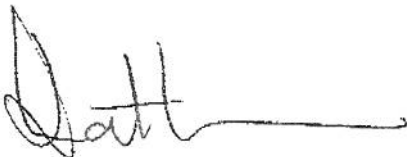
1. Compels carriers to unlock phones for their customers or allow consumer to unlock their mobile phones via third party providers.
2. Ensures accurate and comparable total pricing is provided by mobile service providers for mobile roaming charges.

We thank you for considering our submission.

Further queries can be sent to:

BackChat Mobile
PO Box 7115
Alexandria NSW 2015

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Danny', followed by a long horizontal flourish.

Danny Nathanson
Chief Executive Officer