

Going mobile – which plan is right for you?

There is a lot of information about mobile phones available. Before you choose a service and perhaps sign a contract with a mobile phone company, it's good to know what the various offers and services are and what they mean.

Types of service agreements

There are four basic types of service agreements for mobile phone services. These are:

Fixed-term contract

Mobile phone service contracts are of a specified length, usually between 12 and 36 months. During this period your mobile phone company agrees to provide you with connection to a network and, in many cases, the use of a handset and a certain number of free calls or text messages per month.

Pay monthly (no contract)

If you own your own handset, most mobile phone companies offer service plans for connecting you to a network on a month-by-month basis (without a fixed term contract). This offers you flexibility to change monthly plans or phone companies more easily. Because more companies are offering network access separate from the purchase of a handset it's possible to shop around for the best network access deal.

Pre-paid

Pre-paid mobile phone services offer people more control over the amount they spend. They are also very good for teenagers who can't afford to run up large bills. You can use your own handset or purchase one separately. The service is activated when credit is purchased from a chosen network provider and the service is registered. It is often possible to buy a pre-paid phone with a certain dollar value of call credits included.

It is important to note that call charges for prepaid mobile services can be higher with some phone companies, so be sure to ask about call charges. Also, if you purchase the mobile phone as part of a pre-paid package, some phone companies lock the phone to a particular subscriber identity module (SIM) card and you may have to pay an 'unlocking fee' if you choose to change to a different mobile phone company.

Leasing

Renting or leasing a mobile phone may be a suitable alternative if you only need a mobile phone for a specific period, for example, on a holiday or during a period of work. At the end of the lease you can either return the handset, or continue on with the lease. Leasing prevents you from being tied to a lengthy contract.

For more information about these different contractual arrangements please see the separate ACMA fact sheet [Mobile phone contracts](#).

Call charging

Calls can be charged to you in several ways. The main two ways are per-second billing and billing per block of time (usually 30 seconds). Calls charged on a per-second basis means that if you initiate a call that lasts for 13 seconds you will be charged for 13 seconds. If most of your calls are less than a minute, then being charged per second will help to minimise the cost of your calls.

Calls charged per block of time means that if you initiate a call that lasts for 22 seconds, you will be charged for 30 seconds. If you initiate a call that lasts for 38 seconds you will be charged for a minute. The amount you are charged per 30 seconds will vary depending on your mobile phone company and the plan you have chosen.

Flag fall

Some providers charge a flag fall or call connection fee for each call made. The flag fall is an amount charged for initiating a call, on top of the cost for the time of the call. For example, you may only speak for 12 seconds but be charged for 12 seconds plus a flag fall. Ask your phone company whether they charge a flag fall per call.

Call Costs

Variable rate

When you buy a service under a fixed term contract from the mobile phone company you will probably be offered several rate plans to choose from. These rate plans determine how much you will pay for each call.

There is usually a trade-off between monthly access cost and the cost of calls. The lower the monthly access charge, the higher the call charge. For an average user, there are usually benefits in paying a little bit more in access charges for a lower call cost.

If you are a high user, it is likely to be worth paying a higher access charge so that your actual call costs are lower. There may also be other services included as part of higher priced plans such as free voicemail and a certain number of free calls.

Flat rate

Some phone companies charge the same flat rate for all calls. This can offer a degree of certainty to how much you spend. Some companies also offer discounts off your total bill if you spend over a certain pre-determined amount. It is important to add up all the costs incurred before deciding which type of service is best for you.

Length of calls

It is important to remember that all mobile calls are charged on a timed basis—the longer the calls, the more you will be charged. If you expect that you will generally make long calls, it would be worth paying a higher access charge so that your actual call costs are lower.

Alternatively, you can look at a flat rate service that offers discounts off the total bill.

If most of your calls are short (less than a minute), then being charged per second may help to minimise the cost of your calls.

Time of calls

Variable rate

On variable rate plans call costs are generally higher during business hours. If most of your calls are made during this period, it is worth checking different phone company plans to see if any offer a cheaper service for these peak times. Call costs are generally cheaper at night and on the weekend. If most of your calls are made in these 'off-peak' periods then it may be best to select a plan that offers cheaper calls for these times.

Flat rate

If you are charged a flat rate, the time of day when you call is not important.

Special offers—same network calls

If you know the numbers you will usually be calling, it may be possible to find a special deal that allows calls to some numbers to attract a cheaper rate than normal. Some providers offer special rates for same network connections, so if your friends or business colleagues are with a particular mobile phone company, you may be able to save on call costs by joining that same provider.

More information

More information on mobile phones is available on ACMA's website, at www.acma.gov.au (go to For the public > Consumer and community advice > Choosing products and services).

Please note: this document is intended as a guide only and should not be relied on as legal advice or regarded as a substitute for legal advice in individual cases.

This fact sheet was formerly numbered FSC 54. All ACMA fact sheets were reformatted in March 2007.