

Media release

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ACCAN warns of iShock risk

The Australian Communication Consumer Action Network (ACCAN) is strongly advising consumers to opt for a pre-paid plan when Apple releases its iPad 3G in Australia on May 28 to avoid the dreaded “bill shock” experienced by 3G smartphone owners hit with excess data usage charges.

Telstra and Optus have both announced they will be offering pre-paid plans, a move ACCAN strongly supports in the light of the number of cases of bill shock reported recently, including the Adelaide MP whose son racked up a \$10,000 bill for downloading football games on his 3G smartphone.

Vodafone and 3 are expected to make an announcement shortly regarding their 3G iPad plans, including a post-paid option. Optus has already said it will offer post-paid plans through its BYO Cap plans.

ACCAN says early iPad adopters should steer well clear of post-paid plans until they get used to the new devices. Post-paid plans, even those with names like ‘Unlimited’ and ‘Cap’, generally have a data usage limit and consumers are charged at a much higher rate for data if they exceed it.

“The iPad and similar new-generation devices offer exciting new possibilities for consumers,” said ACCAN Director Policy & Campaigns Elissa Freeman. “But to avoid getting an ‘iShock’, we’re strongly advising consumers opt for a pre-paid plan for at least the first three months until they get a feel for how much data they’re using.”

“Anyone using a 3G iPad on a post-paid plan essentially has access to a loaded gun of credit. While you’re absorbed in checking out what your iPad can do, you’re in danger of going over your data usage limit and facing a huge bill.”

“Soft” caps remain a problem in the Australian telecommunications industry, says ACCAN, as consumers often wrongly assume a monthly cap means that is all you will pay each month. Some consumers don’t know how to calculate how much data they will use and get caught out on the wrong plan.

Telecommunications companies say their post-paid customers are able to monitor their bills online to track how much data they’re using. But ACCAN has heard from consumers who say the online monitors can lag.

In the US AT&T is the only provider of 3G iPad plans and offer an unlimited data plan for US\$29.99 per month.

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About ACCAN

ACCAN (Australian Communications Consumer Action Network) is Australia's new peak communications consumer organisation. ACCAN's goal is available, accessible and affordable communications that enhances the lives of consumers. The operation of ACCAN is made possible by funding provided by the Australian government.