
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Mobile Phone Services**(Question No. 740)**

Senator Cormann asked the Minister for Broadband, Communications and the Digital Economy, upon notice, on 24 September 2008:

- (1) Has the Minister or the department received complaints about the practices of major telecommunications companies in relation to so-called 'premium mobile services', particularly in relation to third party billing.
- (2) Is this Minister aware that major telecommunications companies including Telstra: (a) include in customer accounts, without the authority of the customer, charges for so-called 'premium mobile services' when those services are alleged to have been provided by a third party; (b) refuse to deal with customer complaints about the accounts and simply refer the customer to the third party provider; (c) can charge penalties and interest on monies owing to third parties; and (d) are under no obligation to assist customers who are unable to contact or resolve complaints with the third party providers.
- (3) Has the Minister received legal advice about the practices referred to above.
- (4) Is the Minister satisfied that the voluntary code known as the Mobile Premium Services Industry Scheme, is placing adequate responsibility on the major telecommunications providers in relation to their billing and complaints handling procedures.
- (5) Has the Minister received advice from the Australian Competition and Consumer Commission that legislative change is needed to protect consumers from predatory practices by telecommunications companies in relation to 'premium mobile services'.
- (6) What action is proposed by the Minister in regard to public concern about activities of telecommunication companies in relation to 'premium mobile services', and particularly their billing practices.

Senator Conroy—The answer to the honourable senator's question is as follows:

- (1) Yes.
- (2) (a) Yes. It is common practice for service providers to bill for services that they have not directly supplied. For example, services provided by another service provider, or a content service provider.
(b) The difficulty some consumers have experienced when seeking to pursue their mobile premium service complaint with their service provider is one of the main areas of concern consumers have expressed with the mobile premium services industry. As a result, industry is addressing this issue (and other key areas of consumer concern) through the development of the new industry code.
(c) Yes. I assume you are referring to the charging of late fees by service providers for unpaid bills. However, the charging of late fees in relation to unpaid bills is not directly linked to individual items, such as mobile premium service charges listed on that bill. For example, although a customer may receive an itemised account, the amount owing is a total of all the itemised charges listed for the specified period. Further, charging late fees for unpaid bills is not an uncommon practice unique to the telecommunications industry.
It is also important to note that under the existing Telecommunications Consumer Protection Code (an industry code that sets the minimum requirements providers must meet when billing their customers and providing billing information), telecommunications companies must not take credit management action over disputed amounts while the dispute is being investigated and remains unresolved.
(d) Service providers have an obligation under the current Mobile Premium Services Industry Scheme to assist customers who wish to pursue their complaint with the content service provider (the third party).
- (3) No.
- (4) No. I have publicly expressed my concern about the increase in mobile premium service complaints to the Telecommunications Industry Ombudsman and the effectiveness of the current self-regulatory arrangements. In this regard, I welcome the commitment of industry to develop a new industry code addressing the concerns raised by consumers and regulators alike.
- (5) No.
- (6) I have asked my Department to commence exploring measures to work in parallel, and outside of, the new code to ensure consumers are protected and can use premium services with confidence. In consultation with the Australian Communications and Media Authority and the Australian Competition and Consumer Commission, my Department is currently developing these measures for my consideration. I have warned industry that it needs to address the current issues with mobile premium services, including billing and complaint handling practices, quickly and effectively, or I will have little choice but to intervene and consider more direct regulation to ensure the interest of consumers are protected.