



MEDIA RELEASE

DR CRAIG EMERSON

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WARNING ON BUNDLED TELECOMMUNICATIONS CONTRACTS

Small Business and Consumer Affairs Minister Craig Emerson has warned small business operators to carefully check the fine print before signing up to new telecommunications contracts.

The warning comes after complaints were lodged with the Australian Competition and Consumer Commission (ACCC) about “bundled” contracts which tied customers not only to a telecommunications provider, but also a finance company.

If the telecommunications company folds, or fails to provide the promised hardware and services, the customer is stuck with an ongoing liability to a finance company.

“Small business operators are busy people who quite sensibly are keen to cut their costs,” Dr Emerson said.

“But deals that look too good to be true often are and hundreds of businesspeople have been burnt.

“The ACCC advises that these deals typically involve a sales pitch which promises the supply of free telecommunications hardware, or other items like small whitegoods thrown in as sweeteners, and phone bills which will stay the same or drop.

“It is often the case that another part of the pitch is that any existing contract will be paid out by the new telecommunications company, leaving the customer with no ongoing liability to the old company.

“They are told that at the end of the new contract, they will either own the hardware – including phones and faxes – or other items, or be able to buy them at a nominal price.”

Dr Emerson said the ACCC had advised that most small businesses caught up in the “bundled” telecommunications practice had reported their bills had actually risen, not fallen.

In some cases, the service was not provided as promised, but they were still stuck with paying the finance company.

“And the ACCC also advises that most of the small businesses who were promised their contracts would be paid out have reported their old contracts had not been paid out as promised, leaving them with a double debt,” he said.

“I urge any small businesses affected by this practice to contact the ACCC, and I want to remind small businesspeople – and indeed, all consumers – never to enter a deal unless they are very clear about the terms of the contract.”

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