

MEDIA RELEASE

10 December 2012



TELECOM SLASHES DATA ROAMING COSTS WITH NEW FLAT FEE PRICING

- IN TIME FOR SUMMER HOLIDAY TRAVEL

Telecom announced today a breakthrough new approach to international data roaming that will slash costs for travellers when using their smartphones and other mobile devices overseas. The new pricing starts from Friday 21 December – an early Christmas present for holiday travellers.

A feature is a flat daily rate for data roaming by postpaid customers across major travel markets. Australia roaming will start at a specially reduced rate of \$6 a day (Telecom will review the rate in mid 2013). Customers will pay just \$10 a day flat rate for data while travelling in the UK, USA, Canada, China, Hong Kong, Macau, Taiwan, and Saudi Arabia. Telecom's fair use policy applies to these rates¹.

Data roaming charges will be slashed by 83% to 92% in other markets, although charges will continue to be on a usage basis.

The new postpaid pricing schedule also includes new voice call roaming rates, featuring a 35% cut in the per-minute rate for Australia. Rate bands across all other markets have been simplified to make them easier to follow, with individual market rates either reduced by up to 50% or broadly similar to current rates.

For prepaid customers, data roaming charges will reduce by up to 88% and voice roaming charges by up to 45%.

Telecom's CEO, Simon Moutter, said the flat rate would make it much simpler for customers to understand data roaming costs and would give them the freedom to make use of their smartphones in the same way they would at home.

"We know data roaming charges have been a pain-point for customers – personally, it was a real bugbear of mine as a customer before I joined Telecom earlier this year. A flat fee provides certainty and puts an end to concerns about nasty bill shocks on your return home.

"It's also much simpler to follow than any usage-based system – as most customers don't really know how quickly their phone apps will chew through 1MB, 10MB or 100MB."

Moutter said Telecom wanted to encourage customers to make better use of their mobile devices, in line with its vision of a data-driven future for telecommunications.

¹ See below for details.

"Currently, around two-thirds of our business customers switch off their data when in Australia, despite most being regular data users when in New Zealand. Smartphones feature plenty of useful functions and apps, such as maps, banking and news, not to mention email, to help you work (or play) smarter when travelling."

Moutter acknowledged there was an element of financial risk for Telecom in the flat fee approach, "but we reckon it's a risk worth taking".

"We've been negotiating hard on new wholesale deals with overseas telcos that underpin our new pricing. At the same time, we've had to make assumptions on how customers' data use behaviour might change under the flat fee approach."

It was primarily for this reason that Telecom has launched the \$6 a day deal for Australia as a specially-reduced initial rate subject to review by 30 June 2013, he said.

Moutter said Telecom has been busy over recent months renegotiating underlying wholesale deals with overseas telcos to make the flat fees commercially possible.

"We've pushed really hard to get the flat fees in place just in time for the festive season and the school holiday period over January. But this will also be a big help to our business customers when they get back to work in the New Year.

"We've focused first on those markets most important to our business customers, in particular Australia, US and China. We'll keep pushing on behalf of customers and be seeking to add more countries to our flat fee plan as and when we can."

Moutter said Telecom had analysed recent real examples of roaming bills for business customers and calculated the savings they would make would often run into the hundreds, or even thousands of dollars.

For example, a customer who spent five days in the US and consumed 86.6MB of data would have saved \$325.50 on the \$10 per day flat rate (a 87% saving). Another customer away for three days in India with stopovers in Singapore, consuming a total of 113MB, would have saved \$2,380.96 (a 82% saving) on the new per MB rates.

Telecom and Gen-i customers have welcomed the new data roaming charges:

Rod Drury, CEO, Xero: "As a business with 110,000 customers around the world and sales offices in the UK, US and Australia, this new plan is really exciting for us. When you're travelling across these markets, that's when you want to really make use of your phone. The flat rate pricing takes the cost of connecting back to New Zealand and all over the world out of the equation – and that's just great for business."

Andrew Hamilton, CEO, Icehouse: "The Icehouse works with many great fast growing Kiwi companies who are always travelling internationally to drive their company's success. Wherever you are, these days you need to be connected with your business. So being able to use data services freely without concern for the bill or even avoiding the two-step to find a free wireless hot spot when overseas is a huge plus, let alone the benefit of saving hundreds of dollars on previous roaming costs. This move by Telecom is fantastic for Kiwis driving their businesses around the globe."

Tim Lynskey, Director of Sales - The Optima Corporation: "Having just come back from an overseas business trip I've felt the pain of large roaming bills. Anything that reduces these costs is fantastic news to me. I believe this will be hugely relevant for many New Zealand businesses."

Kevin McPheat, General Manager - Filtercorp Ltd: "As a company who conducts business 7-days a week across Australasia, international roaming charges are largely top-of-mind for us. It's excellent to see Telecom introduce new data roaming charges to fit the needs of New Zealand businesses. Our staff will no longer have to worry about hefty bills at the end of an international trip."

Click [here](#) to view a video of Simon Moutter discussing the new data roaming rates, along with comments from Telecom customers including Rod Drury (Xero) and Andy Hamilton (The Icehouse).

Youtube link - <http://youtu.be/IHchPPbGNE8>

For media inquiries, please contact:

Jo Jalfon

Head of External Media/PR

M +64 275 176 614

E jo.jalfon@telecom.co.nz

A summary of the new pricing is as follows:

POSTPAID				
	NEW RATES		OLD RATES	
	Data	Voice Outbound	Data	Voice Outbound
Zone 1 <i>Australia, Christmas Island</i>	\$6 / day	49c / min	\$2.50 / MB	75 c / \$4.00 min
Zone 2 <i>UK, USA, Canada, China, Hong Kong, Macau, Taiwan, Saudi Arabia</i>	\$10 / day	\$2.49 / min	\$8-\$30 / MB	\$2.40-\$5.00 / min
Zone 3 <i>Fiji, Japan, Korea, Thailand, Vietnam, Philippines, Malaysia, Singapore, Indonesia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, South Africa</i>	\$2.50 / MB	\$3.49 / min	\$20-\$30 / MB	\$3.40-\$5.00 / min
Zone 4 <i>Rest of World</i>	\$5 / MB	\$4.49 / min	\$30 / MB	\$5.00 / min
NOTES:				
Voice Calls Outbound: Previously, two rates applied: a rate for roaming calls either back to NZ or to a local number in the overseas market; along with a \$4.00 / min charge for roaming calls from any overseas market to a number in a third market. Now, just one rate for any type of voice call will apply in a particular market.				
Voice Calls Inbound: Rate is unchanged at \$1.00 / min to receive voice calls across all markets.				
Text Messages Outbound: Rate is unchanged at 80c / text across all markets.				
Text Messages Inbound: Remains free to receive texts across all markets.				
PREPAID				
	NEW RATES		OLD RATES	
	Data	Voice Outbound	Data	Voice Outbound
Zone 1	\$1 / MB	49c / min	\$8 / MB	89c/min
Zone 2	\$2.50 / MB	\$2.49 / min	\$8-\$30 / MB	\$2.89-\$5.89 / min
Zone 3	\$5 / MB	\$3.49 / min	\$30 / MB	\$3.89-\$5.89 / min
Zone 4	\$8 / MB	\$4.49 / min	\$30 / MB	\$5.89 / min

Data Roaming Fair Use Policy:

Telecom's Fair Use Policy is about making sure that everyone is getting great value from us while roaming. So in our roaming destinations with daily data prices, we keep an eye on how much data you use each day and compare this to ordinary personal or business data usage and the way you use your mobile when travelling back in New Zealand. If you use significantly more data while roaming than you do at home, you may be in breach of this policy. If this is the case, we will alert you, and if you breach the policy again, we reserve the right to suspend your account.