



Australian Government

**Department of Broadband,
Communications and the Digital Economy**

**House of Representatives Standing Committee on
Communications**

Phoning home: Inquiry into international mobile roaming

Government Statement of Response

International Mobile Roaming

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This statement is the Government's response to the House of Representatives Standing Committee on Communications' report *Phoning home: Inquiry into international mobile roaming*.

Introduction

A request for an Inquiry into international mobile roaming was referred to the Committee on Communications in May 2008 from Minister Stephen Conroy, Minister for Broadband, Communications, and the Digital Economy. Minister Conroy had been made aware of consumers' concerns regarding the charges for Australians using an Australian network mobile phone while overseas.

The Department of Broadband, Communications and the Digital Economy (DBCDE) had previously responded to this issue by engaging the consultants KPMG in March 2008 to investigate international roaming charges, divergences between costs paid by Australian consumers and consumers in other countries, and the reasons for any divergence. In its *Report of findings on International mobile roaming charges* published in August 2008, KPMG concluded that the price of international mobile roaming is excessive, there was a lack of consumer clarity around roaming plans and prices and that there were limited market incentives for roaming prices to decrease.

The Australian Consumer and Competition Commission (ACCC) has also conducted an investigation into the issue of *International inter-carrier roaming* (September, 2005). This report concluded that prices paid by consumers for roaming services may substantially exceed the underlying cost of providing these services, but noted that the ACCC did not have the jurisdiction necessary to enforce regulation.

The House of Representatives Standing Committee on Communications announced the Parliamentary Inquiry into international mobile roaming charges on 19 June 2008. The Committee's Terms of Reference had specific regard to:

- The extent to which retail international mobile roaming charges for both voice and data services reflect the underlying costs to operators of supplying the service.
- The adequacy of information available on Australian mobile operators' international mobile roaming costs and revenue in both retail and wholesale markets.

- The impact of new and emerging technologies and commercial initiatives that may reduce international mobile roaming charges for users or provide a substitute for international mobile roaming services.
- The adequacy of existing information from mobile operators available to consumers concerning international mobile roaming charges for users.

Each of these terms of reference are addressed in the Committee's report.

Key messages of the report

The *Phoning Home* report provides an overview of the operations of mobile roaming and describes the Committee's concerns with roaming services, such as the limited range of roaming alternatives and the lack of consumer information on roaming charges. The key themes are that the recommendations aim to improve price and competition in the international mobile roaming market and encourage increased consumer information and awareness of mobile roaming services and charges.

The Government has carefully considered the *Phoning Home* report's five recommendations. The Government understands there is a need for a more competitive mobile roaming environment and increased consumer information and is actively pursuing measures (such as international negotiations) to address these issues.

Government Response on Individual Recommendations of the Report

Recommendation 1

The Committee recommends that the Australian Government pursue a policy of regulating the framework for the wholesale cost of roaming through bilateral and multilateral negotiations with other countries, ensuring that countries with the largest number of Australian visitors are given priority.

The Government agrees in principle to explore the options available for developing reasonable bilateral and/or multilateral arrangements for wholesale roaming charges, consistent with existing trade obligations. Any proposed regulation of wholesale roaming charges within Australia would take place within the framework provided by such arrangements, allowing Australian mobile network operators and consumers to benefit from reduced costs in international markets. The Government does not intend to take unilateral action on this issue that would be detrimental to Australian interests.

Considering the significant variations that exist in countries' telecommunications regulatory regimes and trade obligations, the Government notes that international negotiations on an issue as complex as international mobile roaming are likely to be protracted. This recommendation is therefore likely to be implemented over the medium to long-term, and the Government recognises that a successful outcome will likely be subject to other countries' agreement to a common framework.

On a bilateral level, the Government notes the Committee's recommendation that negotiations with countries with the largest number of Australian visitors are given priority and will seek to engage these countries in discussions. Such negotiations would build upon existing cooperation on international mobile roaming issues. The Government will also continue to engage with the European Union (EU) on its Roaming Regulation and will closely monitor access gained by other non-EU countries to the EU's regulated wholesale roaming charges.

On a multilateral level, the Government will continue to pursue discussion of international mobile roaming issues in the International Telecommunication Union (ITU), Asia-Pacific Economic Cooperation (APEC) and the Organisation for Economic Co-operation and Development (OECD), and will explore the possibility of raising international mobile roaming at the World Trade Organization (WTO). Australia will seek to build international consensus on the most appropriate mechanisms for reducing international mobile roaming costs for consumers while continuing to encourage competition in telecommunications markets.

Recommendation 2

The Committee recommends that the ACCC introduce reporting requirements for international mobile roaming services on Australian providers. In particular, the Committee recommends that cost, revenue and service usage information should be provided.

The Government notes this recommendation.

On 26 September 2008 the Australian Competition and Consumer Commission (ACCC) released a discussion paper proposing amendments to the Telecommunications Industry Regulatory Accounting Framework record-keeping rules. The draft amendments include the introduction of new reporting requirements for international mobile roaming services. The proposal is for a mobile network operator to provide cost and revenue information within their retail and wholesale business segments, as well as reporting on proposed service usage factors.

The ACCC has undertaken consultations on these proposed amendments and a decision in relation to the record-keeping rules is expected in the second half of 2009.

Recommendation 3

The Committee recommends that the:

- Australian Communications and Media Authority facilitate a meeting of the Communications Alliance to discuss the development of a minimum standard for consumer information and awareness of roaming and potential costs; and
- Australian Government explore opportunities to collaborate with the Australian Telecommunications Users Group's 'Roam Fair' campaign.

The Government supports the recommendation that the Australian Communications and Media Authority (ACMA) facilitate a meeting with the Communications Alliance in the near future.

The *Telecommunications Consumer Protections Code*, developed under Section 112 of the *Telecommunications Act 1997* will be reviewed after two years of its registration. This Code was registered by the ACMA pursuant to section 117 of the *Telecommunications Act 1997* on 19 May 2008; therefore a review of this Code is scheduled to occur after May 2010. As part of this review, the Government will encourage the relevant parties to consider a minimum standard for consumer information and awareness, including improving mechanisms to avoid 'bill-shock' and providing price information via SMS on arrival in another country.

The Government agrees with the second part of the recommendation that the Government explore opportunities to collaborate with the Australian Telecommunications Users Group (ATUG) where appropriate. The 'Roam Fair'

campaign aims to reduce the prices paid by Australian consumers to roam overseas and avoid ‘bill-shock’.

Recommendation 4

The Committee recommends that the Australian Communications and Media Authority develop, through the Communications Alliance, an amendment to the *Code on mobile number portability* to allow temporary mobile number portability for roaming services.

At present, the Government does not agree with this recommendation.

The Government understands that there are significant technical barriers and operational complexities involved with billing systems and agreements between carriers that prevent the implementation of this recommendation. At present, the mobile number portability system is designed for the purpose of permanent transfer of customers rather than temporary porting. New systems would need to be designed in order to introduce temporary mobile number portability and this is likely to result in an increase in costs charged to Australian consumers.

The Government agrees with the intent of this recommendation to improve competition between providers of international roaming services and to allow customers to retain their regular mobile phone numbers while they are overseas. The Department of Broadband, Communications and the Digital Economy will continue to consult with the Australian Communications and Media Authority and relevant industry stakeholders to explore alternatives to this recommendation that seek to deliver on its intended purpose.

Recommendation 5

The Committee recommends that when an Australian Government agency provides information to the public on roaming, the alternatives to roaming be included as part of the information. These alternatives should include:

- international calling cards;
- Short Message Service;
- use of local networks;
- email; and
- use of hotel telephones.

The Government agrees with this recommendation.

Relevant Government departments and agencies will provide information to the public on alternatives to roaming, including Voice over Internet Protocol (VoIP) services. The Australian Communications and Media Authority (ACMA) has added the list of recommended alternatives to their fact sheet on *International mobile roaming*. The fact sheet can be found at:

http://www.acma.gov.au/WEB/STANDARD/pc=PC_1715.

The website of the Department of Broadband, Communications and the Digital Economy also provides information on international mobile roaming. The webpage contains a link to the ACMA fact sheet:

http://www.dbcde.gov.au/communications_for_consumers/mobile_services/mobile_roaming.

The Australian Competition and Consumer Commission has added information about mobile roaming and a link to the ACMA fact sheet on their website:

<http://www.accc.gov.au/content/index.phtml/itemId/815338>

The Department of Foreign Affairs and Trade has added a link to the ACMA fact sheet on their Smart Traveller website:

<http://www.smartraveller.gov.au/tips/index.html>.

The Government notes that the *Phoning Home* report discusses VoIP as a potential alternative to making roamed calls. In the report the Committee identified limitations with the use of VoIP, including the high charges associated with data roaming and VoIP's lack of mobility or ease of contact. The Government agrees that there are some barriers to the use of VoIP however it also believes that there is scope for providing consumers with information about VoIP as an alternative to making international roaming calls.