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Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON COMMUNICATIONS

**Reference: International mobile roaming**

WEDNESDAY, 26 NOVEMBER 2008

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BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON COMMUNICATIONS**

**Wednesday, 26 November 2008**

**Members:** Ms Neal (*Chair*), Mrs Hull (*Deputy Chair*), Mr Billson, Mr Bradbury, Ms Collins, Mr Georganas, Mr Irons, Mr Lindsay, Ms Rea and Ms Rishworth

**Members in attendance:** Mr Billson, Ms Collins, Mrs Hull, Mr Irons, Mr Lindsay, Ms Neal, Ms Rea, Ms Rishworth

**Terms of reference for the inquiry:**

To inquire into and report on:

- 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.

**WITNESSES**

**COSGRAVE, Mr Michael Duane, Group General Manager, Communications Group, Australian  
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**WRIGHT, Mr Robert Stanley, General Manager, Compliance and Regulatory Operations,  
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**Committee met at 12.51 pm**

**COSGRAVE, Mr Michael Duane, Group General Manager, Communications Group, Australian Competition and Consumer Commission**

**WRIGHT, Mr Robert Stanley, General Manager, Compliance and Regulatory Operations, Communications Group, Australian Competition and Consumer Commission**

**CHAIR (Ms Neal)**—I declare the public hearing of the House of Representatives Standing Committee on Communications open. Anybody who has travelled overseas and used their mobile phone knows how useful it can be to reach loved ones and conduct business using international mobile roaming. They also know the significant cost they pay for that privilege. The committee is inquiring into whether international mobile roaming charges are fair. The committee will look at whether retail international mobile roaming charges reflect the underlying costs, whether the information available on international mobile roaming costs are adequate, whether new technologies and commercial initiatives will reduce international mobile roaming charges and whether consumer information on international roaming is adequate. Today we will be hearing from representatives of the Australian Competition and Consumer Commission. I thank you both for being available for this hearing and welcome you. Although this committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and warrants the same respect as proceedings of the House. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would you like to proceed by making an opening statement?

**Mr Cosgrave**—A very brief one because you do have the benefit of a submission from the commission, which largely builds upon an inquiry we conducted into international mobile roaming in 2005. I just want to update the committee, in addition to our submission, on some measures we are currently taking relevant to the committee's work and which I think we touch upon in our submission. Firstly, we indicate that, along with some other bilaterals that might be being explored by the Department of Broadband, Communications and the Digital Economy, we have been having some discussions with the New Zealand regulator in relation to this subject. It is fair to say that those discussions are at a fairly early stage and are largely around what might be appropriate by way of collection of data. Along with other regional initiatives, that is something we see that we can do in this space with our closest neighbour.

Secondly, we have sought, on a voluntary basis, a range of data, largely of traffic data, from each of the four mobile operators. Basically what we have sought is data from each of those operators on the volumes of calls made and revenue derived from international roaming voice services. We have limited it to voice services. We have also limited it to the top 10 countries by revenue. We have some initial material from the carriers in relation to that request—and I should stress it was a voluntary request to the carriers. It is fair to say that that has showed up some data collection issues, some inconsistencies between the carriers and the way they collect data. Not all of them are engaging these days in country by country pricing, as I am sure the committee would be aware; some of them have zonal pricing initiatives and that makes it a little bit difficult.

What we are in a position to say to the committee today is that the one thing that is clear from the data, in relation to inbound and outbound calls, is that the top four countries in both traffic

and revenue would be New Zealand, the UK, the US and Singapore. Not all of the carriers have the same top 10, but each of them have pretty much the same top four. It might not surprise you that the carriers provided us the information on the basis that it will be treated as commercial-in-confidence on an individual basis and that the ACCC would not separately identify individual carrier information and would not refer to data in disaggregated form.

Thirdly, and the last thing I wanted to discuss, is that in September this year we released a discussion paper on proposed amendments to our regulatory accounting framework, which does cover the mobile operators although by no means in the same detail as it would the fixed operator. That is reflective of our views of the general level of competition in each of the mobile and fixed markets. We did propose, however, to include some new reporting requirements for international mobile roaming that would involve the introduction of new cost allocation and service usage requirements for international roaming data and requiring an operator to report on cost and revenue information regarding relevant international roaming transactions. That is a current proceeding. I have to say we have had submissions back from each of the four mobile operators strongly objecting to the compulsory provision of this information to the commission, both in terms of suggested significant increase in compliance costs—a suggestion that it is beyond our power and that they would need at least a 12-month leading in to their systems if it was implemented. As I said, that is a current consultation of the commission's. We have just received those submissions, and I would think we would be expecting to reach at least a preliminary view on that early in 2009.

**CHAIR**—Thank you very much for your presentation. In relation to the additional information you will be requiring—or attempting to acquire, I suppose—

**Mr Cosgrave**—I think it would be fair to say that we are considering whether it would be appropriate for us to require it.

**CHAIR**—What sort of information were you looking at?

**Mr Cosgrave**—Principally cost and revenue information.

**Mr Wright**—And traffic volumes.

**CHAIR**—But in what way? In total for each country?

**Mr Wright**—No, it would not be by country; it would be an aggregate for the service. The record-keeping rule in that form is on the aggregate financial accounts of the company in essence, rather than broken down into country transactions.

**Mrs HULL**—The volumes including the message bank duplication of traffic, or just the original call? What were your volumes going to include?

**Mr Wright**—It would be the voice minutes that are incurred in international roaming. I am not sure whether it would include message bank; I would have to check.

**Mrs HULL**—It would be interesting to note, because much of the issue that we have is getting the voice message transferred to your voice mail, then the retrieving of that and the cost of the call. It would be interesting to see what that volume is as well.

**Mr Wright**—I think that would be well beyond the current intentions of the record-keeping rule.

**Mr Cosgrave**—And possibly beyond the scope of what that instrument can achieve legislatively because it relates back to our access regime and there would be doubts as to whether that is a rule recovering a regulated service.

**Mrs HULL**—So, whilst you are getting charged for a call, it cannot be determined as a call.

**Mr Cosgrave**—What I am saying is the instrument we are seeking to use here relates to a statutory scheme around access at a wholesale level. In other words, we are seeking to use an instrument available to us to understand better these markets, but that instrument has some limitations. I will certainly take on notice whether we could do what you have requested us to do but, using this instrument, I am not entirely sure we could.

**CHAIR**—So what you are saying is that each provider will only really have to provide two figures: total minutes of use and total revenue.

**Mr Cosgrave**—I was conscious to list the third of the three things that we are doing for precisely that reason. This is not necessarily an information collection panacea. It is us using additional aggregated accounting separation tools to gain a high-level understanding of what revenues and traffic usage patterns exist in relation to these services. At the moment they simply fall into a big bucket called ‘other’, so we are trying to at least strip them out. Even if we are able to get access to the information there is then a fairly lengthy process around determining whether that information could be made public in either an aggregated or a disaggregated fashion. I would expect a reasonable degree of resistance to making it available in a disaggregated fashion—using this tool, I hasten to add.

**CHAIR**—When you say ‘this tool’, what do you mean?

**Mr Cosgrave**—I am saying that this is something we use in terms of the access regime which relates only to regulated wholesale services. When we looked at this in 2005, we were looking through the prism of whether we would seek to regulate this at a wholesale level. We determined that we would not for reasons that are set out in the report and that fundamentally are around creating potential disincentives for our domestic carriers in their commercial negotiations with their overseas counterparts. In other words, I am saying that purely domestic regulation of part of the commercial relationship has, in our view, real potential to distort the market and disadvantage Australian carriers.

**CHAIR**—Before we move on to the recommendations contained in that 2005 report, I want to ascertain exactly what information you are considering gaining from the carriers at the moment. Is it just the two figures of total usage and total revenue from each carrier?

**Mr Wright**—That is my understanding of what we are requesting and the form in which we have requested it. Remember this is part of what is, in the end, a very large regulatory accounting framework spreadsheet, so it has a large number of entries in it.

**CHAIR**—But only two of them relate to the issue that we are presently looking at.

**Mr Wright**—That is right. As Mr Cosgrave said, currently all of those transactions are reported under an ‘other’ category, so this would be some disaggregation of that category.

**Mr Cosgrave**—So, in other words, we sought some information on a voluntary basis—because that is the only basis on which we thought we could seek to obtain it—but we are seeking to add to our regulatory accounts the highly aggregated information that will give you an indication at the very broad level about what is happening with these charges both in service usage terms and revenue terms across the whole sector.

**CHAIR**—Are you able to tell us from the information you have available to you what the size of the international roaming market is and what sorts of costs are involved?

**Mr Cosgrave**—Not in absolute terms because in part the information we sought, even voluntarily, from the carriers related only to their top 10 regions, and that was purely seeking to make it a manageable request and with a view that you would probably capture the majority of the traffic. Is there anything you are able to share?

**Mr Wright**—Some of the issues that emerged in that are that the top 10 countries reported by each carrier are not the same top 10 countries across each carrier, so when you try to add it all up, you have missing elements of traffic, obviously. That is why we still want to go through the data and see whether there would be a better way of requesting it to make it easier to understand and to make it consistent for all carriers.

**CHAIR**—Bearing in mind that the information available to you is imperfect, what is your view about the size of the total revenue from international roaming?

**Mr Wright**—I do not have a number in front of me and I do not have a view on it that I would put before you.

**Ms RISHWORTH**—I want to move on to something a bit different. You mentioned in your submission that your assessment is that consumer information on roaming charges is adequate. You did note that ACMA was more responsible in providing an industry code. Can you see a role for mandating an industry code for the areas around international roaming?

**Mr Cosgrave**—That is not a question we have given any great consideration to. Again, ACMA has the predominant role, if I can put it this way, with the levers in relation to an industry code in the sense that they have the ability to set industry standards. Presumably, if they are considering that then that may impact on the industry’s view as to whether there is a need for an industry code. Beyond that, I do not think I am able to comment.

**Ms RISHWORTH**—But you comment that you feel the information consumers get is adequate.

**Mr Cosgrave**—There is always the possibility of further information. I think we point to the fact that ACMA have continually been updating their own fact sheets in relation to international roaming—I think most recently in March this year. They have got the predominant responsibility in this sector for consumer information. While we have been liaising with them on a number of consumer issues in relation to this space, yes, we think in terms of that sort of information that is a reasonable cut at it. I am not saying that there might not be other ways of providing information to consumers that could not be explored, but I am saying that we have not given active consideration to them.

**CHAIR**—Before we go on, I would like to clarify something: where do you see the dividing line between yourselves and ACMA in relation to responsibilities in telecommunication?

**Mr Cosgrave**—Undoubtedly there is an intersection. Our specific statutory roles in relation to telecommunications specifically relate to competition and economic regulation questions. One is an obvious intersection between competition and consumer protection issues in any case. So we have an interest in consumer issues in the telecommunications space. Nonetheless, the legislation gives the predominant responsibility for consumer information in the space to ACMA. We also clearly apply general consumer protection law across the economy, and that includes the telecommunications sector. So if there are breaches of the Trade Practices Act in relation to misinformation, then that is clearly a matter for us. The issue in this space tends to be not so much around misinformation or misleading information, but rather around the adequacy or otherwise of the information available to consumers. In that sense, yes, we do provide our own educational material in a number of industry sectors. We have done material jointly with ACMA in the past—the committee would be aware of work we have done jointly on mobile premium services within the last 12 months—but this is an area we have left predominantly to them.

**CHAIR**—If I could interpret what you have just said, are you saying that you do not really have a role in this area, except for ensuring they do not breach the Trade Practices Act?

**Mr Cosgrave**—We would see that as our predominant role in relation to these sorts of services, yes.

**CHAIR**—And having no other role?

**Mr Cosgrave**—It is a question of where you perceive you can put fairly scarce resources. In a consumer sense, where we have done work jointly with ACMA over the last 12 months is mobile premium services. In terms of the number of consumers affected, I am expressing a personal view here, but I would probably think there is a case you could make that that is somewhere you would go first and that is where we have gone first.

**Mrs HULL**—You said that you think there is adequate information on international roaming. Is the information ‘plain English’ easy to understand? You can have reams of information, but if the consumer has even above basic level understanding of communications, at times it can be very difficult to understand exactly what you are being told. Rather than the information just being adequate, do you think the information easily understood?

**Mr Cosgrave**—I just do not think I am in a position to really give you an assessment of the quality of the information, other than having had a general look at what is out there.

**Mrs HULL**—But with respect, if you are saying the information is adequate—

**Mr Cosgrave**—Yes, I understand what you are saying, and we made a fairly general proposition there.

**Mr Wright**—What we are trying to say there is the information is available from the carriers on the rates that people will be charged when they travel and roam. It is generally available on their websites or through direct inquiries of the carriers. The issue of adequacy that I think you are—

**Mrs HULL**—Or understandable or easily—

**Mr Wright**—It would generally be provided in a tabular form as the rates that you would face if you go somewhere. Say you are going to Singapore and there are three companies you could roam to, you would potentially have to select the one of those companies to roam to and there would be a table of prices available from your home carrier. But you would need to do that before you left the country because it is not delivered to you at the time you are making a call, that is true.

**Mrs HULL**—So you are predominantly talking about pricing, there is information available on the price that is going to be—

**Mr Wright**—Yes.

**Mrs HULL**—but is it adequate and easily understood that there is a variance and a variability of when those prices come into play, how they come into play, how your voicemail will work as an extended cost? Do you think that is all adequately explained and easily understood by the consumer?

**Mr Wright**—I do not think I can offer an opinion on that aspect of it. Certainly on the availability of pricing, you will find that on the carriers' websites. Whether you find the mechanics of how voicemail would operate—I am not sure, but you will certainly find the difference between making a call within an overseas country and making a call from that overseas country back to Australia clearly identified.

**Mr Cosgrave**—One thing I would point to in our 2005 report that we did say is that we did consider specifically the consumer information that provided additional information about substitute services available to consumers would encourage greater competition in the retail market. Now I am not sure we would have seen a lot of consumer information around those substitute services. Anecdotally, a lot of consumers who travel regularly might be aware of things they can do to minimise their spend while they are overseas, but we did point to that in 2005 as something that could be looked at and it might be something this committee could also consider.

**Mrs HULL**—Can we pursue that later. I think that is one of the major issues that we need to determine with ACMA and also who has the responsibility to encourage ACMA to set standards and guidelines in those respects. So, if you are identifying a shortage, lack or limit there, is it

your role to encourage ACMA to increase their standards or criteria and for them to be compliant?

**Mr Cosgrave**—We are certainly in pretty consistent conversation with ACMA over consumer issues. I do not want to speak for another agency, but we are certainly able to pass that on. I think there are some appropriate things that can be done in the near future.

**Mr BILLSON**—Last time we spoke, Michael, we talked about, I suppose, opportunities to make people alert rather than incredibly alarmed when they get home. I made some suggestions about those cheesy messages that you get when you are leaving a carrier jurisdiction and heading to another of ‘Have a nice trip’. Have you reflected on an opportunity to say something like: ‘Be aware your call plan may be vastly different from the one you are on. Check with ...’? This is just to alert people to the fact that the normal practice in their home carrier jurisdiction is one thing but the effect or consequences of that overseas can be vastly different. This is simply to make people aware that there is information available and to check it out, because they are not going get all that information readily delivered. To prompt people to engage with that information is, I think, a more legitimate opportunity.

**Mr Cosgrave**—I imagine that is going to come back to individual carries. It is pretty difficult to see how you can impose that as an obligation other than by—

**Mr BILLSON**—I do not think that is right. People talk about the option of regulating this, but I think that is a frightfully difficult process, with many unintended consequences. The carries feel this burden as much as anybody. They are the ones who field the phone calls and have very hostile customers. They have the cost appear on their phone bill with their brand. I would have thought the carriers might have been inclined to work collaboratively with ACMA and the ACCC to at least take the shock value out by ‘alertness’ rather than by the great alarm of people getting a bill—

**Mr Cosgrave**—I was going to say that I think it probably does come back to the willingness or desirability from an industry perspective in the first instance of developing their own practices around these services. I am not going to speak for them. I am sure this committee will be speaking to them in the context of this inquiry. But it does seem to come back to that.

**Mr BILLSON**—So you would encourage us talk to AMTA or someone who is of equally high order?

**Mr Cosgrave**—I would simply say that those sorts of measures are much more likely to be developed quickly if you have an industry that sees that it is in their interests to develop them.

**Mr LINDSAY**—Gentlemen, in your evidence you indicated that you have been having discussions with the regulatory authority in New Zealand. You said that Australian-New Zealand traffic has the biggest international roaming.

**Mr Cosgrave**—I think it is in the top four. I do not think we said it was the biggest.

**Mr Wright**—It is not the largest.

**Mr LINDSAY**—Do you know who is the largest?

**Mr Wright**—It depends which way you are travelling. From the information we have obtained so far, we are looking at the US as one of the top and, on the other side, we are looking at the United Kingdom.

**Mr LINDSAY**—Could you expand on what discussions you have been having with New Zealand? Where are they heading? What is the likely outcome? In what time frame might they happen?

**Mr Cosgrave**—I do not want to give you too optimistic sense of the time frame. If you look at the European Union's exercise in relation to this, it took them three years in a coordinated way to get to the Eurotariff. We are at a very early stage, and both organisations have significant other responsibilities in a dialogue that, in the first instance, is saying, 'What information can we collect and share?' We have made an information request. I think they have or are in the process of considering an information request. We will share that with each other. Beyond that, it is really a question of formulation of whether there is anything sensible that can be done on a bilateral basis that, as I say, is not going to significantly potentially distort or disadvantage some domestic carriers in their international negotiations, recognising that the carrier has to have a relationship with a couple of hundred carriers overseas. Unilateral national regulation has the potential, in our view, to lead to some distortions in what is ultimately an international problem.

We are going to want to get the data first and then we are going to want to evaluate what, if anything, we can sensibly do on a bilateral basis. I am not going to commit to a particular time frame around that because, in my view, these things generally take longer than you think they will. As has already been reflected, we have thought about this in the past from a purely national perspective and, from our perspective, purely domestic regulation is not an attractive option, short of potential additional consumer information measures. I will go back to our sub on that. Reflecting on it, I would be surprised if we have put it in quite so bald terms. If we have, that is probably not quite our position. I would always say that there is the potential for additional and better consumer information.

**Mr LINDSAY**—In the way you are reflecting on the conversations with New Zealand—and what I am going to say now is no reflection on you—is it really a reflection that there is little consumer interest in international roaming charges between Australia and New Zealand, because there does not seem to be much of a priority on the discussions that you are having? Again, it is not a reflection on the ACCC; it may well be just a reflection on the consumers. Do you have any evidence on that?

**Mr Cosgrave**—The only observation that I can give you on that is one in relation to the number of complaints that we have had directly. I appreciate that we are only one of myriad organisations that people can complain to, including their own carrier. We had a look at our records and determined that we had had 15 complaints.

**Mr Wright**—It was a small number.

**Mr Cosgrave**—Fifteen since the middle of 2007. So, other than from the competition perspective, it was not a matter that was necessarily high on our radar. Unsurprisingly, when they complained, most people said, ‘We didn’t know the level of charges.’

**Mr LINDSAY**—Would it be fair to say that it is not high on the Kiwis’ radar?

**Mr Cosgrave**—I did say at the outset that there is a lot of competing priorities. I would say that this is an issue that, in part because it is not one that easily falls within a national regulator’s purview—

**Mr LINDSAY**—I understand

**Mr Cosgrave**—is a difficult issue and is probably, therefore, not right on top of the agenda.

**Mr LINDSAY**—Moving on, has the ACCC seen the KPMG report done for the department?

**Mr Cosgrave**—We have.

**Mr LINDSAY**—Are you aware of any conjecture that surrounded that report when it was first released?

**Mr Cosgrave**—No, I am not.

**Mr LINDSAY**—Are you aware of any subsequent advice that KPMG provided which placed qualifications and caveats on the original report?

**Mr Cosgrave**—No, I am not.

**Mr LINDSAY**—Would the department normally advise you of that?

**Mr Cosgrave**—That is a matter for the department. I am not really able to comment on that. I have seen the original report, and I am not aware of any ancillary work.

**Mr LINDSAY**—Knowing in fact that the report may now have been qualified—

**Mr Cosgrave**—I do not know that I do know that, with respect.

**CHAIR**—I do not think the witness actually said that. In fact, the witness said that he did not know that—

**Mrs HULL**—You are telling them that they do not know that.

**CHAIR**—You can say you presume he said that but you cannot suggest he said it.

**Mrs HULL**—I think that you are leading the witness.

**Mr LINDSAY**—Actually, I think that I can say what I like in this committee, but we need to be technically—

**CHAIR**—In fairness to the witness, it is improper to suggest that they have said something when they have not.

**Mr LINDSAY**—Okay, I will stop at that point, if that is the case.

**CHAIR**—I have a further question in relation to the comparison of your 2005 and the KPMG report. There seems to be a contrast in the conclusions drawn by the two reports about the causes of higher running costs. Your report seems to suggest that it comes from wholesale charges and the KPMG report seems to say, to the contrary, that it comes from retail charges. Do you have any comment to make about that apparent contradiction?

**Mr Cosgrave**—We did note that difference. I am not sure that I have any particular comment on it because I am not presently aware of the basis upon which they have made that representation. We have noted that difference.

**Mr Wright**—The notation that we have made is that KPMG was relying mainly on European data rather than Australian data. When we looked at what we made that conclusion on in 2005, the positions, the mark-ups, that were advised publicly are still the same.

**Mrs HULL**—So you are standing by your report?

**Mr Cosgrave**—It is not a question of standing by it. I would like to take that on notice. That is an issue that, in preparation for this, I noted myself. I have not had the opportunity to follow that up. In fairness to the committee, we would like to follow that up and explain as clearly as we can whether that is a difference in point of view, whether it is a difference in data or whether it is because they are taking European material and we are taking Australian material. It may well be that both are right. If they are using European data there is a big retail market, but we are right in saying that in Australia it is around the wholesale mark-up because our carriers are predominantly price takers for this. They are not necessarily in a highly advantageous position in the international negotiations and they take what they can get. It is possible—and I am merely surmising here—that both are right. But I do not know. I will take it on notice.

**CHAIR**—We would appreciate it if you could take that on notice and let us know.

**Mrs HULL**—In addition, in your 2005 review you indicated that the lack of transparency in wholesaling agreements was a factor. Your report could not see a reduction in pricing as a result of that lack of transparency and you could not see competition entering in as well as it possibly could. Have you taken any steps to ensure greater transparency, or has anything happened since 2005. We are now three years down the track; has there been more transparency?

**Mr Cosgrave**—The answer is no, beyond the steps we canvassed at the start of the meeting, which was at a high level. We are trying to understand to a greater extent where this market is going in terms of revenue and usage. We have also obviously observed the changes in the marketplace that we all have with various zonal plans and plans where the carrier has an international presence and that sort of thing.

**Mrs HULL**—So in your view there has been no further reduction in prices to consumers through competition in those three years?

**Mr Cosgrave**—I think that we would say that, beyond the things we observe in the marketplace, we do not necessarily observe any big structural change to the wholesale market. We do not think that that will happen without—

**Mrs HULL**—More transparency?

**Mr Cosgrave**—Well, not only more transparency but more international cooperation.

**Mr BILLSON**—I sense that the premium service is the bigger fish to fry. I certainly take that on board from your evidence. This is probably a question to you, Mr Wright. With the carriers that have international alliances or a global brand, my understanding is that global roaming does not always require activation as a separate step, whereas with some of the other providers here there is a step in activating global roaming.

**Mr Wright**—That is a fairly specific issue you could put to the carriers. Generally, I understand what you are saying, that people have to elect to authorise roaming on their account before they go overseas.

**Mr BILLSON**—I guess I am looking for an action step that involves some interaction with the consumer that you could use to share information.

**Mr Wright**—I am not sure on the specific scenario you have raised.

**Mr BILLSON**—Okay. I will pursue that with another person. Would you see some value in alerting international travellers to what the risks are and urging them to make some inquiries through the DFAT smartraveller.gov.au website that reminds people of things they need to do in preparation for travel: travel insurance, have your yellow fever shot if you are going to Africa and so on?

**Mr Cosgrave**—I think we have said at a general level that because of the reasonably intractable level of the international issues we can understand if this committee was looking at a variety of consumer information issues. We have not particularly reflected upon any one but we could well understand if this committee were of the view that there was a need for an extension of consumer information in this space.

**Mr BILLSON**—You are quite sanguine about what we can actually do about it.

**Mr Cosgrave**—The point I am making is that this is fundamentally a matter of international negotiations between international carriers. The action we do see on this internationally is happening at a regional level. It is happening in the European Commission as a consequence of concerted action by 27 national governments. It may well be that Australia has got various opportunities it can explore in relation to that. But from a national regulator perspective I am saying to you that the imposition of access obligations or something of that nature has in our view some significant risks. In that circumstance if you do not think that form of regulation is

appropriate you may want to look at other measures, and they would include consumer information.

**Mr BILLSON**—On the emergence of some of the substitute services, the industry points to that as a positive factor. Your submission says that, as interesting as their existence is, it has not had a whole lot of impact on pricing structures. Obviously there is a bit of daylight between the industry view and the ACCC's view. Is that from your observation about no great movement in wholesale price negotiation at the international level? Is that what you base it on, or just lack of take-up by people?

**Mr Cosgrave**—No, the fact you have just mentioned, in so far as we are aware, and obviously we are not in a position and arguably we should not be in a position to get every contract negotiated between people commercially on these sorts of charges.

**Mr BILLSON**—Do you have much of a feel on market share? Since 2005 the substitutes are more visible. Are they a poopteenth of the market or are they a substantial change?

**Mr Cosgrave**—We have not sought that information.

**Ms REA**—You were talking about the issue of international cooperation when I walked outside. Essentially what you are saying is that the only sort of role we could play in this is consumer information, that when it comes to even data collection it is too difficult.

**Mr Cosgrave**—I am not saying we are saying it is the only role. We would say that, yes, consumer information is always important, and we have pointed to the nature of the complaints that we have had. You have already had evidence from the department, who would say, 'We are at least giving consideration to'—and clearly the department have the predominant international focus—'whether there is anything that we can examine from an international perspective either regionally or otherwise.' In terms of this service, we think that we have taken some steps that may give you some degree of additional information. As I say, we have some current processes and some voluntary information.

**Ms REA**—But even that information is fairly limited, isn't it?

**Mr Wright**—Yes.

**Mr Cosgrave**—As always with the collection of information, it is going to be an issue of what information can be collected, how onerous it is collecting the information, what costs are going to apply to those from whom you are going to collect the information and, ultimately, whether there is overall benefit in collecting the information. We are conducting a current process in relation to changes to our record-keeping rule—which I think you have identified gives a high level of information—and the submissions we have to date indicate some substantial resistance to that. We are in the middle of that process, so I do not want to give any indication as to where we might end up with it. That resistance is perhaps indicative of—and this may be something you want to take up with the industry—their views on more in-depth collection of data in this area.

**CHAIR**—Some of the propositions contained in your submission and drawn from the 2005 report seem to me to be contradictory. I will put them to you in the hope that you might explain them to me, because I do not really follow the argument and the propositions. The first proposition is that European roaming costs are lower because of regulation. The second proposition is that, because the costs in Europe are lower, carriers try and recover costs in Australia by increasing the charges to Australian consumers. The final proposition is that there is no benefit in Australia having regulation. I do not really see how those all work together. If Europeans have been benefiting and having lower costs from regulation, why would it be of no benefit to Australian consumers?

**Mr Wright**—I think you are talking about our current submission rather than our 2005 submission.

**CHAIR**—Your current submission, since you seem to have no further information, seems to be based almost entirely on the 2005 report.

**Mr Wright**—The issue that you raised around European termination rates being low and potentially recovering costs from others was one that was raised when the Europeans were talking about lowering their mobile termination rates very significantly.

**CHAIR**—I am asking about roaming costs, not termination.

**Mr Wright**—Sorry. The argument has to do with what is called the waterbed effect. That is, if you lower a regulated price—in this case introduce regulation for roaming across European countries—then those carriers will seek to increase charges in unregulated markets, which might be those in the rest of the world, and seek to recover their costs in that fashion. The only way to prevent that would be if there was a competitive market operating in the rest of the world. But, as you point out, it is a bilateral arrangement once you get outside Europe. So that is the argument there.

**CHAIR**—I understand that proposition. What I do not understand is, if regulation is effective in Europe in keeping their prices low and if we are suffering an adverse run-on effect—the waterbed effect, as you call it—then why would it be that we could not benefit from similar regulation?

**Mr Wright**—The example there was reciprocal regulation in the European Community, with agreement across borders. If we took unilateral action here with no reciprocal party, we would be cutting off the bargaining power, if any exists, for our own operators relative to foreign operators. It is not that the Europeans took unilateral action per se but rather that they lowered the rates reciprocally with their own partners.

**CHAIR**—We could have a multilateral agreement with the European Union or others, but you seem to rule that out.

**Mr Cosgrave**—I do not think we do, with respect. We were saying that one of the steps might be an increase in international cooperation. As we said, that was one of the things that the department was considering. We have taken a step with our closest regulator because they are one we have a close relationship with. Also, it seemed it was a market in which there was

considerable traffic, so we wanted to examine from a regulatory perspective whether there was something we could do in that space, but I think the department has already said that to you. From a government perspective there may also be things that can be examined internationally.

**CHAIR**—So you think there could be advantages from having a multilateral agreement in relation to roaming costs—

**Mr Cosgrave**—We are saying this is an international problem—

**CHAIR**—It is international, but what I—

**Mr Cosgrave**—and trying to deal with it from—

**CHAIR**—I would like to finish my question because I want to get a clear response on it. Do you think there are advantages from multilateral agreements in relation to roaming costs for Australian consumers?

**Mr Cosgrave**—I think there could be.

**Mr Wright**—The point before was that we should not pursue the unilateral regulation.

**CHAIR**—Thank you very much for your attendance. Despite the spirited questions, we appreciate your time and the effort you have put into your submission.

**Committee adjourned at 1.42 pm**