

25 August 2008

Mr Kevin Bodel
Inquiry Secretary
House of Representatives Standing Committee on Communications
Parliament House
CANBERRA ACT 2600

Dear Mr Bodel

Inquiry into International Roaming

Hutchison 3G Australia Pty Limited (**Hutchison**), the operator of 3 mobile, appreciates the opportunity to provide comment regarding international roaming services. Hutchison supports the principles outlined in the Australian Mobile Telecommunications Association (**AMTA**) submission.

The following summarises Hutchison's views in response to the key points identified within the inquiry scope:

1. There is little competition at the wholesale level for Australian carriers negotiating international roaming arrangements for outbound roaming. In Hutchison's experience overseas network operators set a schedule of charges payable for access to their networks. There is limited opportunity to negotiate a different price from that set out in the scheduled price list. Australian operators lack bargaining power due to Australia's relatively small population, which is exacerbated in Hutchison's case, having the lowest mobile market share.
2. Whilst Hutchison determines the inter-operator tariff (IOT) which will apply to international carriers seeking to acquire inbound roaming services from it, there has been increased competition in this market. As there are three GSM networks and four 3G networks in Australia, the carriers compete for inbound international roaming customers.
3. The IOT rates for each Australian mobile carrier are likely to be equivalent to the market rate that is, the rates charged internationally. It would adversely affect the Australian carrier's revenue if they were required to charge international carriers reduced regulated rates while facing higher charges when using networks overseas. This revenue shortfall would have to be recovered by the amounts charged to Australian subscribers for outbound roaming.
4. There are a number of competitive substitutes for international roaming which have the effect of constraining prices within Australia. These competitive constraints are in addition to the inter-carrier competition described above. These substitutes include local pre-paid SIM/USIMs, calling cards and an innovative Hutchison product, the 3 Skypephone.

Skype allows subscribers to use the internet to talk to other Skype users all over the world for free. A user of a 3 Skypephone in Australia can make up to 4,000 minutes per month Skype-to-Skype calls to any Skype enabled device, including laptops, PCs and Skypephones for free. Skype calls from overseas can be made to a Skypephone in Australia for free from Skype enabled devices, including PCs and laptops.


5. Hutchison offers an innovative and compelling outbound roaming service known as "3 Like Home". If a 3 subscriber is visiting a 3 Like Home country (Austria, Denmark, Hong Kong, Ireland, Italy, Sweden and the United Kingdom) and roaming on the 3 network in that country, the usage costs are based on 3 home market prices. For example, incoming calls and SMS are free, voice & video call and message rates are based on similar competitive rates as in Australia. The data rate of 50 cents per MB is also a very competitive rate. 3 Like Home has been made possible using the 3G networks operating under the 3 brand around the world, affirming the philosophy that 3 offers leading innovative products at competitive rates where it has the opportunity to control the cost inputs. The same offer applies to customers of other 3 networks in the countries mentioned above when they are roaming on the 3 network in Australia. The 3 Like Home product is the key platform of Hutchison's international roaming customer proposition. It is not a short term discount offer and is a true example of Hutchison's commitment to deliver real consumer benefits where it is able to do so.
6. Hutchison makes information readily available to subscribers regarding international roaming products, services and rates from the 3 web site and from 3 shops. The 3 International brochure is attached to illustrate how this information is presented to customers. The 3 call centre is equipped to provide clear advice to customers inquiring about the best roaming rate choices for the particular countries that the customer may be visiting.

In summary, international mobile roaming is a valuable component of a wider package of competitive mobile services for end-users. Hutchison offers a number of innovative and competitive services and, where Hutchison has been able to negotiate favourable roaming arrangements, the consumer is the beneficiary of these competitive rates. Hutchison is focused on finding innovative ways to provide affordable mobile services to customers such as Skype and 3 Like Home. However, there are circumstances where Hutchison, in line with other Australian mobile operators, lacks bargaining power, giving little opportunity to offer lower retail roaming rates.

Hutchison will also be providing supplementary information to the committee regarding the recently released KPMG report on international roaming charges.

If you require further information please do not hesitate to contact me at bcurrie@hutchison.com.au

Yours sincerely,



Brian Currie
General Manager Regulatory Affairs

