



**Public Policy and Communications**

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Committee Secretary  
Standing Committee on Communications  
PO Box 6021  
House of Representatives  
Parliament House  
CANBERRA ACT 2600

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Dear Sir/Madam

**Inquiry into international mobile roaming**

Telstra is pleased to provide further information to the Committee to assist its Inquiry into International mobile roaming. The information contained within this letter addresses the questions that were directed to Telstra when it appeared at the 3 December hearing as part of the AMTA delegation. Specifically, Telstra (and each of the other carriers who were present) was asked to provide further comment on the following issues:

1. What protocols does Telstra have in place for notifying customers if they have unusually high expenditure while overseas?
2. Further to point 1), if a customer wishes to check their pre-paid balance or the level of charges that they have already incurred, does Telstra advise the customer that the information that they are given (if any) may not include all of the calls that they have made so far?
3. The scope for a regulatory solution to high international mobile roaming charges.

Telstra has addressed each of these issues below. At the hearing on 3 December, Telstra provided the Committee with copies of the 'Mobile International Roaming User Guide', which is available to download from our website at:

[http://www.telstra.com.au/mobile/networks/internat\\_roaming.cfm](http://www.telstra.com.au/mobile/networks/internat_roaming.cfm)

Telstra sends a hard copy of this Guide to customers who call up to activate international mobile roaming. The above website details the prices customers pay if they choose to use their mobile phones while travelling overseas. Further detail of how Telstra calculates the retail charges for international roaming is also available through the 'Our Customer Terms' section of the Telstra website:

[http://www.telstra.com.au/customerterms/home\\_mobile\\_overseas.htm](http://www.telstra.com.au/customerterms/home_mobile_overseas.htm)

The link between the retail charges paid by Telstra's customers and the charges that Telstra itself pays to overseas carriers with whom it has a roaming agreement is clearly stated within Our Customer Terms. In general, the prices for international roaming are determined by the charges levied by the overseas operator and the exchange rate between Australia and the relevant country plus a 30% surcharge levied by Telstra. This surcharge is designed to cover the costs incurred by Telstra in delivering the international mobile roaming service, which include data clearing house expenses to allow for international settlement, management of Telstra's roaming agreements and infrastructure costs among others (section 4.34 of the AMTA submission sets out a more detailed list of the retail costs that the surcharge covers). As

stated at the hearing, this means that on average 77% of the final retail price is made up of wholesale charges paid to the overseas carrier. This is consistent with the findings of the ACCC in 2005.

Telstra believes this information, combined with that available from its competitors, makes it possible for customers to make an informed choice about whether international mobile roaming is suitable for their needs, or if a substitute would be more appropriate.

### **Protocols for notifying customers if they have unusually high expenditure**

Telstra customers with pre-paid mobiles (which can be used to roam to 20 overseas countries, including our most popular destinations) do receive a text message when their account balance reaches \$10 or less. Customers can choose a different threshold if they wish. Telstra also advises customers to recharge their pre-paid mobile credit before going overseas, although it is possible to do this overseas. Customers with pre-paid mobiles are able to manage their accounts (including checking their balance) either on-line or using their mobile phone (by dialling #100#). Alternatively, they can also check their balance by calling 1258888. It is important to note that pre-paid balances are updated in real-time, even when customers are roaming overseas. This is because the pre-paid platform that Telstra has deployed (and which is separate from the post-paid platform) is intelligent and has the ability to “talk” to other networks. This capability enables Telstra to provide real-time updates to customers’ balances and, if necessary, to send text messages to customers whose balance has reached their nominated threshold.

Telstra does not currently have a protocol in place for contacting post-paid customers who are incurring higher than usual charges by using their mobile phone while overseas. In part, this is because the majority of customers must call Telstra to activate international roaming and they are told about the costs of roaming at that time. Furthermore, customers that do not pass a required credit check conducted when they request the roaming service are not eligible for the service.

Nevertheless, Telstra recognises that there can be issues with customers incurring charges that are higher than usual. Obviously, customer complaints are undesirable for both the customer and Telstra. However, incidences of higher than usual charges can also occur when customers are using their mobile phones domestically and Telstra is currently investigating options for real-time notification to customers whose post-paid spend reaches a pre-determined threshold. That said, when using their mobile phones domestically, post-paid customers do already have the ability to check their data usage in near real-time by using the ‘My Account’ portal on their mobile phones – usage is typically current as of 6 hours prior.

As Telstra indicated during its evidence at the 3 December hearing, the complicating factor when customers are roaming overseas is the delay in receiving usage/billing information from the overseas carriers. The post-paid platform does not have the same level of intelligence as the pre-paid platform, hence it does not have the same capability to “talk” to overseas networks. Telstra does try to ensure that it receives billing data from overseas carriers in a timely manner and our preference is to receive daily call records from the overseas carriers, but the difficulties of this should not be underestimated. As noted above, Telstra is currently investigating options domestically for real-time notification to post-paid customers whose spend reaches a threshold, but extending this internationally is reliant upon further global industry compliance to Near Real Time Data Exchange. This would enable billing records to be exchanged on a 4 hourly basis. Telstra is continuing to work on implementing such a protocol and we hope to be in a position to make an announcement in the next 12-18 months.

### **Regulatory solutions**

As indicated in the AMTA submission to the Inquiry (a submission that Telstra fully endorses), unilateral regulation within Australia would not be an appropriate solution to high

international mobile roaming charges. Regulation at the retail level would simply risk squeezing the margins of the Australian carriers, which ultimately would be detrimental to the service offered to customers. The Australian Government and regulatory bodies such as the ACCC do not have jurisdiction over the wholesale charges that are levied by overseas carriers and the level of those charges is clearly the key contributor to high international mobile roaming charges faced by Telstra customers. Furthermore, regulating the wholesale charges that Telstra charges overseas carriers for inbound roaming to Australia would not benefit Australian customers (indeed, there is no way of knowing if the reductions in inbound roaming charges would benefit the customers of overseas networks, because Australian carriers and regulatory bodies have no power to compel such reductions being passed on through lower retail charges). Forcing the Australian carriers to reduce the wholesale charges that they charge overseas carriers would simply have the effect of reducing the bargaining power of the local carriers in their commercial negotiations with overseas carriers.

That said, Telstra would welcome a reduction in international mobile roaming charges. We recognise that the level of roaming charges may mean that some customers with discretionary usage do seek out substitutes, such as buying local pre-paid SIMs or using calling cards. The level of international mobile roaming charges can also result in customer complaints regarding bill shock and, while Telstra receives relatively few such complaints (in 2007/08 the TIO recorded 81 complaints relating to international mobile roaming billing by Telstra), dealing with such complaints is time consuming and costly as well as potentially damaging to Telstra's relationship with its customers.

Telstra believes that the only way to address the issue of high international mobile roaming charges is through international co-operation, which is something that Telstra has advocated for some time. In 2006, Telstra made a submission to an Inquiry into the Australia-New Zealand Closer Economic Relations Trade Agreement, where we argued the case for a single telecommunications market. International mobile roaming is just one element of the trans-Tasman telecommunications market, but Telstra calculated that the benefits of a single market for this one element would amount to \$31m per annum for Australian consumers alone. We would be pleased to provide further information on this if the Committee believes that would be helpful.

The international mobile roaming regulation that has already been implemented in Europe has received considerable attention in submissions and evidence to the current Inquiry. Europe is in a relatively unique position in that it has the ability to implement such cross-border regulation and hence regulate both wholesale and retail roaming charges.

Telstra is also aware that Australia recently put forward a proposal to the OECD Working Party on Communications Infrastructures and Services Policy for a project to examine competition, costs and prices in international mobile roaming charges and relevant policy options in this area. Telstra would not oppose such a project, although we would be concerned if it was to be conducted on the basis of the KPMG report for the Department of Broadband, Communications and the Digital Economy (DBCDE), the conclusions of which Telstra believes are fundamentally flawed. In particular, the conclusion in the KPMG report that carriers can realise retail margins of up to 400 per cent is at odds with the conclusions reached by the ACCC and also with Telstra's published mark-ups. Relying on such erroneous conclusions could lead to flawed policy solutions being advocated; hence Telstra would be supportive of a project that would lead to a greater understanding of the issues by Government and Regulators. Any debate regarding the appropriate policy solutions could then occur on an informed basis.

Furthermore, as the Committee would be aware, Telstra does not have the advantage of the same extensive overseas alliances as some of our Australian competitors. As such, without internationally co-ordinated Government and Regulatory action, Telstra is unlikely to be able to effect significant reductions in the wholesale charges that we face from overseas networks.

Taken together, Telstra believes that the above factors point to bi-lateral or multi-lateral agreements as being the only practical solution to what the ACCC referred to in its submission as “an intractable problem”. Telstra strongly urges the Committee to recommend that the DBCDE and the Department of Foreign Affairs and Trade work together and with their overseas counterparts to reach agreements that will benefit both Australian and overseas telecommunications providers and the end users of their services.

Telstra trusts that this further information is helpful to the Committee. We would be glad to provide further clarification if required.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Tony Warren', written in a cursive style.

Dr Tony Warren  
Executive Director Regulatory Affairs  
Public Policy and Communications