



Submission No.6

ADUG

**Submission:
Inquiry into International Mobile Roaming**

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Summary

What does ATUG want?

Cost based prices for International Roaming services – voice, SMS and data.

Why?

Current prices for these services do not reflect costs, costs are not competitive and deter the use of services that businesses need for competitiveness, growth and innovation. End users have no power to negotiate prices with suppliers. A global economy needs global communications services at reasonable prices. Many of these issues are equally relevant for residential end users travelling overseas. Industry suggested “work arounds” are seen as very second rate strategies by end users who have already invested in equipment, services and plans with their chosen domestic provider and want full value and true mobile convenience when travelling.

How will we get that?

Through the Government and the ACCC using Australia’s Trade and Cooperation agreements to secure reciprocal regulatory action, with priority on major trading markets and markets where progress has already been made e.g Europe and Arab States.

At the same time Australia will need to declare international mobile services and to determine cost based prices for these services to be applied by Australian carriers to mobile operators offshore.

Why rely on Government action?

Because industry leadership – even with good examples such as Three, with the Roam Like Home package and Skype innovation – is not capable of delivering competitive pricing with wide coverage.

Industry has developed the technical and operational platforms to deliver roaming services and knows the increasing reliance of and interest in roaming services by end users but will not move to deliver competitive roaming prices without Government policy and regulatory intervention.

ATUG Submission covers:

- The needs of end users for reasonable prices for roaming services
- ATUG Member Forums
- Market Trends
- Technical Platforms
- Why there is a problem
- Regulatory Trends including recent developments in Europe
- EU Prices – proposed and agreed

- Mobile Operator responses to EU Consultation
- Cost-based pricing for roaming services
- Mobile termination costs in Australia
- Pass Through concerns
- Roaming prices currently paid by Australian end users
- Australian Trade Relationships and Agreements
- Australian Market Developments
- Pricing Plans and Transparency
- Comparison Pricing
- Conclusion

Introduction

ATUG welcomes this Inquiry into International Mobile Roaming and is pleased to make a submission based on members' experiences and suggestions, international discussions and approaches, and market and regulatory developments in Australia.

The Needs of End Users

A key issue for ATUG members is the price of international roaming services, voice, SMS and data.

ATUG members want to use more of these services in coming years but cannot do so because of the prices.

ATUG members have invested in mobile devices and plans and want to get full value from these investments.

ATUG members are not able to negotiate reasonable prices with their suppliers as would be the case in a competitive market.

ATUG members do not want to use "work arounds" which provide only limited functionality and much inconvenience.

Prices are many, many times reasonable costs, which would not be the case in a competitive market.

End users have waited for information, transparency and market based initiatives to bring prices down to competitive levels. This has not happened.

End users in the EU have seen voice roaming prices reduced only when action has been taken by regulators across borders. This has now been extended to the European Economic Area countries. The focus of EU regulators is now on SMS and data roaming charges.

Organisations similar to ATUG are also concerned about roaming prices e.g EVUA:

"It goes without saying that it is the cost of mobile (and particularly mobile data) that needs most attention. This control is seen as a barrier to greater acceptance and usage of mobile data applications and convergence."

http://www.evua.org/docs_public/EVUA_annual_survey_2008_final_summary.pdf

ATUG supports information and transparency on prices and is pleased to see some prices reductions recently by some industry players but the core of our submission is that prices need to be reduced to competitive, cost based levels and that this will not happen without Government and regulator action.

Mobile operators have been aware of end user dissatisfaction with roaming prices since industry increased the prices in 1998-1999. Regulators became aware of this dissatisfaction and began action in 1999 which resulted in a decision to mandate roaming reductions from 1 July 2007.

As a recent Forum in the UK heard from the Chair of the Westminster e-Forum:

"I think sometimes some of the comments made by the industry just seem to me to be naive. You are a regulated industry, you operate under a franchise from the government, regulation is always going to be there, sitting, waiting for you unless you behave perfectly, which is very hard to do. As I said, charging customers £30,000 but, just as importantly, not providing business with the services that they need is always going to bring regulation down on your head. The only way of avoiding it is to be better and to be there ahead of the regulation, and that you haven't managed.... I think the view is that this is an industry that needs some help to get it where we want to get it. To prove us wrong (on voice, SMS and data roaming rates) is an opportunity which should have been taken over the last two or three years and hasn't been...."

It is worth noting that the EU only introduced roaming regulation after watching the market and waiting for operators to reduce prices. As Ms Reding, the EU Commissioner, said before introducing the voice roaming regulation:

We continue to watch the market closely and are examining recent developments such as the moves by some operators to reduce charges. I of course welcome these first moves, but I believe the market generally has not gone far enough. **It is clear that after many years of no response to calls from consumer and regulators, the market has now started moving only under the threat of regulation – for me, this is a strong argument for continuing in our efforts.**

ATUG Member Forums

ATUG has had discussions with members around Australia to seek their views and suggestions. The consensus is that the experience of having mobile devices that can roam internationally is very convenient, as long as costs are reasonable.

The forums highlighted a number of cases of "bill shock" including by way of example:

- Phone bills of \$800 for one month
- Voice calls of \$20 per month in Australia, were \$200 per month while roaming
- Data bills of \$17,000 for three weeks in South Africa
- Data bill of \$15,000 for 3 weeks with roaming and receiving charges

- Data which costs 10c per megabyte in Australia, costs \$20 per megabyte when roaming
- SMS cost back to Australia was 2c local but 75c roaming
- Call costs were 65c from Maldives to Australia but \$3.50 from Australia to Maldives with re-direction costs.

These forums identified international roaming markets (voice, SMS and data) as markets where:

- prices do not reflect underlying costs,
- even large corporate and government organisations do not have the power to negotiate,
- relevant information is not easily accessible and
- inconvenient “work-arounds” are the only way to get access to affordable communications services.

In other words, markets that need regulatory intervention to secure reasonable outcomes, ongoing (not just Olympic specials) for end users. The forums indicated that the focus should be on work to reduce the wholesale costs and to ensure these cost reductions are passed on in full to end users.

A range of stop-gap “work around” suggestions were put forward at the Forums each of which has drawbacks for end users who place value on having a widely known mobile number, who have already bought mobile phone handsets and plans and who have invested in personalising their mobile devices:

- Information at point of departure to remind travellers how expensive roaming calls would be – loss of convenience
- Increase phone card usage – less convenient
- Only use SMS – less convenient, prices add up
- End user information with operators required to provide prices for each call by SMS – deters use
- Block roaming services – deters use
- Data devices – default setting should be OFF outside home country – deters use
- Voice services – alert caller that end user is overseas and will incur charges to receive – deters use
- Use Skype – need a computer, internet access, company policy prohibits
- Use local SIM – needs a new number, cost of re-direction can be high, needs activation, takes time, already have a mobile phone, not convenient if numerous countries
- Phone cards – can be inconvenient, residual if pre-paid amount not used
- Use mobile operator own networks or alliances – coverage is not complete
- Transparent costs – needs regulatory intervention
- Carriers should alert business about higher use patterns – deters use
- Carriers should alert users when caps are breached – deters use

Market Trends

ATUG member companies are finding their dependence on “mobility” has increased over the last decade, ready access to corporate voice and data services is expected by staff on the move, access to global markets and increased export activity has led to higher levels of overseas travel. The trends towards mobility for business users are well summarised in The Economist Special Report on Mobile Telecoms of 12th April 2008. A global economy needs global communications services at reasonable prices.

As the Global Symposium for Regulators in March 2008 concluded:

International mobile roaming is becoming an increasingly important issue on the international regulatory and policy agenda. There are several reasons for the growing importance of international roaming, as highlighted in this paper. This is not only because of higher demand for roaming services, as mobile penetration is growing across the world; nor is it only because international mobile roaming charges are an important cost factor for businesses across the world. International roaming should be viewed in a much wider context as a tool for forging regional cohesion. Therefore, for regional economic groups seeking closer cohesion and integration, international mobile roaming is one of the barriers that can be removed. This should be understood not only by regulators and policy makers, but also by operators. As long as industry, through self-regulatory measures, fails to deliver sufficient results, regulators are likely to intervene to try to improve the situation.

Although the history and practice of international mobile roaming regulation is very recent, it has already taught all stakeholders one lesson: whichever approach to international mobile roaming rate regulation is chosen, the success and final result depends largely on how closely different stakeholders cooperate and how openly they discuss and debate the issues. The outcome of the EU regulatory debates was a compromise between all stakeholders. The Arab region is currently in the middle of this process, and is working to allow the voices of all parties concerned to be heard. Whichever regions move to initiate a similar process should be ready to discuss – both to talk and to listen.

Technical Platforms

Mobile operators have put in place the technical and operational systems to make roaming possible. This work is well documented at the GSM Association website e.g., Global Roaming Forum to Accelerate Success of International Roaming, 14 June 2000, Spotlight on GPRS roaming 8 April 2002, Text Messaging 8 February 2006, and of course many releases during 2006 opposing the European Commission’s regulation of voice roaming

prices. See http://www.gsmworld.com/news/press_2008/index.shtml and Annual Archives.

Now is the time for them to put in place the commercial agreements to really deliver the value of mobility to their customers.

Why do we have the problem of exorbitant pricing for roaming service?

Presentation to INTUG December 2007 meeting – slide pack at <http://www.atug.com.au/ARCEPRoam.pdf>

In 1997, the GSM Association sent a request for a formal approval by the Commission (comfort letter) of a new pricing mode to replace the NNT. As seen above, this new means of pricing, named IOT, is not linked to the retail market. It was put in place by the operators over 1998-1999.

In 1999, the European Commission launched a sector enquiry on roaming, which it published on 13 December 2000. According to this survey, far from reducing wholesale tariffs, the introduction of IOTs eliminated the price cap linked to the structure of the NNT, allowing operators to “substantially increase” their wholesale tariffs. The Commission noted that a comparison between the last NNT prices and the IOTs of Q4 2000 demonstrated that the prices of international calls in the EEA had increased by 212% in peak periods, and by 294% for domestic calls in off-peak periods.

NNT – Normal Network Tariff
IOT – Inter Operator Tariff

Regulatory Trends

Action by regulators since 1999 has revealed the difference between roaming retail prices for end users and the specific costs of providing these services to be unacceptably high.

AUSTRALIA

ACCC Mobile Services Review – International Inter-Carrier roaming services, September 2005
[http://www.accc.gov.au/content/item.phtml?itemId=708242&nodeId=8704f59d82052c729e45e7408ecec91d&fn=Final%20report%E2%80%94international%20inter-carrier%20roaming%20service%20\(September%202005\).pdf](http://www.accc.gov.au/content/item.phtml?itemId=708242&nodeId=8704f59d82052c729e45e7408ecec91d&fn=Final%20report%E2%80%94international%20inter-carrier%20roaming%20service%20(September%202005).pdf)

While the Commission has not directly estimated the cost of providing international roaming services, observations of retail pricing structures raise suspicions that the prices paid by consumers for international roaming services may substantially exceed the underlying cost of providing these services.

However, the Commission is concerned that prices for these services appear high and will continue its normal market monitoring activities to determine if it is appropriate for the Commission to take action in relation to international roaming services. The Commission will also undertake this monitoring with a view to determining opportunities for information exchanges with overseas regulators with respect to wholesale pricing practices, and co-coordinating enforcement or regulatory activity with them. (pg 53)

GLOBAL SYMPOSIUM for REGULATORS – March 2008

International Roaming Regulation – an Incentive for Cooperation

<http://www.itu.int/ITU->

[D/treg/Events/Seminars/GSR/GSR08/discussion_papers/international_roaming_web.pdf](http://www.itu.int/ITU-D/treg/Events/Seminars/GSR/GSR08/discussion_papers/international_roaming_web.pdf)

This discussion paper provides a summary of developments in Europe (pg13-19), developments in Arab States (pg 19-21), market developments (pg 22-24). The paper discusses the range of options open to regulators (pg 10) and the advantages/disadvantages of each approach (pp10-13):

- No Regulation
- Regulate wholesale prices
- Regulate retail prices
- Regulate both wholesale and retail prices.

The paper looks at the pros and cons of transparency measures and the basis for legal enforcement, co-ordination and co-operation between regulators.

EU – INTRODUCTION OF EUROTARIFF

http://ec.europa.eu/information_society/activities/roaming/consumer/better_deal/index_en.htm

Eurotariff maximum roaming charge per minute in Euros (without VAT)

Eurotariff maximum price	Mobile calls made abroad	Mobile calls received abroad
Summer 2007	49 cents	24 cents
Summer 2008	46 cents	22 cents
Summer 2009	43 cents	19 cents

These are maximum prices. Operators are free to offer cheaper rates: be on the lookout for better deals!

Transparency

The EU Roaming Regulation also introduced the requirement for operators to inform customers of prices free of charge by SMS when they enter a different Member State.

ERG – International Roaming report for April to September 2007, published 17 January 2008

http://www.erg.eu.int/doc/publications/erg_07_85_intl_roaming_rep.pdf

This report covers the first comprehensive data collection ever undertaken on European international roaming services since the new Regulatory Framework has been in place. This and subsequent reports will provide information on the evolution of wholesale and retail roaming services, providing as far as possible information on both voice and data services. The intention is to provide a sound evidence base for the Commission's review of the Regulation, required by the end of 2008.

1.5 During the period April to September 2007 covered by this report, there was already evidence of a decline in average wholesale and retail roaming prices despite the fact that the Regulation was only fully in effect at the very end of the period. Average SMS and data roaming charges displayed considerable variation across Europe during this period. A similar picture is revealed for roaming charges for non-EU calls.

1.6 There was also an indication that billed roaming minutes exceeded actual elapsed minutes by a significant margin (typically 20% at the retail level) as a consequence of the practice of many providers of adopting a minimum charging interval of up to 1 minute at both the wholesale and retail level.

1.7 While it is too early to draw many firm conclusions from this report, the ERG will be studying trends in these and other roaming charges in its subsequent reports. Differences between different customer segments will also be studied.

EU - Voice Roaming – One Year on

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/457&format=HTML&aged=0&language=EN&guiLanguage=en>

(30/06/2008) Today is the anniversary of the EU Roaming Regulation, which entered into force on 30 June 2007. Since then, the introduction of the Eurotariff has led to savings of up to 60% for consumers using their mobile phone to make and receive calls abroad within the EU (roaming). They will benefit from further reductions by 30 August as prices will be capped at €0.46 for making calls and €0.22 for receiving calls for the coming year.

The European Commission is now assessing whether there have been satisfactory developments in the prices of data roaming (including SMS and MMS) before deciding on whether the Regulation needs to be

extended to also cover these services. A deadline set by Commissioner Reding in February to the mobile industry for voluntary reductions of roaming prices for text messages and mobile data services expires today, close of business

EU ERG Update - Voice, text and data roaming in the EU - Fair and predictable prices for all, 15 July 2008

Presentation by Dániel Pataki (ERG Chair) "Voice, text and data roaming in the EU"

The presentation includes data on Voice Roaming rates, SMS prices and costs, Data roaming rates, transparency and customer empowerment measures. The summary of ERG recommendations is

Voice Roaming

- Continue existing voice regulation
- Adjust wholesale and retail caps to reflect cost reductions

SMS Roaming

- Regulate both at retail and wholesale level
- Introduce price cap (between €0.11 and €0.15 per SMS would be appropriate – current is average of 29 euro cents)

Data Roaming

- Keep need for regulation under review
- Introduce obligatory transparency measures

EU - Texting without borders

http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=4242

The 2.5 billion text messages sent every year by roaming customers in the EU cost over 10 times more than domestic short messages (SMS), show figures released today by the European Commission. The average cost of a roaming text message in the EU between October 2007 and March 2008 was €0.29 according to the European Regulators' Group (ERG), but can be as high as €0.80 for travellers from Belgium. Calls on the industry for self-regulation and voluntary reductions of roaming prices for text messages have not been answered. The Commission will therefore start working on measures to ensure that consumers benefit from a truly single market for mobile text services. The Commission will also seek to put an end to "bill shocks" that can hit roaming customers using a mobile connection to surf the Internet. New measures could be proposed by the Commission to the European Parliament and the Council in early autumn.

EU - High prices and lack of transparency source of anxiety for data roaming customers

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1048&format=HTML&aged=0&language=EN&guiLanguage=en>

Use of mobile data services within individual Member States is growing much faster than cross border data roaming services, says a Connect2Roam study carried out for the European Commission. This is because mobile operators are introducing aggressive retail rates to compete with existing broadband offers. However, use of data roaming services remains limited as consumers are discouraged by extremely high charges when compared to national prices, as well as a lack of transparency related to the pricing by volume of data (Megabytes) used. High-volume users are susceptible to bill shocks if, for example, they surf the internet for long periods when using their datacard connection on a laptop computer.

EU Prices – proposed and agreed

http://www.itu.int/ITU-D/treg/Events/Seminars/GSR/GSR08/discussion_papers/international_roaming_web.pdf

Table 8: Price caps evolution in the EU

	Type of call	The EC proposal		EP 1 st draft opinion	EP draft report	EP final decision
		Formula	€-cents/min	€-cents/min	€-cents/min	€-cents/min
Wholesale	Calling within a country	2 x MTR	23.20	24.68	23	30 (1 st year)
	Calling home or to a third country	3 x MTR	34.80			28 (2 nd year)
Retail	Calling locally	2 x MTR + 30%	30.16	38.68	40	26 (3 rd year)
	Calling home or to a third country	3 x MTR + 30%	45.24			49 (1 st year)
	Receiving a call	1 x MTR + 30%	15.08			46 (2 nd year)
						43 (3 rd year)
						24 (1 st year)
						22 (2 nd year)
						19 (3 rd year)

Note: 1 MTR = 11.60 eurocents per minute
VAT excluded

Source: Copenhagen Economics (2007), Study Roaming: An assessment of the Commission Proposal on Roaming; Falch, M., Henten, A., Tadayoni, R. (2007), Regulation of international roaming charges the way to cost based prices?; EP (2007), Mobile roaming: EP committee votes for € 0.40 cap on calls made while abroad at www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1010&format=HTML&aged=0&language=EN&guiLanguage=en

Mobile Operator responses during EU Consultation

ATUG would expect many similar messages to come from operators in Australia and Asia Pacific. In the end, the EU and regulators decided market initiatives were not sufficient and negotiated a package of prices which has produced good outcomes for end users and has not had the detrimental impacts suggested by operators.

GSM Association Press Releases 2006

- 29.11.2006 - [Study Shows Low Prices On Europe's Top Roaming Routes](#)
- 07.11.2006 - [EU Roaming Prices Down 22% Since Last Year](#)
- 12.07.2006 - [Competition Renders Roaming Regulation Unnecessary](#)
- 10.07.2006 - [New Web Site Helps Consumers to Find Best Mobile Roaming Rates](#)
- 14.06.2006 - [Commission's latest proposal to regulate roaming is flawed](#)
- 15.05.2006 - [Falls in roaming rates demonstrate power of competitive forces](#)
- 23.03.2006 - [EU Proposals to Regulate Roaming are Heavy-Handed](#)
- 22.03.2006 - [Further Roaming Regulation is Unnecessary and Potentially Damaging](#)
- 09.02.2006 - [GSMA statement on European Commission's proposal to regulate roaming retail prices](#)

GSM Association Press Releases 2007

- 30.08.2007 - [GSMA Speeds Up The Transfer Of Roaming Call Records](#)
- 23.05.2007 - [GSMA Response to the European Parliament vote on EU Roaming Regulation](#)
- 23.04.2007 - [Best Roaming Rates in Arab World now available via New Website](#)
- 23.04.2007 - [Proposed roaming regulation would curb competition and consumer choice](#)
- 12.04.2007 - [GSMA Response To Vote By The ITRE Committee Of The European Parliament On Proposed Roaming Regulation](#)
- 10.04.2007 - [GSMA fears that competition in the European roaming market will be damaged by proposals in the European Parliament](#)
- 08.02.2007 - [Roaming Prices Continue to Fall Across Europe](#)
- 22.01.2007 - [Roaming Rates Website Expanded to New Member States](#)

GSMA Press Releases 2008

- 15.07.2008 - [GSMA Responds To European Commission Proposals to Regulate Roaming Costs For Text Messaging](#)

Cost-based price for roaming services

Significant work has been done to assess the cost base for roaming services. This work should be reviewed in the Australian context. ATUG does not think there should be any reason for Roaming Specific Costs to be different for Australian end users.

European Cost Analysis for Final Decision to regulate both wholesale and retail prices – GSR Paper on International Roaming Regulation, page 8.

http://www.itu.int/ITU-D/treg/Events/Seminars/GSR/GSR08/discussion_papers/international_roaming_web.pdf

Table 2: Estimation of international mobile roaming costs in the EU, euro cents per minute

	Cost element	Cost per minute
Wholesale cost	Mobile origination	11.06 – 12.34*
	Mobile termination	11.06 – 12.34*
	Fixed termination	1.00 – 1.25*
	International transit	1.00 – 2.50
	Roaming-specific costs	1.00 – 2.00
Retail cost	Retail-specific costs (including reasonable rate of return)	14.00

Note: * average costs; values can vary based on calculation method chosen.
 Source: Copenhagen Economics (2007). Roaming: An assessment of the Commission Proposal on Roaming.

Table 3: International mobile roaming vs. international call

Call type	Cost elements
Retail charge for international call (call from mobile phone)	Mobile origination + International transit + Mobile or fixed termination + Retail costs
Retail charge for outgoing international mobile roaming call	Mobile origination + International transit + Mobile or fixed termination + Roaming-specific costs + Retail costs

In an ideal case -- when international mobile call rates are cost-oriented -- a regulator should only add roaming-specific costs in order to calculate costs of retail international mobile roaming services. This model takes into account regional specificities, such as non-liberalized international gateways, allowing international mobile call rates to be a proxy for evaluating retail international mobile roaming cost. The model, however, does not enable the regulator to calculate wholesale international mobile roaming costs or incoming international mobile roaming calls costs.

KPMG Report – submitted to the Committee by DBCDE

The report shows the average costs to the operators:

Table 10²⁹ Average roamed and non-roamed IOT³⁰ charges for:
international roamed and non-roamed calls made from the SIM holder's destination country

Charge element	Roamed charge per minute ³¹	Non-roamed charge per minute ³¹
Mobile call origination / termination	0.38	0.38
International call transit	0.04	0.04
Roaming specific costs	0.04	Not applicable
Estimated total wholesale cost	0.46	0.42
Average retail cost to consumers	2.75	1.13
Approximate retail margin on wholesale cost ³²	2.29	0.71

The Roaming Specific Costs are significantly lower than the retail price would suggest, see below on Prices Paid by Australian end users while roaming.

Mobile termination costs in Australia

ATUG would also make the point that the Mobile Termination charge used by KPMG is the retail price. The underlying costs for providing this service are in fact much lower as was seen in the analysis undertaken by WIK Consulting commissioned by the ACCC for use in decisions related to Mobile Termination Access Pricing in Australia. WIK suggested a range of 6.1 cents per minute (cpm) to 6.6 cpm. WIK constructed a bottom-up cost model with specific economic and engineering parameters for mobile termination access services in Australia to arrive at these figures.

The ACCC allows operators to charge 9 cents per minute. WIK Report is at [http://www.accc.gov.au/content/item.phtml?itemId=783055&nodeId=1a2eee9394ef3123590dbf874692a13b&fn=Mobile%20termination%20cost%20model%20for%20Australia%20\(WIK%20report\).pdf](http://www.accc.gov.au/content/item.phtml?itemId=783055&nodeId=1a2eee9394ef3123590dbf874692a13b&fn=Mobile%20termination%20cost%20model%20for%20Australia%20(WIK%20report).pdf)

Pass through of price reductions – retail price regulation

Even with this reduced price ATUG is not convinced that end users have seen the pass through of these reductions in the prices paid for Fixed to Mobile calls. Industry convinced the regulator that the market was sufficiently competitive that full price reductions would automatically flow to consumers. This has not happened.

The ACCC 2006-2007 report shows (for a group of carriers) that the Fixed to Mobile call index has reduced (% change) by:

	2003-04	2004-05	2005-06	2006-07	ex 1997-98
Residential	+0.1	-1.7	-9.3	-8.1	-29
Small business	+1.4	+19.8	-11.0	-3.3	-10
Other business	-8.5	-21.3	-12.6	-12.4	-62
Overall	-2.2	-3.8	-8.2	-7.5	-40

The numbers indicate the majority of the decrease has occurred since regulatory action.

On the other hand revenue and traffic data from Telstra's annual reports for the same period indicate (in millions):

	2003-04	2004-05	2005-06	2006-07
F2M Revenues	1597	1566	1491	1487
F2M Minutes	4226	4375	4491	4687
Price-cents per minute	37.78	35.79	33.19	31.76
% change		-5.3	-7.3	-4.3

This suggests to ATUG that the full mandated reduction in mobile termination rates has not been passed on to end users.

It is for this reason that ATUG would require some regulation of retail roaming prices until there was clear evidence that the market had adjusted and that reductions in full had been passed on to end users.

Roaming Prices currently paid by Australian end users.

The KPMG Report on International roaming shows the range of roaming prices for Australian users while in Europe:

Table 4 below provides a quick reference guide to compare average outbound calls from the EU with average inbound calls from the European Union (EU).

Table 4 AU – EU

<i>SIM country</i>	<i>Call from</i>	<i>Call to</i>	<i>Average rate per minute Optus</i>	<i>Average rate per minute Telstra</i>	<i>Average rate per minute Three</i>	<i>Average rate per minute Vodafone</i>	<i>Average of all carriers</i>
AU	EU	International	3.73	2.73	2.66	2.86	2.99
EU	AU	International	4.66	4.67	4.54	4.31	4.54
AU roamers pay less compared to EU roamers by the following percentages			20%	42%	41%	34%	34%

Charges paid by outbound and inbound roamers compared to non-roamed calls:

Table 8 Australian roamed vs. non-roamed international calls

Australian carrier	Roamed call charge	Non-roamed call charge	Roamed calls are more expensive by:
Optus	3.32	0.90	267%
Telstra	2.49	1.38	80%
Three	2.70	1.28	111%
Vodafone	2.49	0.96	160%
Average	2.75	1.13	143%

What can Australia do – use our Trade Relationships and Agreements

In the EU a number of initiatives are already underway based on the “Single Market” concept. Australia has similar links via the Closer Economic Relationship with New Zealand, our support for the Asia Pacific Economic Community, a number of bi-lateral Free Trade Agreements e.g, US, Singapore, Thailand.

The WTO Reference Paper on basic telecommunications requires Interconnection

<http://www.itu.int/newsarchive/press/WTPF98/WTORefpaper.html>

2.1to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier, where specific commitments are undertaken

2.2 (a) under non-discriminatory terms, conditions..and rates and of a quality no less favourable....

2.2 (b) ...and cost-oriented rates that are transparent, reasonable...and sufficiently unbundled....

As far as end users are concerned in many countries mobile services are basic services and as such are covered by the Reference Paper. In any case, end users would expect that Trade Agreements should provide protection for end users from exorbitant prices for services in partner countries. Priority Countries could be chosen based on the Top Ten Australian Import and Export Free Trade partners and frequently visited destinations:

Exports (2005-2006)

- Japan
- China
- United States
- South Korea
- United Kingdom
- New Zealand
- India
- Singapore

- Taiwan
- Thailand

Imports 2005-2006

- United States
- China
- Japan
- Singapore
- United Kingdom
- Germany
- New Zealand
- Malaysia
- South Korea
- Thailand

Frequently visited destinations – www.dfat.gov.au/visas

- Canada
- China (People's Republic of)
- Fiji
- France
- Germany
- Hong Kong
- India
- Indonesia
- Italy
- Japan
- Malaysia
- New Zealand
- Papua New Guinea
- Philippines
- Singapore
- South Africa
- Thailand
- United Kingdom
- United States of America
- Vietnam

Australian Market Developments

Carriers are aware that there is increased international travel and that end users prefer to use their own mobile devices. Despite this in some cases prices have been increased:

Telstra

2005 Results

International Roaming Revenues \$243 million (2004:\$174 million)

Revenue growth of 40% or \$69 million due to a 19% increase in outbound roaming minutes due to the continuing growth in international travel. Contributing to this growth was the **increase in inbound roaming prices** charged to wholesale partners to align the charging structure with international standards.

2006 Results

International Roaming Revenues \$266 million (2005: \$243 million)

Revenue from international roaming grew by 9.5%. The rise was primarily due to an increase in outbound roaming minutes and a marginal increase in revenue per call. In addition inbound roaming revenue remained steady as **price increases** were equally offset by decreased usage.

2007 Results

International Roaming Revenues \$327 million (2006: \$266 million)

Revenue from international roaming grew by 22.9%. The rise was due to an increase in both outbound and inbound. Outbound roaming minutes and **revenue per call have increased after we established a preferred supplier relationship with key international partners.** The increase in inbound roaming revenue is in line with worldwide mobile growth trends and the increase of travellers in Australia using their own mobile phones.

Pricing Plans and Transparency

The following information (and carriers links) is provided to the Committee to provide a practical example of the transparency that exists for Australian end users. ATUG believes that most end users would find these tables difficult to read (by comparison with the Eurotariff table above). ATUG also believes that transparency measures are not sufficient when price remain significantly above underlying costs.

Three

In limited cases, some operators who own networks in other countries provide cost based roaming prices. However, these prices do not extend to operators networks in other countries e.g Hutchison Three Like Home (3LH, see Right Hand column) in table below

[http://ask3.three.com.au/answer/Attachments/Services/International Roaming /WWR Info v2.htm](http://ask3.three.com.au/answer/Attachments/Services/International%20Roaming/WWR%20Info%20v2.htm)

		Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Maritime/ Airline Zone	3LH Zone
Voice calls Per 30 secs. (flagfall of \$0.25 applies to calls made from your mobile)	National Calls	\$0.30	\$0.50	\$0.65	\$0.75	\$1.00	\$2.50	\$0.35
	Calls to Aus	\$0.70	\$1.25	\$1.50	\$1.75	\$1.90		\$0.35
	Calls to other countries	\$1.00	\$1.50	\$2.00	\$2.00	\$2.20		Country dependent - As per the international rate from Aus to the country you are calling
	To receive calls	\$0.50	\$0.50	\$0.50	\$1.00	\$1.00	\$2.00	FREE
Video calls (where available) Per 30 secs. (flagfall of \$0.25 applies to calls made from your mobile)	National Calls	\$0.60	\$1.00	\$1.30	\$1.50	\$2.00	N/A	\$0.35
	Calls to Aus	\$1.40	\$2.50	\$3.00	\$3.50	\$3.80		\$0.35
	Calls to other countries	\$2.00	\$3.00	\$4.00	\$4.00	\$4.40		\$0.85
	To receive calls	\$1.00	\$1.00	\$1.00	\$2.00	\$2.00		FREE
Other services	SMS - MO	\$0.40	\$0.40	\$0.60	\$0.60	\$0.80	\$1.50	Per rate plan
	Data (per MB) where available	\$10.00	\$15.00	\$20.00	\$20.00	\$20.00	\$30.00	\$0.50

The comparison with the 3 Like Home column is interesting as it shows the cost difference between roaming on 3's own network compared to the prices charged on partner networks.

World Roaming Rate Zones

Zone 1: Singapore, Taiwan.

Zone 2: Bahrain, Brunei, Bulgaria, Cyprus, Estonia, Finland, Greece, Hong Kong*, Lithuania, Maldives, Mauritius, New Caledonia, Nigeria, Norway, Poland, Romania, South Africa, South Korea, Vanuatu.

Zone 3: Austria*, Belgium, Canada, China, Croatia, Czech. Rep, Denmark*, East Timor, France, French Polynesia (Tahiti), Germany, Guernsey, Hungary, Ireland*, Israel, Isle Of Man, Japan, Jersey, Kosovo, La Reunion, Luxembourg, Macedonia, Malaysia, Malta, Netherlands, Panama, Philippines, Portugal, Puerto Rico, Slovakia, Slovenia, Sri Lanka, Sweden*, Saudi Arabia, Spain, Switzerland, Thailand, Turkey, UAE, USA, US Virgin Is., UK*.

Zone 4: Anguilla, Antigua, Armenia, Aruba, Barbados, Bosnia, Burkina Faso, Brazil, Bermuda, Cambodia, Cayman Is., Dominica, Egypt, Fiji, Gabon, Guam, Grenada, Haiti, Indonesia, Italy*, Jamaica, Laos, Latvia, Liechtenstein, Liberia, Macau, Pakistan, Papua New Guinea, Paraguay, Peru, Serbia, St. Lucia, St. Vincent, St. Kitts & Nevis, Turks & Caicos, Ukraine, Vietnam, Western Samoa.

Zone 5: Argentina, Bangladesh, Bahamas, Cuba, Iceland, India, Mexico, New Zealand, Russia.

Maritime/Airline Zone: Maritime Services (Iceland, Jersey, Malta) Airline Services (AeroMobile).

3LH Zone: 3 Networks in the following countries: Austria, Denmark, Hong Kong, Italy, Ireland, UK, Sweden.

***3 like home rates apply in these countries when roaming on a 3 network.**

ATUG also supports the innovation by Three in making Skype available over the Three Skype Mobile – this would overcome the problem of changing numbers **IF** the user could roam with the Skype Three phone but this is not possible. In any event the domestic coverage of the Three network in Australia means this is a “work around” of limited value.

Vodafone

Vodafone Australia has reduced some roaming charges for some customers (providing they opt-in) with its Vodafone Traveller prices:

<http://www.vodafone.com.au/business/services/roaming/vodafonetraveller/index.htm>

Rates are per minute (AUD \$)	Zone 1 Close to home	Zone 2 Europe	Zone 3 Asia & Nth America	Zone 4 Rest of the world
Make a call & pick up voicemail	\$1 + standard call rate	\$1.50 + standard call rate	\$2 + standard call rate	\$4 + standard call rate
Receive a call	\$1	\$1	\$1	\$1
Customer care 24/7		Free for business customers		
Send a TXT (160 characters)	75c	75c		

Charged in 30 sec increments with a 60 sec minimum duration.

Vodafone also advises:

Because of the different arrangements we have with some countries, you may be better off with Vodafone World (our default roaming price plan) if you're travelling to Thailand, South Africa or United Arab Emirates.

The Vodafone World prices (per minute) are:

<http://www.vodafone.com.au/business/services/roaming/postpay/index.htm>

Zone	To call country you're in	To call country you're in at the preferential rate	Calls made to Australia	Calls made to Australia at the preferential rate	To receive calls	To call other countries besides Australia	To send a TXT
1	\$0.60	\$0.54	\$1.20	\$1.08	\$0.43	\$1.34	75c
2	\$1.25	\$1.13	\$2.30	\$2.07	\$0.89	\$2.57	75c
3	\$1.65	\$1.49	\$3.35	\$3.02	\$1.17	\$3.75	75c
4	\$1.85	\$1.67	\$5.60	\$5.04	\$1.31	\$6.27	75c
5	\$2.00	\$1.80	\$6.45	\$5.81	\$1.42	\$7.22	75c

Note: roaming costs are not included in On Account or Contract Caps and Plans and will incur an additional charge on top of your included value. These rates apply to standard calls & TXT and toll free numbers outside Australia. Charged in 30-second increments (with a 60-second minimum duration).

So which zone is my destination in?

Zone	Countries
1	Macau, Singapore, Taiwan, Thailand, UAE
2	Brunei, Canada, China, Greece, Hong Kong, Isle of Man, Korea, Malaysia, Mozambique, New Caledonia, Oman, Qatar, Saudi Arabia, South Africa, USA
3	Anguilla, Antigua & Barbuda, Aruba, Austria, Bangladesh, Barbados, Belgium, Bermuda, Cayman Islands, Denmark, Dominica, East Timor, Fiji, Finland, France, French Polynesia (Tahiti), Germany, Grenada, Haiti, Honduras, India, Ireland, Jamaica, Japan, Kuwait, Laos, Liechtenstein, Luxembourg, Monaco, Montserrat, Netherlands, New Zealand, Nigeria, Norway, Papua New Guinea, Paraguay, Portugal, Samoa, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Sweden, Switzerland, Syria, Tonga, Turks & Caicos, UK
4	Albania, Argentina, Bahrain, Belize, Bosnia & Herzegovina, Brazil, Bulgaria, Cook Islands, Croatia, Cyprus, Czech Republic, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Georgia, Guatemala, Guernsey, Hungary, Iceland, Israel, Italy, Jordan, Latvia, Lebanon, Liberia, Macedonia, Maldives, Malta, Morocco, Philippines, Pakistan, Peru, Poland, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sri Lanka, Turkey, Ukraine, Vatican City
5	Azerbaijan, Cambodia, Chile, Colombia, Congo, Indonesia, Ivory Coast, Kenya, Lithuania, Madagascar, Mauritius, Mexico, Namibia, Russia, Seychelles, Uzbekistan, Vanuatu, Venezuela, Vietnam, Zimbabwe

So which is my preferred network?

Zone	Countries
1	Singapore (MobileOne)
2	China (China Mobile), Greece (Vodafone Greece), Hong Kong (SmarTone Vodafone), Malaysia (Celcom), South Africa (Vodacom), USA (AT&T)
3	Austria (Mobilkom Austria AG (A1)), Belgium (Proximus), Denmark (TDC Mobil), Fiji (Vodafone Fiji), Finland (Elisa Finland), France (SFR), Germany (Vodafone Germany), India (Vodafone India), Ireland (Vodafone Ireland), Japan (SoftBank Mobile Corp), Kuwait (MTC), Luxembourg (LuxGSM), Netherlands (Vodafone Netherlands), New Zealand (Vodafone New Zealand), Portugal (Vodafone Portugal), Sweden (Telenor Sverige AB), Switzerland (Swisscom Mobile), UK (Vodafone UK)
4	Albania (Vodafone Albania), Bahrain (MTC), Cyprus (Cytamobile - Vodafone), Croatia (VipNet), Czech Republic (Vodafone Czech Republic), Egypt (Vodafone Egypt), Estonia (Elisa Estonia), Guatemala (Claro), Hungary (Vodafone Hungary), Iceland (Vodafone Iceland), Italy (Vodafone Italy), Malta (Vodafone Malta), Poland (Plus GSM), Romania (Vodafone Romania), Slovenia (Si. Mobil), Spain (Vodafone Spain), Turkey (Vodafone Telekomunikasyon)
5	Kenya (Safaricom), Lithuania (UAB BITE)

Telstra

http://www.telstra.com.au/mobile/networks/country_info.cfm?tech=gsm&countryid=41&submit_gsm.x=15&submit_gsm.y=14

Calls are charged in per minute blocks. Users are able to select the Country of Interest e.g China:

Service Charges for China

GSM Operator	National Call ⁵	Call to Australia ⁵	SMS ⁶	Video National Call ⁵	Video Call to Australia ⁵	Telstra charge to receive ⁵	Call Setup Fee	Incoming Call Airtime ⁴	Video Call Airtime ⁴
China Mobile	\$ 0.95	\$ 3.93	\$ 0.40	-	-	\$ 1.11	\$0.40	\$ 0.95	-
China Unicom	\$ 0.95	\$ 3.93	\$ 0.46	-	-	\$ 1.11	\$0.40	\$ 0.95	-

Things you need to know

1. International Roaming calls made and received are GST free.
2. Calls to 125 109 from within Australia cost 25 cents (including GST). Calls to + 61 439 125 109 from outside of Australia (with the roaming mobile only) cost 22.57 cents and are GST free. Any call made from a fixed international line would be subject to the international carriers call rates.
3. International Direct Dial (IDD) is enabled when International Roaming is active on your service. This means that when at home in Australia or overseas your service will be able to make IDD calls. Charges for making international calls from a mobile are listed in Our Customer Terms under 'Other Call Types/International Calls'.
4. Not guaranteed whilst overseas and will incur a charge determined by the foreign partner.
5. Per Minute.
6. Per Message Sent.

ATUG's interpretation of this table is that it would cost an end user \$1.11 per minute plus 95 cents per minute to receive a call while roaming in China.

Optus

<http://www.optus.com.au/portal/site/business/menuitem.97a8a35c2959cb2af42ff7109c8ac7a0/?vgnextoid=0a998546f92d9010VgnVCM10000029867c0aRCRD>

Per minute rates	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Voice calls to numbers within the same country* (National Call)	\$0.60	\$1.20	\$1.50	\$1.70	\$1.90
Voice calls to numbers outside the country you are in* (International Call)	\$1.34	\$2.25	\$3.30	\$5.50	\$6.30
To receive voice calls whilst roaming*	\$0.43	\$0.89	\$1.17	\$1.31	\$1.42
Video calls to numbers within the same country* (National Call)	\$1.25	\$2.00	\$2.50	\$3.00	\$3.50
Video calls to numbers outside the country you are in* (International Call)	\$2.75	\$3.30	\$4.75	\$5.95	\$6.75
To receive video calls whilst roaming*	\$1.00	\$1.25	\$1.50	\$1.75	\$2.00
To send an SMS to an Australian number whilst roaming#				\$0.50 roaming fee + standard SMS rate	
To send an SMS to a non-Australian number whilst roaming#				\$0.50 roaming fee + standard International SMS rate	
To receive an SMS whilst roaming	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
To send an MMS to an Australian number whilst roaming#	\$0.50 roaming fee + standard MMS rate + \$0.02 per KB				
To send an MMS to a non-Australian number whilst roaming#	\$0.50 roaming fee + standard International MMS rate + \$0.02 per KB				
To receive an MMS whilst roaming	\$0.02 per KB	\$0.02 per KB	\$0.02 per KB	\$0.02 per KB	\$0.02 per KB
GPRS / 3G Data per KB^	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
To call Optus Customer Care whilst roaming +61 2 9342 5678 or +61 2 8082 5678				\$0.50 per call	

Which zone will my roaming country be in? Find the zone of your destination country in the table below and then refer to the Zone Rate Table below to find out the rate for the zone you are roaming in.

Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Singapore	Bangladesh	Algeria	Anguilla	AeroMobile
Taiwan	Curacao &	Austria	Aruba	Afghanistan
Macau	Bonaire	Bahrain	Antigua &	Albania
	Cyprus	Brunei	Barbuda [^]	Argentina [^]
	East Timor	Costa Rica	Barbados	Azerbaijan
	Finland	Croatia	Belgium	Belarus
	Georgia	Denmark	Bermuda [^]	Belize [^]
	Ghana	El Salvador †	Bolivia [^]	Bosnia
	Greece	Faroe Islands	Brazil	Herzegovina
	Hungary	Fiji	Bulgaria	Cameroon
	Hong Kong	France	Cambodia	Chile [^]
	Isle of Man	Gibraltar	Canada [^] §	China
	Korea (South)‡	Guam & the Northern	Cayman Is.	Czech Republic
	Liechtenstein	Marianas [^]	Colombia [^]	Dominican
	Malaysia	Iran	Cook Islands	Republic [^]
	Nepal	Japan‡	Germany	Egypt
	Norway	Jordan	Grenada	Estonia
	Oman	Laos	Guatemala	Ethiopia*
	Pakistan	Lebanon	Guernsey	French Guiana
	Qatar	Liberia	Haiti	India
	South Africa	Luxembourg	Iceland	Israel
	Thailand	Mauritania*	Indonesia	Ivory Coast
		Monaco	Iraq	Italy
		Netherlands	Ireland	Jersey
		New Caledonia	Jamaica	Kazakhstan
		New Zealand	Kyrgyzstan	Kenya
		Nigeria	Macedonia	Kuwait
		Poland	Madagascar	Latvia
		Puerto Rico [^]	Malawi	Lithuania
		Saudi Arabia	Mauritius	Maldives
		Slovak Republic	Mongolia	Malta
		Sudan	Mozambique	Mexico [^]
		Switzerland	Papua New	Morocco
		Syria	Guinea	Namibia
		Tonga	Palestine	Panama‡
		Tunisia	Philippines	Paraguay [^]
		Turkey	Samoa	Peru [^]
		UK	Seychelles	Portugal
		Uganda	Slovenia	Reunion Islands
		Uruguay	Spain	Romania
		USA [^] §	St. Lucia	Russia
		US Virgin Is [^] .	St Kitts & Nevis	San Marino
		Vanuatu	St. Vincent	Serbia &
		Yemen	Sweden	Montenegro
		Zambia	Tahiti	Solomon Islands
			Trinidad	Sri Lanka
			Turks & Caicos	Tajikistan
			United Arab	Tanzania
			Emirates	Ukraine
				Uzbekistan
				Vatican City
				Vietnam
				Zimbabwe

- ^ Requires a GSM 1900MHz compatible (tri-band) handset
- † Requires a GSM 850MHz compatible (quad-band) handset
- ‡ Requires a W-CDMA (3G) compatible handset
- § Requires a 3G 850/1900 handset for 3G Roaming
- * SMS services not currently available here

Comparison pricing

ATUG includes these cases studies to indicate the difficulty for end users in trying to compare offers and the unexplained difference in pricing for roaming compared to calling from Australia given that underlying costs do not change and in a competitive market only legitimate Roaming Specific Costs should be added to the domestic price.

The point remains that retail prices for roaming calls are excessive given the underlying costs. This will not be fixed by transparency or end user choice given the limited ability of an end user to leave their domestic carrier and choose an alternate domestic carrier for roaming purposes only – new number, new plan, perhaps new handset.

ATUG hopes that industry will make these cases studies redundant – by moving prices much closer to costs, as would be the case if the roaming services market was competitive. If industry had shown leadership in this market, there will be no need for Government and Regulatory intervention. Small changes now would not be satisfactory – as with the EU the prices need to be moved much closer to costs.

Case Study 1 - UK

Postpaid, Australian user based in UK, roaming calls NOT included in plan caps i.e., additional to monthly cap plan payment, around \$69 per month cap

Optus – UK is Zone 3; 20% discount for Bridge Alliance networks

SMS - \$.75

Call received – \$1.17 pm

Call to UK number (per minute; then per 30 second) \$1.50 pm

Call to non-UK number (per minute; then per 30 second) \$3.30 pm

Comparison Price

Call from Aust mobile in Aust

To UK – 36cpm per 30 seconds plus 27c Flagfall

Vodafone – UK is Zone 3, standard/preferred

SMS – 75c

Call Received - \$1.17 pm

Call to UK number - \$1.65/\$1.49 (60 second min; 30 second increments)

Call to Aust - \$3.35/\$3.02 pm

Call to non-UK/Aust - \$3.75 pm

Comparison Price

Call from Aust mobile in Aust
To UK – mobile or PSTN - \$0.176 pm

3 – Like Home UK

SMS – as per plan
Call received – FREE
Call to UK number - 35c per 30 secs, 25c flagfall
Call to Aust – 35c per 30 secs, 25c flagfall
Call to non-UK – (France) – 75c per 30 secs; 25c flagfall

Telstra

SMS - \$0.46
Telstra charge to receive - 70 cpm
Incoming call airtime -
Call to UK number - 77 cpm (LP lowest price); 40c flagfall
Call to Aust number - \$2.74 pm (LP); 40c flagfall
Call to non-UK - +30% levy by Telstra

Case Study 2 – Vodafone Australian Customer Roaming in NZ

Call NZ number \$1.49 pm
Call to Australia \$3.02 pm
Receive calls \$1.17 pm
Call other than Aust \$3.75 pm
SMS 75c

Case Study 3- Vodafone NZ Customer Roaming in Australia

Call to NZ – standard home rate (79 cpm – You Choose 60 plan)
Call to UK – standard rate plus \$2 pm
Call to US, Asia Pac – standard rate plus \$3 pm
Call to RoW – standard rate plus \$5 pm

Case Study 4 – UK Customer Roaming in Australia

Call to UK
Vodafone Passport – 75pence per call then UK usual rate

Other options for travellers

Skype

Connection fee - \$.059 (ex VAT)
Charged per minute rounded up to minutes i.e. 2m 30 sec charged as 3 minutes.

Skype to Skype free
Skype to UK mobile – 32.8cpm
Skype to UK landline – 2.7cpm
Skype to Aust mobile – 26.4cpm
Skype to Aust landline – 2.7cpm

Phonecards

From UK to (0800 number)

Aust Mobile – 28cpm, no flagfall
Aust landline – 8cpm, no flagfall

From Aust to

UK mobile – 24 cpm, no flagfall
UK landline – 1 cpm, no Flagfall

Case Study 5 – US

Australian customer roaming in US

Optus – US is Zone 3; 20% discount for Bridge Alliance networks

SMS - \$.75
Call received – \$1.17 pm
Call to US number (per minute; then per 30 second) \$1.50 pm
Call to non-US number (per minute; then per 30 second) \$3.30 pm

(Call from Aust mobile in Aust to US –29 cpm per 30 seconds plus 27c flagfall)

Vodafone – US is Zone 2, standard/preferred

SMS – 75c
Call Received – 89cpm
Call to US number - \$1.25/\$1.13 (60 second min; 30 second increments)
Call to Aust - \$2.30/\$2.07 pm
Call to non-US/Aust - \$2.57 pm

(Call from Aust mobile in Aust to US – mobile or PSTN – 14.3c pm)

3 – US is Zone 3

SMS – 60 cents

Call received – 50 cents per 30 seconds

Call to US number - 65c per 30 secs, 25c flagfall

Call to Aust – \$1.50 per 30 secs, 25c flagfall

Call to non-US – \$2.00 per 30 secs; 25c flagfall

Telstra - (Cincinnati Bell)

SMS – 55 cents

Telstra charge to receive - 28 cpm

Incoming call airtime - \$1.27 pm

Call to US number - \$1.27 pm; 40c flagfall

Call to Aust number - \$3.08 pm; 40c flagfall

Call to non-US - +30% levy by Telstra

(Calls from CB Wireless to and from international destinations are US \$1.99 per minute – calls made AND received)

Conclusion

National Governments can and have, including in Australia, taken regulatory action to reduce domestic termination rates.

Action has also been taken by regulators in “single markets” such as the European Union to reduce international roaming charges between countries in the “single market”.

However, in ATUG’s view, international roaming rates remain high and significantly above the cost of such services, to the detriment of end users.

Australia’s regulators have no jurisdiction over termination rates charged in overseas jurisdictions. Therefore, to achieve progress in this area, it is important that the Australian Government take action in the range of international fora in which it participates – both bilateral and multilateral.

This approach is consistent with the Government's stated objective in international telecommunications of improving Australia's trade opportunities through open and effective competition in global trade in communications services.

Action needs to be taken in domestic, and bilateral and multilateral fora simultaneously to ensure the greatest prospects for success.

Principles and outcomes which should be pursued in those discussions and negotiations include international roaming charges being cost-oriented and transparent, which is consistent with principles applying to fixed network interconnection services under the WTO Reference Paper on Telecommunications.

It is also important that the reasonableness and economic feasibility of cost-oriented rates can be justified through proper analysis of relevant information from carriers and broad consultation with interested parties.

Action taken should build on work and analysis already available and not duplicate it, and should consider any specific Australian circumstances.

Australia has significant and mature bilateral relationships with various countries on telecommunications issues ranging from free trade agreements, memoranda of understanding to regular dialogue at the political or bureaucratic level.

These are key ways in which Australia can address its priority issues and increase Australia’s influence in achieving appropriate policy responses.

ATUG suggests that Australia seek to address international roaming issues in free trade agreements that are currently under discussion with China, Japan, Malaysia, Chile, the Gulf Cooperation Council, and between Australia, New Zealand and the Association of Southeast Asian Nations countries and in regular reviews of existing free trade agreements with Singapore, Thailand and the United States.

If action is not practicable in those negotiations or not timely, consideration should be given to separate discussions leading to commitments in memoranda of understanding to address this issue.

Multilateral organisations through which Australia, as a member, actively seeks to influence the international telecommunications environment include APEC (Asia-Pacific Economic Cooperation), ITU (International Telecommunication Union), APT (Asia-Pacific Telecommunity), WTO (World Trade Organisation) and the OECD (Organisation for Economic Cooperation and Development).

Raising issues in APEC (through the APEC Tel Working Group) and OECD as a priority could reap rewards.

APEC operates on a consensus basis with industry and consumer participation alongside government leadership and is able to progress issues relatively quickly in the international environment.

OECD, with its proximity to the EU which has acted in this area, would be in a good position to investigate these issues.