



Northern Ireland
Assembly

Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

European Union Action on Roaming Charges

30 January 2014

We indicated in our proposal that we would like to see roaming charges abolished by 2016. The proposal is in the co-legislative process. It is actively discussed in the European Parliament and, hopefully, soon also by member states in the Council. We do not yet know the outcome of that process, but what we hear and see from the European Parliament seems to confirm that it is very keen on seeing roaming charges abolished. It seems that the 2016 deadline will be confirmed in the legislation. Of course, this is subject to what member states decide.

The problem now is how we get there. We can easily agree politically that roaming charges have to be abolished, but we also have to address the wholesale market and the wholesale cost. That is, at least from our perspective, the biggest question mark in the process. That is all that I can say about our current plans. In the meantime, of course, we keep on following that the roaming 3 regulation is properly implemented. As you know, the price gaps at retail level, which are lowered every year, will be lowered again in July, according to the roaming 3 regulation.

The roaming regulation includes other important elements. One is the introduction of structural measures so that, as of 1 July, a consumer should be able, if there is a commercial offer, to pick up the roaming service separately from the domestic mobile services. Roaming regulation also addresses one of the points that, I believe, you want to discuss today, inadvertent roaming: how to address the situation where people end up roaming involuntarily. They assume that they are using the domestic service, but the signal is taken by an operator in a neighbouring country. There are no strong provisions in the roaming regulation for *[Inaudible.]* calls, but there is some guidance as to how regulators in member states should address it, if such a problem arises, and what measures operators should take. We are aware of the problem, although it seems to be decreasing. Therefore we believe that, on many occasions, perhaps as a result of pressure from the regulators, operators have taken measures to address the issue. Of course, the fact that it has been addressed in most cases has not helped them to meet the problem, and it is something that we are always ready to discuss. We always raise this with national regulators when we become aware of such issues.

That is, more or less, what I can tell you about the roaming rules, and roaming rules in future, from the European perspective.

Mr Flanagan: Are the price caps, which are currently set by Europe, on what operators can charge for roaming, based on a fair reflection of the costs for operators to allow their customers to roam? Where did that figure come from?

Mr Terävä: The starting point is, of course, the estimation of costs. This is what I can say: we are opposed to caps as they are defined because they are results of a political process. Moreover, in its proposal the European Commission always wanted to leave room for competition to evolve. Therefore price caps were never intended to be set at the level of the cost but to serve as a safeguard so that consumers should be comfortable that they are not charged excessively, but, at the same time, leaving room for competition. Unfortunately, competition never evolved, so none of those policies was completely successful.

Mr Flanagan: Have you any information about the difference between a fair charge for roaming, or the cost to an operator to allow someone to roam, and the caps imposed by Europe?

Mr Terävä: By next July you will have a retail cap on voice calls of 19 cents per minute. The wholesale cap is set at level 5, which is 6 cents per minute. There is already a rather big margin between the wholesale and the retail caps. We have also to take into account that the wholesale cap is rather upset by the estimates of the wholesale costs. In reality, the costs are likely to be much below 6 cents. Therefore, I think that one can conclude that roaming charges, even after the next reduction in caps, are way over the real production costs.

Mr Flanagan: OK. Is there any central figure on what roaming charges cost consumers across Europe?

Mr Terävä: The direct answer is that we do not know exactly. Our wholesale caps are based on the estimates made by the Body of European Regulators for Electronic Communications (BEREC). That is the only cost reference that we have, but I think that everybody acknowledges that those costs do not reflect the current situation.

Mr Flanagan: How will roaming work in the single European market? If I travel to France, do I buy a bundle of minutes, text and data from an operator in France? Technically, how will it work for me as a consumer to avoid roaming charges in future?

Mr Terävä: In future, hopefully, if the ambitions of the European Parliament and Commission are adopted in the new legislation, you should be offered a package by your operator in Northern Ireland so that it would not make any difference whether you made a call in Northern Ireland or in France. What we might have, though — it is on the table at the moment — is that some packages could be subject to what we call fair-use conditions or a fair-use clause, so that, in your example, you could use your package in France at Northern Irish prices, but only for a certain amount. If the consumption exceeded that fair use, you would pay more.

The Chairperson: Mr Paul Frew is also the Chair of the Agriculture and Rural Development Committee. Quite a lot of issues around inadvertent roaming are in rural areas in Northern Ireland, particularly along our border areas.

Mr Frew: Thank you for your answers and your time thus far. As the Chair said, we have a land border with the Republic of Ireland, where problems with inadvertent roaming exist. Moreover, if you travel to the north coast, and you are perhaps only 20 or 30 miles from Donegal, the signal will travel across the sea far better than across land, so you are caught with inadvertent charges just by travelling up to the north coast or to other loughs and shores around the country. In your opinion, are the operators who serve us doing enough to protect consumers from inadvertent roaming charges, or are they content to allow people to pay them?

Mr Terävä: They are not doing enough if inadvertent roaming still happens, but, as I said in my intervention at the beginning, the overall situation in Europe is getting better. BEREC follows developments in the roaming markets and produces regular compliance reports. In that context they also look at inadvertent roaming, and their reports clearly indicate that the problem is decreasing. Of course, the operators are responsible, so they should take action in the first place *[Interruption.]*

The Chairperson: Sorry. We cannot hear you very well. The sound is not particularly good.

Mr Terävä: I am trying to speak up and closer to the microphone. I hope that it is better.

The Chairperson: Sorry, it has not improved at all here.

Mr Terävä: Can you hear me now?

The Chairperson: It is quite low. We will check it out at our side. Give us a moment or two and we will get the technology checked out at our side. It seems to be great in theory.

Mr Flanagan: We went over our fair usage policy.

The Chairperson: We will use our mobile phones if we can get the roaming charges dropped a wee bit further.

Mr Frew: There is nothing wrong with the volume on the TV.

Mr Douglas: Can he hear us OK?

The Chairperson: He can hear me, but we cannot hear him.

Mr Douglas: There seems to be a bad connection.

The Assistant Committee Clerk: Assembly Broadcasting will see what it can do. We might have to do with just the audio.

The Chairperson: We will suspend the meeting briefly to see whether we can get our technology sorted.

The Committee suspended at 12.15 pm and resumed at 12.21 pm.

On resuming —

The Chairperson: Mr Terävä, if you can hear us now, we will give it another try.

Mr Terävä: I can hear you very well. Can you hear me?

The Chairperson: Yes, the volume has gone up a wee bit. We will continue with Mr Frew.

Mr Frew: Thank you very much for your patience. However, I have to ask you to repeat your answer. I will remind you that my question was about the operators who serve us and whether they are doing enough to protect consumers from inadvertent roaming.

Mr Terävä: Obviously they are not doing enough about inadvertent roaming, and they need to take further measures. What would those measures be? There are always two sides: there is the neighbouring country operator whose network picks up the signal, and there is the network of the customer in the home country. The first responsibility lies with the operator or the customer who faces the problem. The way to resolve it is to invest in the network capacity so that the signal is strong enough to cover areas close to borders. The first step would be to put pressure on operators to resolve the issue. Indeed, as I said, in the roaming regulations it is the obligation of the national regulatory authority to discuss first with the operators and try to push them to resolve the issue.

Mr Frew: You mentioned the national operators. Do they have sufficient power, and are they willing to clamp down on inadvertent charges?

Mr Terävä: It is always a question of when the operators have sufficient incentives to address problems. I guess that the first answer would be that if the competition is strong enough in the domestic market, operators should take care of their customers; otherwise the customer would switch to another network. I do not know the situation in your market and whether the competition for customers is so fierce that operators should take care of the problem. Obviously not, if it happens on a large scale.

Mr Douglas: Good afternoon. I hope that we are not keeping you from your lunch. I am sure you will agree that Europe is falling behind with the broadband infrastructure, yet there are very high rates of data roaming. What plans are in place to deal with that?

Mr Terävä: Data roaming is part of the roaming discussions. When we talk about lowering roaming charges and eventually getting rid of them, we also include data roaming in the discussions and in the legal provisions. That is a problem. Data roaming has been included in the current roaming regulations, and price caps also apply to date. So, as of July 2014, the maximum price for data roaming will be 20 cents per megabyte. Of course, that is still far above the domestic data rate and would not encourage people to use data when they travel.

At the beginning, I mentioned the structural measures that we have introduced in the roaming regulation. It is one way of addressing the issue, in theory at least. We will have to see how the market develops its offers. It should be possible after July that when you are data roaming, you may use the local network in your visited country, if such a commercial offer is available. Then again, by 2016, if the current proposals are adopted by the European Parliament, data roaming should also be included in the retail package so that you would pay the same domestic price for data roaming as you would pay for voice calls.

Mr Douglas: Thank you very much.

The Chairperson: Thank you. I want to pick up on your evidence to us. We have just looked at the briefing documentation, which I believe you have received, and it shows a big disparity, especially on data roaming charges, among the main operators in Northern Ireland. What would you propose? Perhaps you could outline how you work with the regulator, Ofcom, to ensure that there is parity of service among providers for all consumers here?

Mr Terävä: First, the regulator — in your case, I guess, Ofcom — is obliged to ensure that the roaming rules as set out at the European level are complied with by operators in your market. There

is an understanding that Ofcom is looking closely at those issues. For instance, it has addressed the issue of inadvertent roaming. I am looking at my colleague who is more of an expert in that area. They addressed it in a recent guidance paper that was addressed to the consumer — not so much to operators — on how to avoid inadvertent roaming. Perhaps there is also room for Ofcom to step up, take the way forward and try to push operators to take the problem more seriously.

The Chairperson: Do you wish to ask your colleague to comment on that?

Mr Terävä: No. He believes that I have covered the issues.

The Chairperson: To summarise, you are content that there is ongoing work with Ofcom, but that it is for Ofcom to bring about the harmonisation of charging. Is that what you are saying?

Mr Terävä: I was rather referring to it with regard to roaming. With regard to general charges for data and roaming, of course Ofcom's role is to ensure that operators are compliant with whatever is decided at the European level with regard to pricing. They do not have the power to regulate those products beyond what is agreed at European level.

The Chairperson: There are inconsistencies in charging here. We will ensure that you receive that documentation. I have one other query. I am sure that you have addressed this in your deliberations at European level. You are driving down charges, which is very good for consumers. However, could it be used by the main companies to drive down investment in networks? In the area that I live in and represent, there is minimal mobile-phone signal and service at the best of times. It is an isolated rural area. Have companies indicated or threatened to use the driving down of their profits as an excuse not to invest in areas which would be affected either by roaming or even general service provision?

Mr Terävä: We often hear that argument from operators. They claim that because European legislation drives prices down, they have less to invest in networks. Our answer is that the lowering of roaming revenues should not be used as an excuse not to invest. It cannot be the real reason because although roaming prices are high, they constitute a reasonably small share of overall revenues. At the European level, it is about 5%. Therefore 95% of revenues come from the domestic mobile market. If, in future, they want to satisfy customers who demand more data and better services, they cannot afford not to invest in their networks. We believe that the roaming argument is not convincing.

The Chairperson: OK. Thank you for that. Unless any other member has anything further to add, I will say, Mr Terävä, thank you for your time. I realise that your colleague Mr Whelan had to be called away on urgent business. You can extend our best wishes to him. Inevitably, we will be in touch either by ourselves or through or the Executive. It is a very important issue, and it is important that we keep on top of it. It affects quite a number of people, particularly on an island where there is a border with operators on either side of it.

Mr Terävä: Thank you very much. We were happy to give the information. Hopefully, it has clarified a bit more the situation in the roaming market at the European level and what you can expect in future.

The Chairperson: Thank you. Perhaps we will see if we can get some sort investment from the EU to enhance our capacity to conduct conversations like this one. Thank you for your time.

Mr Terävä: Thank you very much.