

# Customers told to vote with their wallets

IT giants defend higher prices for Australians.



**PRICE ATTACK:** Companies respond to criticisms over high IT costs

**A**pple, Adobe and Microsoft have defended the prices they charge for products sold in Australia, saying customers have the choice not to buy from them if they think they are being ripped off.

Australian representatives for the three IT giants made the comments at a recent public hearing for the inquiry into IT pricing in Australia being conducted by the House of Representatives Communications Committee.

The inquiry is questioning why identical IT hardware and digital products cost more in Australia compared to markets in the United States, United Kingdom and the Asia-Pacific and what can be done to address any disadvantage to Australian consumers.

Apple Australia vice president Tony King said Australian prices for Apple hardware products like the iPad were similar to those charged overseas, but blamed higher prices for digital downloads on music wholesalers.

“The pricing of this digital content is based on the wholesale prices which are set through negotiated contracts with the record labels, movie studios and TV networks,” Mr King said.

“In Australia, they have often set a higher wholesale price than the price of similar content in the United States.”

Adobe’s managing director Paul Robson named the higher cost of doing business in Australia as one reason for often large price discrepancies between regions for the company’s identical, digitally delivered products.

He also said Adobe geo-blocked Australian customers from accessing its US website, which offers much cheaper product prices, because the company wanted consumers to benefit from a local “personalised experience”.

“When customers access the Adobe.com website they can choose to see whichever website they wish to see,” Mr Robson said.

“We automatically try to get them to look at the Australian site, for a number of different reasons.

“There is information that is relevant to the local market in relation

## LATEST

### TAFE REVIEW LAUNCHED

The role of Australia’s Technical and Further Education (TAFE) system in developing skills for the Australian economy will be examined in a new parliamentary inquiry launched by the House of Representatives Education and Employment Committee.

The impact of recent funding cuts to TAFE by some states will also be reviewed, along with the ability of TAFE to create opportunities for Australians to better themselves and their life and employment prospects.

The committee will look at TAFE’s effectiveness in delivering employment opportunities to support regions, communities and disadvantaged individuals through its skills and training programs.

The inquiry will also investigate TAFE’s operation in a competitive training market.

The terms of reference for the inquiry say the TAFE system has played a crucial role in the training and development of thousands of Australians.

“TAFEs provide a critical pathway to training and skills which are increasingly needed to access employment,” the terms of reference state. “They also play a critical role in regions and in providing access for disadvantaged groups.” •

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## NEWS

to Australian based pricing and other content and information.

“That content is a richer and more personalised experience for an Australian consumer than they would get if they accessed a webpage that was in another language or for another country.”

But committee member Ed Husic (Chifley, NSW) challenged Adobe’s claims that Australians were charged thousands of dollars more for some download products because of personalisation for the Australian market.

“It is very hard for me to see how your programs are personalised or contextualised for the Australian market,” Mr Husic said.

“They are effectively the same product and they are not really much different. So I do not know why Australian consumers are charged over \$1,000 more for your product here when there does not seem to be much localisation.”

However managing director of Microsoft Australia Pip Marlow supported Adobe’s arguments, stating Microsoft operates differently to meet the varied needs and expectations of markets across the globe.

“At Microsoft, while we operate in over 100 countries around the world, we don’t operate on a single, global model,” Ms Marlow said.

“In fact the countries that we operate in are very different and therefore the way that we compete and the way we deliver products and services every day in those countries can be quite unique.”

Ms Marlow said Microsoft would continue to seek to provide value for money through innovation and ensuring their products meet the needs of their millions of customers in Australia.

“We’re going to continue to look at the competition we have, we’re going to continue to innovate our products because we hope that the 17 million Australians that use our products are getting value from them and are making the choice to purchase our products,” she said.

“Ultimately our customers have choice and, at the end of the day, if we price our products too high our consumers will vote with their wallets and we will see our sales decline.” ●

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ALL ABOARD: Cruise industry gets serious about safety

## Cruise industry on board with safety

Brimble tragedy a wake-up call.

**S**afety standards on cruise ships in Australia have been lifted considerably since the 2002 death of Dianne Brimble on board a P&O ship, representatives of the industry have told a parliamentary inquiry into crimes at sea.

Chief executive of the Australian arm of global cruise giant Carnival Australia, Ann Sherry, said the Brimble tragedy was a wake-up call for the whole industry, welcoming the inquiry as an opportunity to spell out the safety improvements made for passengers since then.

“I think they’re probably less vulnerable on the ships than they are anywhere else actually, because we’re monitoring what happens on the ships, we’re very focused on making sure that everyone has a great holiday and safety and security is our mantra on-board so I would say that you’re probably much

more secure on board a ship than you are anywhere else,” Ms Sherry said.

The head of security for the Royal Caribbean cruise line, Michael Giglia, told MPs recent changes to United States laws have also improved safety for passengers.

“The cruise vessel security and safety act – a federal law passed in the US, sometimes known as the Kerry act – requires that all of our ships have at least one person certified in a very specific course in crime reporting and evidence preservation,” Mr Giglia said.

“So every one of our chief security officers and deputy security officers must complete this government-mandated course and be certified in order for a vessel to be allowed into United States ports... it’s easier for us to train all of our security officers regardless of what port they are going to.”

Social Policy and Legal Affairs Committee deputy chair Dr Sharman