

**COMMUNICATIONS
ALLIANCE LTD**



ACMA ISSUE FOR COMMENT 45/2012:
*PROPOSAL TO EXEMPT FOUR TYPES OF SHORT-DIGIT
ACCESS CODES FROM THE ANNUAL NUMBERING
CHARGE*

COMMUNICATIONS ALLIANCE SUBMISSION
DECEMBER 2012

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INTRODUCTION

Communications Alliance is pleased to have the opportunity to provide this submission in response to the ACMA issue for comment 45/2012 on the proposal to exempt four types of short-digit access codes from the annual numbering charge, including the proposed *Telecommunications (Annual Charge) Amendment Determination 2012 (No. 1)* and the proposed *Telecommunications Numbering Plan Variation 2012 (No.2)*.

About Communications Alliance

Communications Alliance is the primary telecommunications industry body in Australia. Its membership is drawn from a wide cross-section of the communications industry, including carriers, carriage and internet service providers, content providers, equipment vendors, IT companies, consultants and business groups.

Its vision is to provide a unified voice for the telecommunications industry and to lead it into the next generation of converging networks, technologies and services. The prime mission of Communications Alliance is to promote the growth of the Australian communications industry and the protection of consumer interests by fostering the highest standards of business ethics and behaviour through industry self governance. For more details about Communications Alliance, see <http://www.commsalliance.com.au>.

SECTION 1 - Summary

1.1 Background

While the ACMA has proposed to proceed with removing the selected short-digit access codes from the Annual Numbering Charge (ANC) on the basis that these charges may act as a barrier to market entry by new participants, it is important to note there are other alternatives for a CSP to enter the telecommunications market without incurring the annual cost of a Carriage Service Provider Identification Code (CSP ID Code). These arrangements include wholesale provider based arrangements already available that facilitate smaller retail voice providers avoiding these costs.

The proposed changes will benefit some existing CSPs with a reduction in their ANC but at the same time other existing CSPs will be penalised. Consequently there are diverse industry views as to when the implementation should start as it will impact on already established CSP financial budgets if the changes are implemented in 2013. At the same time there is an industry consensus view that no existing CSP should be financially worse off in the short term as a consequence of short digit access codes being removed from the ANC.

1.2 Recommendations

The main recommendations in this submission are that:

- The ACMA implement a set of specific CSP ID Code allocation rules before making any variation to the Numbering Plan;
- The ACMA contact all affected CSPs before the proposed changes come into effect and advise of the approximate change in the charges applicable to them;
- The variation be implemented so that CSPs can budget for any increase in these charges; and
- The ACMA work with industry to assist those CSPs that will be financially disadvantaged and to make available numbering charge credit relief in the first year.

This submission also proposes some draft industry rules for CSP ID Code allocations for consideration by the ACMA.

SECTION 2 - ALLOCATION OF 14XY SPECIAL SERVICE NUMBERS

2.1 Limit the allocation of 14XY special service numbers

A limited resource requiring rules for allocation

CSP ID codes, also known as special service numbers beginning with 14XY, are by virtue of their limited availability (ninety numbers only, of which eighteen are already allocated) a limited resource. The effect of removing these numbers from the Annual Numbering Charge (ANC) and making them free has the strong potential to significantly increase the numbers of CSPs applying for these numbers with an underlying intent to monopolise and monetise what is a scarce resource. Without strict rules in place to govern allocation arrangements there is real scope for available spare numbers to be depleted very quickly.

While the proposed *Numbering Plan Variation 2012 (No. 2)* under section 6.21 provides for some broad allocation rules, industry is of the view these are insufficient and there is a need for more specific rules to be in place before making any changes to the Numbering Plan. Industry is also of the view that in the absence of such rules there is a real risk that available CSP ID Codes could be depleted very quickly, and without adequate provisions to require CSPs return codes that are not being used.

Reasons for industry concerns.

Recent experience with administratively allocated 18 and 13 numbers indicates that some parties have been prepared to seek allocation of numbers with a view to further trading in those numbers for profit. If that same action was taken in relation to CSP ID Codes this could create an artificial shortage that would delay the entry of new service providers adding costs for existing and new service providers. Industry seeks that the ACMA undertake some analysis to determine whether these increased costs to industry would outweigh the benefits of not charging CSPs for these types of numbers.

Industry is also proposing the ACMA give consideration to adopting the proposed set of rules outlined in Section 4.

Industry recommends the ACMA implement a set of specific CSP ID Code allocation rules before making any variation to the Numbering Plan.

SECTION 3 - CONSIDERATION OF THE FINANCIAL IMPACT ON CSPs OF REMOVING THE FOUR TYPES OF SHORT CODES FROM THE ANC

It is understood that the proposed changes to exempt the selected CSP ID Codes from Annual Numbering Charges will have negative financial consequences for some existing CSPs. It is apparent that the financial impact on CSPs had not been considered by the ACMA. Industry has estimated the proposed change to exempt the four types of short-digit access codes from the ANC will necessitate that approximately \$3.4 million in existing numbering charges associated with these short digit codes will need to be redistributed across other numbering ranges attracting number charges.

Many CSPs who have been paying the annual \$100,000 per short digit access code for many years will have an additional cost imposed on them. The ACMA should consult with industry on how this impact can be minimised including the option of providing credit relief to affected CSPs.

It appears that the proposed variation makes no provision for information to be provided to CSPs who will be negatively affected in financial terms by these changes. Industry believes it is fair and reasonable that the ACMA inform the affected CSPs so they can budget the extra cost at the start of an annual numbering tax cycle, and not close to the end of a cycle as the ACMA has proposed. Because of the additional cost some CSPs will incur, the ACMA should also provide them with numbering charge credit relief.

Industry recommends:

- The ACMA contact all affected CSPs before the proposed changes come into effect and advise of the approximate change in the charges applicable to them;
- The variation be implemented so that CSPs can budget for any increase in these charges; and
- The ACMA work with industry to assist those CSPs that will be financially disadvantaged and to make available numbering charge credit relief in the first year.

SECTION 4 - PROPOSED DRAFT INDUSTRY RULES FOR CSP ID CODE (14XY) ALLOCATIONS

Communications Alliance proposes the following draft rules for CSP ID Code allocations for consideration by the ACMA.

1. The process for allocating of CSP ID codes should require the following:
 - a. The CSP involved applies to reserve a CSP ID.
 - b. Reserved CSP IDs are then allocated on a provisional basis.
 - c. The CSP then proceeds to agree interconnect arrangements on the basis of the reserved CSP ID.
 - d. When interconnect arrangements are agreed with at least 3 major service providers, then the CSP ID can be formally allocated for use by that CSP¹.
2. The CSP (either existing or new entrant) must demonstrate to the ACMA they have a genuine need for a CSP ID Code (e.g. approved business case/business plan, or contractual interconnection arrangements/MoU, etc.).
 - a. A maximum of two CSP ID Codes per CSP Group² under normal circumstances, e.g. one existing and one more.
 - b. Any CSP requesting a second or subsequent CSP ID Code must demonstrate why it is needed and it should be implemented within 6 months of allocation.
 - c. Any request by a CSP for additional CSP ID Codes after two have been allocated to that CSP needs to be justified (e.g. business case, demonstration of genuine need).
 - d. Mergers/acquisitions that lead to more than two CSP ID Codes per company need to be accommodated as a special case e.g. by temporary relief for 12 months.
3. Recognising CSP ID Codes are a limited resource³, allocation processes require in built review mechanisms to avoid depletion of available numbers.

¹ It should be noted that the network conditioning process to rollout a new CSP ID Code (i.e. a 14XY number) into existing carrier networks will not start until the CSP ID Code has been allocated.

² CSP Group means the CSP and any related Body Corporate.

- a. Review the allocation process for CSP ID Codes when a 75% utilisation threshold is met (Industry does not want the expense of establishing a new number range e.g. 15xx).
 - b. Utilisation – CSP ID Codes must be utilised within 12 months. If not utilised the CSP ID Code needs to be returned or the CSP should justify an extension. The maximum period to utilise the CSP ID Code including any extension shall be 24 months.
 - c. Where the predetermined review allocation threshold (75%) of CSP ID Codes is reached, the ACMA should have the right to seek return of unused CSP ID Codes based on 'not in use' rules and where the CSP is not able to provide definitive dates for activation, even within the application of the prescribed 12 month 'use it or lose it' threshold period.
4. Any CSP that hands back or is required to return inactive CSP ID Code(s) should not be allowed to apply for another CSP ID Code for a minimum period of 12 months.
 5. An alternative/additional option is to include a return fee for unused and returned CSP ID Codes. This would act as an incentive to promote genuine need for a CSP ID Code and as a disincentive for hoarding.

SECTION 5 - CONCLUSION

Communications Alliance members believe it is in the interest of all stakeholders, including consumers of telecommunications services, to ensure that CSP ID Codes are used efficiently and that the most effective way of achieving this outcome is the implementation of robust allocation rules governing allocation and usage.

Industry is available to work with the ACMA to refine the proposed draft allocation rules as outlined above.

³ There are currently 18 CSP ID in use and 72 spare.



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