

# **COMMUNICATIONS ALLIANCE**

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## **Australian Mobile Telecommunications Association (AMTA)**

### **Position Paper**

#### **Numbering: Allocation and charging of numbers (Consultation Paper 3)**

**3 June 2011**

Communications Alliance and the Australian Mobile Telecommunications Association (Associations) and their members welcome the opportunity to offer their comments in response to the ACMA Consultation Paper 3, "Numbering: Allocation and charging of numbers" (Consultation Paper). The comments offered are high-level.

#### **Regulatory Framework and Objectives**

- 1 The Consultation Paper, like its two predecessors, names the principles of efficiency, flexibility, resilience, and simplicity and transparency as guides for the ACMA's considerations regarding the regulation of numbering. The Associations note that whilst those principles certainly are worthwhile pursuing, the overriding objective should be the promotion of competition to deliver lasting consumer benefits.
- 2 The Consultation Paper (like the previous Papers) goes into a considerable amount of detail on numerous issues around numbering. However, the Consultation Paper does not lay out a clear set of outcomes or a transition path for the Numbering Plan. Industry is interested to look at such a transition path to increase certainty in the market for new entrants as well as for CSPs planning the management of a transition to an NBN environment.
- 3 The Associations also note that in many instances an answer to a question raised in the Consultation Paper is already addressed in the information provided in the Consultation Paper. For example, although the Consultation Paper raises the question of scarcity of numbers, it goes on to state that numbers are not a scarce resource.
- 4 The Associations welcome this opportunity to review the Numbering Plan as a whole and examine the underlying principles. While most of the information is contained in the Numbering Plan, for historical reasons piecemeal changes have occurred over time to the Plan as Industry

evolved without full consideration to constituency information. An examination of the structure of the Numbering Plan is timely. Industry would however like to see priority given to practical issues, including for example:

- a. The management of the Numbering Plan
- b. The allocation and use of numbers
  - Bringing to conclusion the review of shared numbers.
  - Application of consistent enforcement of the Numbering Plan's rules.
- c. Quarantine issues
  - Allow for greater flexibility to be able to release numbers from quarantine where the most recent rights of use holder requests use of the number within the quarantine period.
  - Allow for consideration of the quarantine arrangements for pre-paid services where a number has not been used for a period of time that may be a large portion of or longer than the required quarantine period.
- d. The smartnumbers® auction process
  - Allow for greater flexibility of the smartnumbers® auction process to assist customers who have obtained the number through this process but have incorrectly advertised a wrong number, and where such error could be corrected in time.
  - Streamline the smartnumbers® auction process.

## **Management of the Numbering Plan**

- 5 The Associations believe that the management of the Numbering Plan by an Industry not-for-profit organisation could provide for an efficient and effective alternative to the current ACMA-governed management approach. In this scenario, the ACMA would still have an important role as the regulator in the final registration of variations and the enforcement of compliance with the Numbering Plan. This concept is similar to the current arrangements of Industry-created and managed Codes and Standards. The US example referred to in the Consultation Paper illustrates that this approach has been pursued successfully by major nations.
- 6 Under Industry management, the Numbering Plan could evolve into several industry Codes, with the ACMA still retaining regulatory control while placing Industry in a better position to manage number resources efficiently and handle operational issues as they arise in an ever-changing environment.

## **Allocation and Use of Numbers**

- 7 The Associations believe that the management of numbering allocation could be more efficiently provided by an Industry not-for-profit organisation which could provide for an efficient and effective alternative to the current ACMA arrangements.
- 8 Carriage Service Providers (CSP) will have different network capabilities and requirements. A number allocation process managed by Industry can take into consideration any legacy PSTN limitations such as number block sizes. Industry notes that the environment will be changing with the introduction of the NBN and while Industry does not want to re-engineer legacy networks. Industry recognises the need to allow for a transition to an IP/NBN environment for both new and existing industry players.
- 9 The current block allocation arrangements for numbers are effective and integrated into existing network configurations and processes. The block allocation for geographic and mobile numbers ought to be retained until the majority of services on the PSTN have been transitioned across to an IP based network (such as the NBN). Any changes to block allocation arrangements will have a significant impact on existing operator networks.
- 10 Industry supports the practice of sub-allocation of numbers from one CSP to another as an efficient use of geographic numbers under certain conditions. This reasonably flexible approach allows smaller CSPs to operate and deliver services to customers.
- 11 The current block allocation process of numbers can be improved for CSPs that regularly/frequently require large quantities of mobile numbers or geographic numbers in major capital cities. Consideration ought to be given to review procedures to potentially allow CSPs to reserve a range of numbers to enable more efficient network conditioning practices. This could be based on agreed guidelines taking into account forecast needs, network conditioning and the prevention of hoarding. Note that the reservation process could ultimately be overridden should a shortage of numbers occur.
- 12 The use of shared numbers is an area that requires further review and clearer guidelines on number use and the impacts across CSPs.

## **Quarantine**

- 13 The Associations feel that there ought to be greater flexibility regarding quarantine periods for numbers used for pre-paid services. For example, where such a number is only used for a short time (e.g. for an overseas traveller visiting Australia) and subsequently is not used for several months, quarantine arrangements ought to provide for greater flexibility of releasing those numbers from quarantine where CSPs have the capability to differentiate numbers used for pre-paid services from those used for post-paid services.
- 14 The Associations also note that there ought to be greater flexibility regarding release of numbers from quarantine, where the person requesting release was the most recent rights of use holder for the number and requires the number again for personal or business use and without limits to the customer's choice of service provider.

## **The value of numbers**

- 15 The Associations do not agree that numbers are a public resource; instead Industry contends that the Numbering Plan is the resource. We support the need and importance of an Australian Numbering Plan, and its enforcement by the ACMA. However it is not essential for the Plan to be managed by the ACMA. CSPs use the Plan as a resource to supply customers with a service. The current processes to manage the Plan are too cumbersome and do not meet the needs of Industry or consumers in a modern telecommunications environment.
- 16 The Associations agree with the Consultation Paper that numbers are not a scarce resource. With regards to mobile numbers capacity will still be available for many more years before scarcity concerns were to arise and even in that case other number ranges such as 05, 06 or 09 could be used to satisfy an increased demand.
- 17 Therefore, the Associations are of the opinion that the assumption of scarcity of numbers ought not to be used as a key principle in the calculation of the value of numbers. Instead, Industry believes that a scheme of cost recovery of efficient number management and allocation constitutes a more appropriate basis for the charging of numbers.
- 18 If Industry were to manage the Numbering Plan and number allocation, arrangements could be made to recover costs in relation to the efficiency of the number management. The Associations contend that the annual numbering charge does not find its foundation in the real value of numbers that are agreed not to be scarce. If numbers are assumed not to be scarce, their value must be derived from some other basis, and this basis ought to be set out clearly prior to deriving an annual numbering charge.
- 19 The Associations note that the *Portfolio Budget Statements 2011-12, Budget Related Paper No 1.3, Broadband, Communications and the Digital Economy Portfolio (p. 120)* lists the Annual Number Charge under Taxation Revenue. The Associations concur with the view that in its current form the Annual Number Charge constitutes a tax.
- 20 The addressing schemes used in the internet are more and more popular and more services are delivered via IP addresses. This means the value of public numbers as tools to deliver services is diminishing and will continue to do so in the future.

## **The smartnumbers® Auction Process**

- 21 It would be inappropriate for the ACMA to make changes to the existing Freephone and Local Rate Number (FRLN) administration or smartnumbers® allocation rules. Many CSPs have made substantial investments in the smartnumbers® process and any changes would unfairly disadvantage those CSPs. The Associations suggest that the remaining numbers could be placed into the INMS and numbers be placed into the smartnumbers® process where end users want to obtain extended rights of use. The smartnumbers® process would then be utilised by persons who wish to obtain enduring rights of use over a number. As indicated, the smartnumbers® process has already allocated numbers perceived to have high value and we therefore do not see any substantive impact on the smartnumbers® business case.

- 22 Industry feels that the current auctioning process for FLRN is too inflexible. Industry contends that the ACMA ought to put in place a quick and flexible rectification process (to allocate the correct number for a limited period) to swiftly deal with cases of a genuine error made on part of the end-user or the CSP (e.g. a number has been advised incorrectly, marketing material has been printed and distributed etc.).

## **Conclusion**

The Associations are happy to discuss further any considerations regarding our suggestion of moving the management of the Numbering Plan and number allocation to an Industry body. We believe that while this would be a fundamental change, it would be in the best interests of Industry and consumers to make such a change.

Our members will continue to engage constructively with the ACMA and all other stakeholders to further develop the Australian telecommunications environment and the Associations are happy to discuss further any of the suggestions and comments raised in this position paper.