# GEOGRAPHIC TELEPHONE NUMBERS

**18/02/11**

## INTRODUCTION

Cable&Wireless Worldwide welcomes the opportunity to respond to Ofcom's consultation entitled Geographic Telephone Numbers.

In general Cable&Wireless Worldwide is supportive of the measures Ofcom is proposing in an area sensitive to changes which often prove to be expensive and are particularly troublesome where there is a perception that their efficacy is short-lived.

We agree that Ofcom's proposal to close local dialling in areas where there is number scarcity is proportionate and effectively targeted. Similarly we are supportive of the use of overlay codes but only when they are introduced a substantial period after local dialling has been removed and there remains no other efficient mechanism of controlling allocations in order to meet demand. As we have stated in previous submissions to Ofcom, our view has consistently been that overlay codes distort competition both between communication providers and between consumers of telecoms, and present a potential cause for serious consumer confusion. Any introduction of overlay codes should only be as a last resort, where the only other remaining option would be the disproportionately high costs of number change.

Cable&Wireless Worldwide opposes the widespread use of 100-number blocks due to potential unforeseen consequences caused by limitations to network decode capabilities across industry's various network infrastructures. We are confident however that the selective use of 100-number blocks is something which Cable&Wireless Worldwide is able to support. We re-iterate that this is on a limited scale and should not be viewed as support for a more general implementation.

Cable&Wireless Worldwide would naturally prefer not to have to pay for its allocation of numbers in areas of scarcity. However we believe the economic arguments delineated by Ofcom and the evidence from other countries where charging exists to be compelling and we do not believe that any other approach will generate Ofcom or industry the necessary incentives to conserve numbering resources prior to the need for a widespread introduction of overlay codes or disruptive number change. In such an instance Cable&Wireless Worldwide reluctantly accepts the introduction of charging.

Ofcom proposes several measures which serve to tighten its own level of due diligence when allocating numbers and we welcome such steps that are achievable within the existing administrative timescales. In isolation these are not sufficient to remove the need for the additional measures proposed, but we do believe that they represent an equally vital component for managing future number allocation.

# QUESTIONS

**1. DO YOU HAVE ANY COMMENTS ON THE OBJECTIVES AND APPROACH TO THIS REVIEW OF GEOGRAPHIC NUMBER MANAGEMENT? DO YOU AGREE WITH THE POLICY PRINCIPLES THAT WE CONSIDER SHOULD INFORM THE REVIEW?**

Cable&Wireless Worldwide broadly agrees with Ofcom's stated objectives and with the approach that has been used in this consultation. We do however believe that there are some omissions to the stated objectives which should also be considered:

- *Number allocation processes support competition and innovation.*
  This objective is intended to ensure that numbering policy does not adversely impact competition. We believe there to be scope for expansion upon two levels:

  Firstly within the telecoms sector not only must Ofcom ensure that numbering decisions do not favour one Communication Provider over another in the retail market, but also that there are no unintended consequences in the operation of other wholesale calls markets that provide the foundation for retail competition; for example adversely impacting the operation of the transit markets. For example if a new entrant Communication Provider was to be heavily incentivised to obtain a suballocated number holding, and Cable&Wireless Worldwide wasn't active in that market (perhaps due to porting concerns not being resolved) but BT (as an example) was; by encouraging the new entrant towards suballocation, Ofcom has defacto nudged them

into using BT as their transit provider, as realistically the said Communications Provider wouldn't connect to two transit networks.

Furthermore, in the (hypothetical) situation of a pure transit network, who had no numbers of their own, it defacto becomes that you can't be a transit network unless you have stocks of numbers to suballocate, which the transit network cannot have as they have no retail customers.

Secondly in the wider market Ofcom must take care that consumer discrimination does not take place where one group of end-users has familiar and easily-accessible numbers while others are given allocations that are less instantly recognisable or less user-friendly.

- We believe that it is important that Ofcom references an objective to ensure that numbering policy does not provide incentives for Communication Providers to discourage customers using Number Portability and hence inadvertently increase number demand.

- Ofcom should acknowledge the linkage between numbering and routeing, and the consequent potential impact that changes can have on the various markets for the said routeing.

**2. DO YOU AGREE THAT WE SHOULD NOT CONSIDER FURTHER AT THIS STAGE OPTIONS THAT WOULD CHANGE EXISTING NUMBERS?**

Cable&Wireless Worldwide welcomes the acknowledgement that changes to existing numbers, are far from desirable. We have discussed with Ofcom the costs of previous number change activity in previous submissions. We welcome Ofcom's decision not to pursue radical number changes at this juncture.

There is however an exception to this rule; that is ranges where five-digit local numbers are still in use in four digit area codes: these ranges should be changed to conform with the norm of six-digit local numbers. Five-digit local numbers are an outdated anomaly, and where they exist in areas of number scarcity, Ofcom should not consider the closure of local dialling or the introduction of an overlay code prior to migration of the affected areas to a uniform six-digit number structure. We've noted that Bolton (01204), Blackburn (01254) and Lancaster (01524) all have 5 digit local numbers. Whilst migrating area codes such as these to six-digits will not accommodate all future demand, it will defer the need to introduce other conservation measures and should be used as a first step ahead of the closure of local dialling and subsequent introduction of overlay codes.

**3. DO YOU AGREE THAT LOCAL SOLUTIONS ARE APPROPRIATE BASED ON OUR CURRENT FORECASTS OF ANTICIPATED REQUIREMENT OF MORE NUMBERS?**

Yes, we agree that a local-based solution is the most appropriate approach in the context of the current requirement forecasts and in light of the unnecessary disruption Ofcom cites, but we caution that this should be done within a common framework. Ofcom's current proposals offer this through a number of stages: closing local dialling followed by overlay codes and the introduction of measurement criteria against which to judge the need for such actions. Similarly the proposal to merge areas with five-digit area codes with those having a four-digit code brings these locations into alignment with the basic framework.

In addition it is important that from a communications and project management perspective, the measures should be similarly structured and introduced in a batched approach. That is not to suggest a nationwide campaign, but rather recognition that it is more cost efficient to orchestrate a finite number of common campaigns with local messaging than it is to initiate independent campaigns for each location. Similarly for many networks it will allow any network changes to be made to switches in a coherent manner reflective of the network topography rather than requiring repeat visits to the same switches.

**4. DO YOU AGREE WITH OUR ASSESSMENT OF THE OPTIONS FOR PROVIDING NEW SUPPLIES OF NUMBERS IN FOUR-DIGIT CODE AREAS, AS PRESENTED IN SECTION 4 AND IN ANNEX 3?**

Yes, Cable&Wireless Worldwide completely agrees with Ofcom's assessment.

It is only Option 1's plans to close local dialling and to introduce an overlay code later if necessary, that offers a pro-competitive approach and thereby satisfies Ofcom's objectives. Option 1 alone provides a solution that avoids undesirable differentiation between customers on the old and new dialling codes, as full national numbers are used for dialling in all cases. Given the time period that will exist between the closure of local dialling and the introduction of overlay codes, the usage of local dialling will largely be forgotten by the time the latter occurs.

In contrast Option 2 to allow an overlay code whilst keeping symmetric local dialling open clearly discriminates against those customers with new numbers as they would only be able to call a few other numbers with local dialling and thereby fails Ofcom's objective to support competition. As these numbers would typically be given out only to Communication Providers currently without large stocks of existing numbers the overlay code would prove to be anti-competitive by favouring incumbent operators over any new-entrants.

Cable&Wireless Worldwide does not consider Option 3's asymmetric local dialling as being a valid option. The potential for consumer confusion is far too great and we struggle to understand how consumers could be effectively educated to understand that placing a call to their own number in its local form would actually lead to it connecting to a different End-User who had that number in the original 01 area code. We believe that this option is fundamentally unworkable.

Option 4 to introduce an overlay code and to simultaneously close local dialling suffers in comparison to Option 1, as it means that the numbers yielded from closing local dialling would largely be redundant as they will not actually be utilised. Instead allocations would most likely come from the overlay code instead. Furthermore, the blame for the "culture shock" of having to dial a full national number would be laid at the door of customers given a new area code

number. We believe that there would also be communications issues, particularly in relation to mis-dialled numbers. For example were a caller with a number from the new overlay code to dial a local number it would be unclear as to their intention; was it to call the overlay code and dialled number, or the existing code and dialled number? In circumstances of such confusion operators would not be able to second guess the intended destination and hence would be unable to provide a meaningful automated announcement.

**5. DO YOU AGREE THAT CLOSING LOCAL DIALLING FOLLOWED, IF NECESSARY, BY THE INTRODUCTION OF AN OVERLAY CODE SHOULD BE THE PREFERRED OPTION FOR PROVIDING NEW SUPPLIES OF NUMBERS IN FOUR-DIGIT AREAS THAT MAY NEED THEM? PLEASE GIVE REASONS FOR YOUR ANSWERS, AND PROVIDE EVIDENCE WHERE POSSIBLE.**

Yes, despite our reservations in relation to overlay codes, we believe that the proposal to close local dialling and then to only introduce overlay codes at a much later point when further scarcity occurs represents the best available solution.

**6. ARE THERE ANY OTHER NUMBER SUPPLY MEASURES THAT WE SHOULD CONSIDER FOR FOUR-DIGIT AREAS?**

As stated in response to question 2, for Bolton, Blackburn and Lancaster we believe that the existing , five-digit local numbers should be converted to six-digit numbers ahead of any closure of local dialling. We understand that such a move would yield 40 x 1k blocks in Bolton, 90 in Blackburn and 50 in Lancaster.

**7. DO YOU AGREE THAT WE SHOULD MERGE FIVE-DIGIT CODES WITH FOUR-DIGIT CODES TO CREATE NEW SUPPLIES IN FIVE-DIGIT CODE AREAS THAT NEED THEM? DO YOU HAVE ANY COMMENT ON OUR ASSESSMENT OF THE IMPACTS OF THE OPTIONS WE HAVE CONSIDERED? IF SO, PLEASE PROVIDE RELEVANT EVIDENCE WHERE POSSIBLE.**

Cable&Wireless Worldwide agrees with Option 2's proposal to merge areas with five-digit area codes with the corresponding four-digit codes rather than the Option 1 approach of maintaining the five-digit code and closing local dialling ahead of any requirement for an overlay code. We

believe these codes to be an anachronism, reflective of past approaches which for some reason were not removed in the GPO days or since. For example, historically St. Helens was 0744 with six-digit numbers while Rainford was 074488 with 4 digit local numbers. This was amalgamated into a single code decades ago, in essence using the approach described and similarly Millom (022977) was subsumed under Barrow (0229). While there was probably a logic for not similarly re-organising the outstanding five-digit area codes at the time, it is a mystery what that logic was and it is now time to normalise the situation.

In addition we do not believe that there exists any real concerns should the merger of codes result in non-contiguous area codes. We note that this situation has already occurred with 023 (Portsmouth and Southampton) and does not as far as we are aware seem to have created any problems.

**8. ARE THERE ANY OTHER NUMBER SUPPLY MEASURES THAT WE SHOULD CONSIDER FOR FIVE-DIGIT AREAS?**

No, we believe that Ofcom has considered all of the relevant measures.

**9. DO YOU AGREE WITH OUR CONSIDERATIONS AND PRELIMINARY CONCLUSIONS ON HOW NEW SUPPLIES OF NUMBERS SHOULD BE PROVIDED WHERE THEY ARE REQUIRED?**

Yes we fully support Ofcom's considerations and conclusions as to how new supplies of numbers should be allocated. We welcome the trigger based mechanism and staged approach through the merger of area codes and closure of local dialling before finally introducing overlay codes.

**10. DO YOU HAVE ANY COMMENTS ON HOW THE IMPLEMENTATION OF NUMBER SUPPLY MEASURES SHOULD BE PLANNED?**

Cable&Wireless Worldwide believes that the proposal to form an industry group, consisting of both Communication Providers and Ofcom is a logical and appropriate step. We believe that industry's involvement is vital to help direct the logistics of implementation and to help inform

any proposed industry communications campaign. If it is felt that such a communications campaign is necessary, we believe that due consideration should be given to utilising some of the revenues received from the proposed 'number tax'.

**11. HOW LONG DO YOU CONSIDER THAT CPS WOULD NEED TO PLAN THE IMPLEMENTATION OF THE PREFERRED OPTIONS FOR FOUR- AND FIVE-DIGIT AREAS?**

If planning were to commence in mid-2011 Cable&Wireless Worldwide believes that it may be realistic to consider implementation in late 2012 / early 2013.

This timescale is based partly upon an issue in relation to the programming of certain Customer Premises Equipment (CPE). Whilst this is not on the scale of the last National Code & Number Change, we still anticipate that there will be a need to make updates to CPE prior to the closure of local dialling.

In the particular case where PBXs (and other least cost routeing devices) use Indirect Access services, the common approach is for the PBX/LCR to process local-dialled numbers by prefixing with both the IDA code and the area code. This routine would have to be removed, but there are fundamental issues about when this will occur. If carried out prior to the closure of local dialling, then the customer would either prematurely lose the ability to locally dial (if the routine is amended to bar calls to locally dialled numbers), or have their calls complete via the wrong operator (if the routine is amended to pass calls to locally dialled numbers through transparently). If carried out post the closure of local dialling, then the customers affected would be able to continue to place calls to locally dialled numbers after the date that publicity states they can't. This implies that the change will need to be carried out as close as possible to the date of closure of local dialling, an exercise that will require substantial co-ordination with the PBX maintenance community.

**12. IF YOU ARE A CP, WHAT COSTS DO YOU CONSIDER THAT YOUR COMPANY WOULD INCUR IF THE PREFERRED OPTIONS FOR FOUR- AND FIVE-DIGIT AREAS WERE IMPLEMENTED?**

It is not possible for us to accurately provide figures at this stage in the absence of a detailed business case; however we do not believe that the requirements would be material enough to preclude the prospect of pursuing this strategy.

**13. SHOULD WE RESERVE A LIMITED AMOUNT OF NUMBERS FOR ALLOCATION IN BLOCKS OF 100 NUMBERS IN AREA CODES WHERE IT IS FEASIBLE TO DO SO?**

Cable&Wireless Worldwide is able to agree to this proposal, but only on the understanding that such an allocation is limited to a trial basis at this stage until the full issues with implementation are fully understood. We do not support the extension of hundred blocks to the generality of allocations and refer Ofcom to our responses to the pre-consultation information requests.

**14. WHAT CRITERIA, IF ANY, IN ADDITION TO A 'FIRST-COME FIRST-SERVED' BASIS SHOULD BE USED FOR ALLOCATING SUCH BLOCKS OF 100 NUMBERS TO PROVIDERS?**

We believe that Ofcom should give due consideration to the needs of the operator requesting the number allocation. 100 block allocations clearly have a part to play in Ofcom's long-term proposals where number block exhaustion is imminent. However the difference in requirements between different types of Communication Provider and their customers needs to be recognised. 100 block allocations may be ideal for a VoIP operator simply desiring national coverage; however the needs of our customers are often quite different involving genuine need for number multiples of 10s to 1000s. Where Cable&Wireless Worldwide is able to provide demonstrable evidence of a need for hundreds or even thousands of numbers for a large corporate customer this requirement must be given due consideration.

Where operators intend to have limited connectivity to the PSTN for the foreseeable future e.g. they intend to only connect to a single transit Communication Provider rather than having connectivity to a wide number of Communications Providers there would be benefit from taking

the chosen transit provider into account. We cover this in more detail in response to question 15.

**15. SHOULD THE GEOGRAPHIC EXTENT OF SUCH ALLOCATIONS BE LIMITED TO THE SEVEN AREAS CURRENTLY FORECAST TO RUN OUT OF NUMBERS FOR ALLOCATION BEFORE 2015? (I.E. BLACKPOOL (01253); BOURNEMOUTH (01202); BRADFORD (01274); BRIGHTON (01273); DERBY (01332); LANGHOLM (013873) AND MIDDLESBROUGH (01642))**

Yes, Cable&Wireless Worldwide strongly favours a limited allocation, with a view to extending the approach to other areas only when they have less than x pre-defined blocks available. We propose that 100-number blocks should be in a distinct range (ideally 10k) used solely for that purpose, rather than initially making use of isolated 1000-number blocks that are returned from other Communication Providers. Consideration should be given to asking questions as to how the Communication Provider intends to use the block and intelligently assigning on that basis; for example by putting all 100-blocks for Communication Providers that intend to use BT as their transit provider into one 1k grouping and those that intend to use Cable&Wireless Worldwide into another. This may not be maintainable long-term (inevitably Communication Providers could change their mind regarding their transit partner), but if it did persist it would simplify routeing for all other operators.

**16. DO YOU CONSIDER THAT THERE ARE ANY TECHNICAL OBSTACLES CURRENTLY TO THE EFFECTIVE SHARING OF NUMBER BLOCKS BY CPS AND TO SUB-ALLOCATION? HOW COULD WE USEFULLY ADDRESS THOSE OBSTACLES?**

Cable&Wireless Worldwide agrees that there is nothing insurmountable in the promulgation of number block sub-allocation, however we find the consultation's consideration of this area to be superficial. The issues arising cannot be left to the market to decide, and regulatory guidance / oversight is required. Notable issues are caused by the inextricable link between numbering and routeing which isn't acknowledged in the consultation document. We have highlighted some of the main issues below:

a) Sub-allocation necessarily means that (absent a database such as ENUM) calls are routed to the rangeholder and then passed to the suballocatee. This means carriage across the rangeholder is mandatory. Who pays for this transit network? It could be the originator (i.e. the rangeholder sets a higher termination rate for sub-allocated numbers) or the suballocatee (i.e. the terminator gets less than full termination rate). If the suballocatee pays, this will discourage suballocation, and it needs to be acknowledged that as rangeholder Communication Provider termination rates are likely to fall to LES rate and with LES rate itself likely to fall substantially further under EU proposals, there is the real prospect that the suballocatee will receive a negligible termination payment (if anything at all). If the originator pays, then realistically there is probably a need to have regulation (if only a cap) on the level of fees charged by the rangeholder for traversing their network.

b) Given a suballocatee will probably take numbers from a variety of geographic locations, and will likely possess a small network, hence have a limited number of interconnects with rangeholder, it is likely that the optimal handover point for the sub-allocated numbers into the rangeholder's network could be at a different location than for the generality of the ranges in question. Can the rangeholder recover costs if handover from originator is in wrong location? What is a reasonable level of granularity of routeing to demand of originators?

c) If numbers are exported, are they ported from the rangeholder's network or from the suballocatee's? How is order handling facilitated? Is the ordering point the rangeholder, or suballocatee? This is particularly relevant in cases where the provider of an internet-based VoIP service may not regard themselves as being subject to Ofcom regulation.

d) Given import will probably go hand-in-hand with export, what arrangements will apply for the small Communication Provider (without their own number ranges) to import numbers when they don't possess an interconnect with the exporter of the numbers? It implies that the rangeholder becomes a GNP transit network. At present only BT offer this capability, and it is we believe unique in UK telecoms that cascade accounting doesn't apply. When other networks have to provide GNP transit, we question whether there is an expectation that

they do things on the same basis as BT, or could cascade accounting be applied? What if other Communication Providers refuse to route their traffic via a transit network? If numbers are ported between two small Communication Providers, there is a likelihood that BT's GNP-transit capability would need to be concatenated with that of another's (such as Cable&Wireless Worldwide): how would this work? Who deals with the agreement of NP routeing data (PDIs etc)?

Ofcom's analysis is correct that there is nothing that is insurmountable, but simply saying that doesn't resolve the issues outlined above. If sub-allocation is to be encouraged in an efficient and workable manner Cable&Wireless Worldwide believes that Ofcom needs to fully engage with industry in resolving these issues. The multi-lateral nature of the decisions required implies that Ofcom will need to oversee the solution design.

**17. WHAT ARE YOUR VIEWS ON THE CONCEPT, PRACTICALITIES AND IMPLICATIONS OF INTRODUCING A RESERVATION SYSTEM FOR GEOGRAPHIC NUMBERS?**

Cable&Wireless Worldwide agrees with the reservation proposals. Provided the reservation process does not fundamentally impact existing industry timescales for acquiring new numbers where there is a definable need, we believe that it represents a sensible proposal and the type of due diligence expected when Ofcom allocates number ranges to new Communications Providers.

**18. DO YOU HAVE ANY COMMENTS ON OUR PROPOSED SCOPE OF ADDITIONAL AUDITS?**

Cable&Wireless Worldwide recognises the importance of regular audits to Ofcom's chosen approach. These are however resource intensive exercises and not just a case of running automated reports particularly as greater granularity of number is sought. The effort required to produce such data must be recognised through the available timescales and we refer Ofcom to our comments made as part of the pre-consultation. The numbering teams are a vital resource-constrained front line component of our business which cannot be made available to audit at short notice. We expect such difficulties exist across industry. We request that Ofcom

endeavours to provide industry with as much notice as possible and strongly urge that a schedule is provided to industry setting out when the audits will be conducted and giving an indication of the level of information required. We believe a similar approach should be used for the reclamation of any number blocks following such an audit.

**19. DO YOU AGREE WITH THE HIGH LEVEL OBJECTIVES PROPOSED FOR THE CHARGING REGIME?**

Cable&Wireless Worldwide agrees that the three high-level objectives Ofcom has set out: to promote efficient use; minimise competitive distortion and minimise negative consumer impact are appropriate and we reluctantly acknowledge that charging may be necessary to allow Ofcom to meet its objective.

**20. DO YOU ENVISAGE THAT SUB-ALLOCATION WOULD INCREASE IF NUMBER CHARGING IS INTRODUCED? DO YOU HAVE ANY COMMENTS ON OUR ANALYSIS OF BARRIERS TO SUCCESSFUL USE OF SUB-ALLOCATION?**

Cable&Wireless Worldwide agrees that charging for number allocations is likely to lead to an increase in sub-allocation of number ranges. However this remains entirely dependent on the issues set out in response to question 16 being resolved. If they remain unresolved we do not believe that the widespread increase in sub-allocation will occur because the costs to an individual Communication Provider of securing agreement for each of the aspects will far outweigh the revenues achievable by suballocation.

**21. DO YOU AGREE WITH OUR VIEW ON HOW CHARGES COULD BE SET? IF NOT, PLEASE PROPOSE AN ALTERNATIVE APPROACH WITH SUPPORTING EVIDENCE.**

Cable&Wireless Worldwide agrees that Ofcom has proposed a workable means by which charges for the allocation of numbers could be set. Whilst we note that the costs Ofcom proposes are per number low, we note that for operators with substantial number holdings and indeed for Ofcom itself the total sums are substantial. Ofcom has referenced European NRA's precedents to justify the level of charge and it appears to be just above the average, however we note that the average calculation is skewed by a few NRA's charging substantially more than

their peers. Despite this Cable&Wireless Worldwide is supportive of the suggested charges provided:

a) Funds from the 'number tax' are allocated towards the communications campaign associated with the necessary supply-side measures, and
b) Any excess is used to transparently reduce the Ofcom administration fees for any Communication Provider holding geographic numbers.

It is important for the charging scheme's credibility that Ofcom introduces a mechanism which is demonstrably linked to the benefits of number conservation rather than associated with revenue generation. This is also true of any subsequent increases beyond the pilot period. Cable&Wireless Worldwide expects any future increase to be justified for increased numbering reclamation efficiencies rather than recognition of the gains to be made from an increase to an alternative revenue stream for Ofcom.

**22. DO YOU AGREE WITH OUR PREFERRED OPTION FOR CHARGING FOR GEOGRAPHIC NUMBERS? (I.E. OPTION 2 PILOT SCHEME: CHARGE A FLAT RATE OF 10P PER NUMBER PER ANNUM IN AREA CODES WITH 100 OR FEWER BLOCKS OF 1,000 NUMBERS (NO CHARGE FOR OTHER AREAS). IF NOT, PLEASE STATE YOUR REASONED PREFERENCE.**

Yes, Cable&Wireless Worldwide agrees with Ofcom's preferred option. We caution that there exists a small chance that it will drive suboptimal usage of numbering plan (e.g. customers in an area of shortage being "bounced" by their Communication Provider into taking a number from an adjoining area in order to reduce the Communication Provider's costs) which would serve to dilute the correlation between number range and geographic location; however we do not believe that this should preclude Ofcom's preferred approach.

**23. DO YOU AGREE THAT THE THRESHOLD FOR INCLUDING AN AREA CODE WITHIN THE PILOT SCHEME SHOULD BE 100 OR FEWER 1,000-NUMBER BLOCKS REMAINING TO ALLOCATE? IF NOT, PLEASE STATE YOUR PREFERRED THRESHOLD AND REASONS.**

We agree that a threshold of a hundred or fewer 1000-number blocks is a suitable point at which numbering charges should be introduced. However we are concerned that Ofcom seems to have overlooked that a threshold should be used in order to remove the application of charging; e.g. once an overlay code is introduced and the shortage disappears the charges should be disapplied.

Were Ofcom to employ the same threshold for the removal of charging as application of it, we would expect the implication to be that charging wouldn't apply for a period after the local dialling plan is closed (since as many as two thousand blocks would be created by closing local dialling).

**24. DO YOU AGREE WITH THE PROPOSED LEVEL OF THE CHARGE (I.E.10P PER NUMBER PER ANNUM)?**

As mentioned previously, we are unconvinced that Ofcom's chosen charge is justified by the benchmarking exercise against other NRAs. Ofcom's evidence for justification of the 10p per number per year charge appears light and the final figure appears arbitrarily selected for being a round number as much as for any other reason. However, we do not believe it to be an unreasonable amount, and we trust that empirical evidence about the effect on demand (and supply if it leads to codes being returned) will be amassed during the pilot scheme in order to validate and refine the charging mechanism and any associated reductions in other relevant fees.

**25. ARE THERE ANY OTHER INCREMENTAL ADMINISTRATIVE COSTS LIKELY TO BE INCURRED BY CPS IN RELATION TO NUMBER CHARGING? CAN YOU ESTIMATE THE MAGNITUDE OF ANY SUCH COSTS?**

Cable&Wireless Worldwide envisages that there will be additional costs for industry generated by Ofcom's decision to introduce charging for numbers. Each operator will incur additional costs by the need to:

a) Validate Ofcom's bill
b) Onward bill charges to suballocatees (potentially both retail & wholesale)
c) Onward bill recipient networks in case of Number Portability
d) Validate a rangeholder's bill in case of Number Portability

At this stage it is not possible to fully quantify the extent of these costs. We expect it to be possible to provide a more robust cost analysis based around the pilot scheme. We would also welcome more information as to how Ofcom intends to invoice operators for their allocations and whether this will be linked to the annual Ofcom admin fee or to the audit schedule.

Cable&Wireless Worldwide notes the consideration in the consultation around the level of charges that rangeholder networks would be allowed to levy on recipient networks. While accepting Ofcom's analysis and conclusions, we would caution that in the case of an inefficient rangeholder and efficient recipient Communication Provider (from a numbering utilisation standpoint), there could be an incentive on the recipient to encourage customers to take new "native" numbers rather than port their existing number from the rangeholder, as this would result in lower costs for the recipient Communication Provider. This would have the perverse effect of meaning more numbers were used in the location with a numbering shortage. We consider that the backstop of 20% being lowest permissible assumed utilisation (i.e. most rangeholder can charge recipient is 50p/number) will probably prevent this, but believe that Ofcom will need to monitor the situation and raise the 20% figure if it is shown to be insufficient.

We also refer back to the need to ensure that numbering changes do not inadvertently incentivise behaviour which undermines the porting process. In the scenario of a Communications Provider with an ill-utilised 10k block, were they to gain a new customer there would be no marginal cost of allocating a number from the existing block holding as the numbers are already held, already incurring charges and can not be returned to Ofcom due to

the poor distribution of usage. However were the new customer to be allowed to have a ported number, the marginal cost is e.g. 30-50p per year as both the rangeholder and Ofcom (for the block already held) need to be paid. There is a real danger that customers could be "persuaded" not to port their number and hence number charging serves to undermine the porting process.

**26. DO YOU AGREE THAT WE SHOULD NOT PURSUE A POLICY OF CHARGING FOR GOLDEN GEOGRAPHIC NUMBERS? IF YOU DO NOT AGREE, PLEASE PROVIDE YOUR REASONING.**

Cable&Wireless Worldwide agrees that there should be no requirement to charge for Golden Geographic numbers (over and above the charges for any other number).