



T-Mobile and Orange Joint Venture response to Ofcom consultation document:

Harmonised European numbers for services of social value

Adding two new numbers to the 116 number range in the UK including proposed
modification to the National Telephone Numbering Plan (6 April 2010)

17 May 2010

This response is being submitted on behalf of both T-Mobile and Orange.

We welcome the opportunity to respond Ofcom's consultation which proposes designating 116006 to be used to access 'helpline for victims of crime' as a 'Freephone' number and 116117 to be used to access 'non-emergency medical on-call service' as a 'Free to caller' number.

We are both socially responsible companies who already provide free to caller access to various charity helplines and free to caller access to Department for Work and Pensions helplines. We fully support the invaluable work of the organisations providing the services behind these numbers, as well as the European Commission's aim to make these numbers available across all Member States. However, we do have concerns about the wholesale charging structure that applies to the 116 numbers.

As Ofcom is fully aware, the pricing model for calls that involve no charge to the caller differs from that for chargeable calls. For zero rated calls, including the 116 numbers that are designated by Ofcom as being 'Free to caller', there is no retail call revenue for us as originating networks to recover our costs or from which to make a payment to the terminating network. We should not be required to subsidise the costs of these calls. Those costs must therefore be recovered at the other end of the value chain, from the service provider. However, we were recently notified by BT, through a change in BT's Carrier Price List, that the origination payment made to the originator of a 116 call has been set at the standard 'Freephone' level of 0.6481ppm (daytime), 0.2967ppm (evening) and 0.2336ppm (weekend). This is based on the costs of originating a call on a fixed network rather than a mobile network and, as Ofcom knows, the costs of call origination on a mobile network are considerably higher than those on a fixed network. The origination payment offered by BT would mean that we are unable to recover our efficient costs of mobile origination and we would be forced to suffer a financial loss for every call made to the numbers. This is not an acceptable situation.

Ofcom acknowledges in its consultation (2.15) that *"Provision may be subsidised by the communications provider terminating the call, although communications providers are not obliged to carry calls to '116' numbers at their own expense."* Indeed, the EU Decision is clear on this point (a principle that Ofcom acknowledges in its consultation (2.14):

*In order to reflect the social function of the services in question, the harmonised numbers should be freephone numbers, **without this meaning that operators would be obliged to carry calls to 116 numbers at their own expense**¹.*

Also in its February 2009 statement² Ofcom says the following: -

¹Recital 3, Commission Decision of 15 February 2007 on reserving the national numbering range beginning with '116' for harmonised numbers for harmonised services of social value http://eur-lex.europa.eu/LexUriServ/site/en/oj/2007/L_049/L_04920070217en00300033.pdf

² 'Harmonised European Numbers for Services of Social Value: Allocation and charging arrangements for 116 numbers in the UK including modifications to the National Telephone Numbering Plan, General Condition 17 and the access code application form - 20 February 2009'

(5.18) *“However, there are always costs incurred in carrying calls and if the caller does not pay, these costs need to be recovered from elsewhere. Generally, the recipient of the free call pays to receive the call, i.e. the service provider. **Costs for receiving calls vary, but are usually higher when the call originates from a mobile phone. The upshot of this is that it is costly for service providers to offer ‘freephone’ services and even more costly to offer ‘free to caller’ services.** Therefore when considering charging arrangements for ‘116’ numbers, we need to bear in mind the financial burden on the service provider and the consequence that a ‘free to caller’ arrangement could result in no suitable service providers emerging that could fund a 116 ‘free to caller’ service.”*

Where we provide access to other zero rated numbers, we do so by choice and it is a decision that we make commercially and as socially responsible organisations. In those cases we are prepared to absorb the costs. However, in the case of the 116 numbers, where it is mandated by the EU and Ofcom that certain services are of extreme social value and should be designated as ‘Free to caller’, we find ourselves forced into a loss making situation as a result of BT’s charging. T-Mobile has written to BT and requested that it amends its price list to recognise the increased costs of mobile origination in order that we are not forced to suffer losses.

Given the Commission’s clear position on cost recovery in the Commission Decision and given that Ofcom recognises that calls from mobile incur higher call origination costs it must ensure that, while it continues to designate numbers as ‘Free to caller’³, originating networks are able to recover their efficiently incurred costs of origination for calls to those numbers in full.

We recognise that an increase in origination payment may result in a cost increase to the service provider and that in some cases these providers may be charities. We have corporate and social responsibility policies and with that in mind we will be willing to discuss such cost increases with the affected service providers. However, we are of the opinion that the origination fee paid by BT must cover our costs and that any subsidy offered by us towards a charitable service provider is a decision for us and not BT.

On a wider note, T-Mobile and Orange note that 116 numbers are not included in Ofcom’s recently published ‘call for input’ into the review of non-geographic call services. NTS numbers are non-geographic numbers that do not relate to a specific fixed location, but instead relate to a particular service used by organisations and individuals to provide access to a wide range of services including helplines. Our view is that by definition 116 numbers should be included within the scope of Ofcom’s review.

³ (5.17) *“While ‘free to caller’ furthers the interests of consumers in terms of call cost and tariff transparency, we are conscious that it represents a significant intervention in the market, in that it sets the absolute tariff at which originating communications must charge for calls. For certain services considered to be of extreme social value, it is important to remove any barriers to making the call in times of need. These barriers include payment for calls and the understanding of pre-call announcements. We consider that the benefits in terms of promoting the interests of citizens and consumers when they find themselves in situations where they need to call services of extreme social value are paramount. As such, this is considered a proportionate intervention.”* ‘Harmonised European Numbers for Services of Social Value: Allocation and charging arrangements for 116 numbers in the UK including modifications to the National Telephone Numbering Plan, General Condition 17 and the access code application form - 20 February 2009’