

25 July 2022

The Manager
Numbers Section
Australian Communications and Media Authority
PO Box 13112
Law Courts Melbourne 8010
By email: numbering@acma.gov.au

Dear Eve,

RE: DRAFT TELECOMMUNICATIONS (NUMBERING CHARGES) (ALLOCATION CHARGE) AMENDMENT DETERMINATION 2022 (NO. 1) – CONSULTATION PAPER (PAPER)

Optus welcomes the opportunity to provide input to the Consultation Paper and, as stated in the Paper, addresses both the new fees set out in the draft Telecommunications (Numbering Charges (Allocation Charge) Amendment Determination 2022 (no.1) and the Telecommunications (Charges) Determination 2022.

Optus is concerned the proposed new fee of \$57 will price many new customers out of the free and local rate number (FLRN) market and so harm the long term viability of these services by either promoting the hoarding of FLRNs or incentivising companies to look for cheaper alternatives e.g., mobile numbers, to perform the same function which is arguably contrary to the purposes of FLRNs in the Australian Numbering Plan.

FEE INCREASE WILL ADVERSELY AFFECT THE VIABILITY OF THE FLRN MARKET

The ACMA should acknowledge the challenges for the FLRN market when proposing new fees for the next 2 years. The FLRN market makes a small profit for Optus and so any fee increase will affect the viability of these services. Optus has invested in the market and has strong relationships with its customer base. Nevertheless, the proposed increase of \$22 (or 62.9%) to the allocation cost of \$35 is not sustainable in the medium to long term for our customers.

We also think it is very likely the estimated targets and assumptions in the ACMA model may also not be achievable as the increased fees will reduce demand thereby putting more cost pressure on the market and worsening the cost recovery efforts.

FEE INCREASE DISPROPORTIONATELY AFFECTS FLRN NUMBER ALLOCATIONS

As FLRNs are allocated individually, rather than in blocks, the fee increase has a higher proportional increase on the unit cost of each FLRN than for geographic and mobile numbers. For example, as noted in Table 2 of the Paper, the model requires 28,287 transactions annually to effectively recover costs of which 25,025 or 88.5% relate to individual FLRN and PRNs allocations. In the same period, the model requires 7 allocations of mobile numbers and 55 allocations of geographic numbers.

Optus's view is that the noted spike in demand was due to a change in the use of FLRNs, using them in a disposable fashion to enable web-based tracking. It seems unlikely that the price increase will generate the stated 25% spike in demand prior to the introduction.

FEE INCREASE FOR REGISTERING TO ACCESS SMARTNUMBERS® IS A CONSUMER DISINCENTIVE

Increasing the fee for consumers to register to use the *smartnumbers*® website for EROU applicants to apply for the initial allocation of an unassigned unallocated *smartnumbers*® is a further disincentive for consumers. It seems to be a punitive practice to apply a fee to access the system and then a further fee to acquire the EROU itself. Optus would recommend removing the initial fee for applicants to gain system access. In most cases for a consumer, it would be a one-off activity to purchase the EROU for a business.

CONSIDER ALTERNATIVE MODELS TO RECOVER COSTS IN THE FUTURE

Optus understands that allocating numbers individually is a function of the way the ACMA allocates FLRNs to maximise the value of each individual number as opposed to allocating numbers in blocks. We also recognise the practical difficulty in changing the allocation process to blocks rather than

individual numbers given the ACMA manages the number pool, auctions FLNRs and the Numbering System has been built to allocate numbers individually.

Nevertheless, if the ACMA proceeds with the proposed fee increase we would welcome further discussions with the ACMA to ensure that allocation fees, as they affect FLNRs, can be managed on a more sustainable framework. We envisage this work would include assurances that the ACMA is making every effort to ensure Zoak's costs are justifiable and efficient so that unnecessary costs are not passed on to industry and therefore customers.

Optus also endorses the Communications Alliance submission recommending the ACMA urgently perform a holistic review carrier and numbering related charges. Optus agrees such a review will support a more sustainable and equitable charging regime that recognises changes in the FLNR market where customer demand is declining.

We're happy to provide further information if you require.

Regards,



Luke van Hooft
Head of Regulatory