



# Number portability: a choice issue

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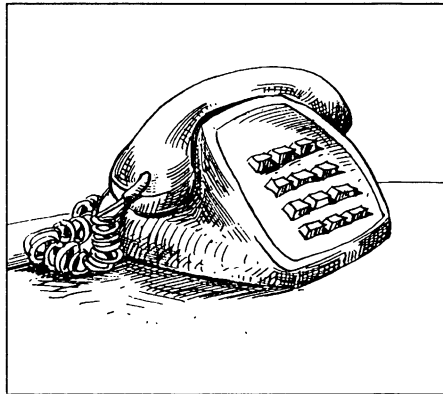
### Number portability = choice

Number portability is all about customer choice. In a competitive telecommunications market place, customers have the opportunity to choose which deliverer of telecommunications services best suits their needs. Having decided that another service deliverer (that is, carrier or service provider) best suits their needs, what real choice is available to them when changing carrier is conditional on changing an existing telephone number?

Customer choice in telecommunications might be on the basis of the price of a call, level of service, provision of supplementary services or even the appeal of advertising. Consumers may have the freedom to choose their telecommunications service deliverer, however, at present, for many people that freedom is somewhat curtailed. Currently, while consumers are able to move freely from one service deliverer to another for provision of certain telecommunications services, they do so at the loss of their established telephone number.

### Why it is necessary

Number portability will enable consumers to change service deliverers while retaining their existing telephone number. The benefit of promotion and advertising of a business telephone number is invaluable. The cost of updating and advertising a new number, changing signage and stationery and the potential loss of custom is immeasurable and acts as a significant disincentive for existing business subscribers to take full advantage of a competitive telecommunications market. Re-



tention of an existing residential number is no less important to many domestic subscribers.

### AUSTEL's efforts

AUSTEL's pro-competitive charter, which aims to ensure fair, efficient and equitable market conduct consistent with consumer interests, has been a major plank in the implementation process for number portability.

AUSTEL is actively pursuing the implementation of number portability because it delivers:

- benefits to customers from access to, and a wider choice of, new and innovative telecommunication services without the costs associated with changing telephone numbers;
- improved prospects for competing service deliverers to attract customers from competitors; and
- greater prospects for competition in telecommunication services by removing a significant barrier to new players.

A key initial step was AUSTEL's commissioning of a comprehensive study into the consumer benefits of number portability. The report documented benefits to consumers and identified key services for which the introduction of number portability is desirable.

The study found that the main benefits of number portability will be lower prices due to greater competitive pressure and supported by an easier change of service deliverer. The extent of consumer benefits for the introduction of number portability were found to be greatest for local number portability, followed by digital mobile (GSM), universal personal telecommunications (05 services), customer determined special network and information services (13, 1300) and freephone services (1800).

The outcomes of this study formed the catalyst for AUSTEL to accelerate the pace of number portability implementation, particularly with respect to local number portability where the annual benefits were estimated to be in the vicinity of \$2 billion.

### Target services

The promotion of competition, customer choice, and removal of barriers to entry are the key issues driving AUSTEL's support for number portability implementation for a local, digital mobile, freephone 1800 and 13 and 1300 services. AUSTEL recognises the critical role that telecommunications plays in domestic and international markets and promotes an open, fair and competitive communications environment in Australia.

AUSTEL's intention is that universal personal communications (an example of which is Telstra's Telepath™ currently being trialed) will also be subject to number portability implementation once such a service has been established, and within twelve months of the introduction of competition for these services. Portability of telephone numbers from one local exchange to another (where, for in-



stance, a customer moves across town) has not at this stage been given priority. AUSTEL's research has identified that consumers place a high significance in the value of locational identification of geographic numbers and this type of portability would put that system at risk. Portability of this nature, however, is generally available within local exchange boundaries.

## Local number portability

By now, a large proportion of Australian telephone subscribers have been presented with a ballot to exercise their option to preselect either Optus or Telstra to carry their long distance telephone calls. However, in exercising this choice, consumers did *not* have to consider changing their existing telephone number, as this service is only associated with outbound calls. A key principle of number portability, however, is the ability of a customer to choose between service deliverers for the supply of local telecommunications services (in and out bound calls) and retain their existing telephone number.

Optus recently launched its local telephone service to complement its provision of long distance and international calls.

AUSTEL has been mindful of the need to provide for customer choice in this situation and, in June 1995, outlined its objectives for local number portability, with the goal that arrangements might be in place in some areas by late 1996; followed by an area-by-area implementation.

Over recent years, local number portability has been a 'hot topic' in telecommunications circles around the world. Implementation in the UK commenced in August 1996 on a limited area basis, following protracted debate, research and a ruling from the Monopolies and Merger Commission. Subscribers to telephone services in the UK are among the first in the world to be able to change service deliverers and retain their existing telephone number. Although only currently avail-

able in a very limited area, recent significant developments in the USA will see the introduction of local number portability into pilot regions within the next six months or so. AUSTEL and the Australian telecommunications industry are keenly observing the progress being made in the UK, USA and other countries such as Finland and Hong Kong towards the introduction of local number portability for a range of telecommunications services.

## Digital mobile services

To date, no country has successfully implemented number portability for digital mobile services. Australia is at the forefront in its desire to achieve number portability for this service and is actively studying and developing solutions. In proactively pursuing a solution to digital mobile number portability, AUSTEL is particularly mindful that analogue mobile customers are able to change service deliverers and retain their analogue numbers, because there is only one network which was established by Telstra with capacity resold to Optus and other service providers.

### **AUSTEL's pro-competitive charter has been a major plank in the implementation process for number portability.**

As a direct result of this flexibility in analogue services, mobile customers logically expect service deliverer portability in digital mobile networks. The provision of digital mobile number portability, however, offers operational, administrative and technical challenges which, although being actively pursued, are yet to be resolved.

Several options to enable this feature are being canvassed by AUSTEL and industry representatives on AUSTEL's Digital Mobile Number Portability Implementation Planning Group. AUSTEL's goal for number portability for digital mobile services

is that it be implemented as soon as practically possible.

## 1800/13 Services

Businesses subscribing to freephone (1800) and customer determined special network services (13, 1300) are also faced with the prospect of conditional choice. Currently, they cannot change their service deliverer without also changing their 1800, 13 or 1300 telephone number, many of which have gained customer recognition through high promotional costs. The lack of number portability locks businesses into charges and levels of service being delivered by their initial service deliverer, and hinders the ability to swap to new service deliverers and to new competitive offers. Industry representatives are currently assessing proposals from a range of companies to establish a reference database administered by an independent body which will enable, by early 1997, number portability for these services.

## The next stage

AUSTEL views number portability for the target telecommunications services as an essential component of the post June 1997 telecommunications environment. AUSTEL has taken the issue of number portability for target services from a concept, propelled it into the decision making process of the telecommunication industry and, for local and 1800/13 services, brought it to the brink of implementation.

AUSTEL is closely attuned to the community and business interests in the objectives of number portability, and has an in-principle commitment to its introduction for a range of telecommunications services in the earliest possible timeframe. The challenge is for the Australian telecommunications industry to meet this objective in a timely manner through the delivery of fair, efficient and equitable market conditions. □