

Number Portability Wholesale Charges

Responses to Further Consultation & Decision

March 2010

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1 INTRODUCTION

In August 2009 the Malta Communications Authority (hereafter "MCA") consulted with operators of Publicly Available Telephone Services (hereafter "PATs") to provide feedback on revised Number Portability Wholesale Charges based on a comparative benchmarking exercise with other EU countries. This exercise resulted in a proposed decrease of approximately 30% from the current charges depicted in the 'Charging for Number Portability' document published in March 2006. These charges had in turn been based on the criteria established in the Report on Consultation and Decision "*Introducing Number Portability in Malta*" published by the MCA in March 2005.

Operators were given the opportunity to comment on the proposed charges to the MCA by the 14th August 2009, and in case of disagreement with the proposed revised charges to submit their own proposals backed up with detailed workings by the 18th September 2009 (which timeframe was subsequently extended to 25th September 2009).

Following the responses received from the of the above mentioned consultation, the MCA decided to publish a Further Consultation and proposed decision with the intention to:

- give an overview of the submitted responses,
- propose a change to the March 2005 decision to include the possibility for donor operators to charge for unsuccessful portings,
- propose significantly re-revised Number Portability Wholesale charging rates.

The decisions listed in the following sections within this document shall be reflected in the "Charging for Number Portability" specification update and the "Introducing Number Portability in Malta" report on Consultation and Decision.

2 RESPONSES TO THE CONSULTATION AND FURTHER CONSULTATION

The consultation period with PATS operators on the proposed charges for wholesale number portability ran from 4 August 2009 to 25 September 2009 while that for the Further Consultation & Proposed Decision ran from 30 December 2009 to 12 February 2010.

Feedback on the original consultation was received from:

- Aspider Solutions Malta;
- Go Group;
- Melita Group;
- Redtouch Fone;
- Sky Telecom;
- Solutions & Infrastructure Services;
- Vodafone Malta Ltd.

Feedback on the Further Consultation & Proposed Decision was received from:

- Melita plc;
- Vodafone Malta Ltd;

The MCA wishes to thank all these parties for their feedback.

3 THE ORIGINAL SITUATION

The Number Portability wholesale charges that were first applicable to both Mobile and Fixed Number Portability were established upon the implementation of Number Portability (NP) in Malta back in 2006. These charges were based on a 'rough benchmarking' exercise undertaken during the various steering group meetings prior to the introduction of this service. Since then, these NP wholesale charges had never been revised.

Type of Charge	Charge
Porting of a single mobile pre-pay number	€9.32
Porting of a single mobile post-pay number	€13.98
Porting of a single fixed number (non-PRA)	€16.31
Porting of a single fixed PRA number	€46.59
Porting of a DDI number	€116.47
Porting of a freephone number	€16.31

Table 1: Original NP Wholesale charges

These charges were set originally in Maltese Lira and this accounts for the charges not being rounded to the nearest Euro.

Decision 6 of the Report on Consultation and Decision "Introducing Number Portability in Malta" published by the MCA in March 2005 on the criteria for NP charges stated that:

- *Each operator affected by number portability shall bear its own set-up costs,*
- *The donor operator shall not charge the porting subscriber for requesting number portability,*
- *The donor operator and the block operator may charge the recipient operator for the reasonable recurring costs of each successful porting transaction, these costs shall be justified, on request, to the satisfaction of the MCA,*
- *The recipient operator may charge the subscriber for requesting number portability,*
- *Operators may waive their rights to charges or simplify/modify these arrangements by mutual agreement and with the consent in writing of the MCA."*

In the "Charging for Number Portability" specification the MCA had included further detail on the criteria the donor may charge the recipient operator for number portability as follows:

"The donor may charge the recipient a single charge for each successful porting transaction. This charge should be based on the following costs:

- The costs of the checks necessary to respond to the Authorisation Request and the Instruction Request, and in the case of the fixed operators also the Finalisation Request.*
- The manpower for operating the porting contact centre and operating the webservice.*
- The costs of applying and managing the network changes, ie the cost of changing data in switches.*

The costs charged shall be based on the cost of efficient processes."

The charges set by the MCA were not mandatory but the MCA allowed that:

"an operator may:

- Use the charges set out in table 1 without calculating exact costs, or*
- Use the same charges as another operator to achieve a reciprocal arrangement between any two operators without calculating the exact costs, or*
- Propose a cost based tariff where they may calculate the costs of successful portings by multiplying the costs of all portings by the proportion of successful ones.*

Operators may decide to waive charges to reduce administrative costs. This should be done in a non-discriminatory manner but charges may always be waived if the volumes of portings between two operators is similar."

4 SUMMARY OF THE INITIAL PROPOSED REVISIONS

As previously mentioned in the introduction to this document, in August 2009 the Authority proposed the revised rates found in Table 2 below, showing a reduction of approximately 30% on the current charges.

This proposal was made following an updated comparative benchmarking exercise with other EU countries.

Type of Charge	Charge
Porting of a single mobile pre-pay number	€6.50
Porting of a single mobile post-pay number	€9.75
Porting of a single fixed number (non-PRA)	€11.50
Porting of a single fixed PRA number	€32.50
Porting of a DDI number	€82.00
Porting of a freephone number	€11.50

Table 2: Proposed revised charges

4.1 Responses received from operators

The responses received by the MCA on the first consultation are being summarised as follows:

- One of the operators agreed with the revised proposals from MCA.
- Another operator provided a detailed breakdown of timeframes and workstreams for each part of its fixed porting processes. These workings resulted in claimed costs which are even higher than the current applicable NP Wholesale charges (before the MCA's revised benchmarking exercise). The respondent submitted that at least the current charges should remain unchanged.

Some of the activities that were included in this operator's workings consisted of additional overhead costs not directly related to Number Portability, and also included activities normally associated with closure of an account. On the basis of the Decision Notice published in March 2005 these costs would be ineligible.

- An operator commented that the process is largely automated and that the applicable costs pertain to porting support and IT personnel providing maintenance and support.

The estimated proposed costs by the operators based on this criteria are:

	Prepaid mobile	Post paid mobile	Single fixed line
Porting	€0.621	€0.994	€1.863
IT support	€0.530	€0.530	€0.530
Total	€1.151	€1.524	€2.393

- Another operator considered the proposed charges as still far too high, and bore no proportion to the actual cost, acting as a barrier to new entrants. To this effect NP wholesale charges should be abolished completely.
- One of the respondents initially proposed that the porting charges which are much higher than other European countries should be removed on the basis that they do not reflect the real costs since most of the processes are automated. Furthermore, the same operator later proposed a charge of €2 also pointing out that it feels that such charges acted as a barrier to entry.
- Another operator is of the opinion that the costing exercise should be calculated on a bottom up basis. It provided information on each part of its own partly automated processes, currently running a batch process twice per day. It concluded that the average time needed for mobile portings is 4 minutes 33 seconds and that their relevant labour costs were just under €13 per hour, recommended a charge of €0.50 per porting.
- One of the operators stated that it did not agree with the proposals without giving any further detail.

The MCA had considered the responses received and accordingly published the Further Consultation and Proposed Decision in December 2009 laying out its revised proposed decision in that document.

Responses to the Further Consultation and Proposed Decision were received from the two undertakings mentioned in Section 2 of this document. The responses received by the MCA on the Further Consultation and Proposed decision are being depicted in the respective sub-sections found further on below in this same document to facilitate analysis. It should be noted that one of the respondents was in agreement with all of MCA's proposed decision.

5 TREATMENT OF FAILED PORTINGS

The original Decision "Introducing Number Portability in Malta" published in 2005, had stated that the donor operator may charge the recipient operator only for successful portings.

It was established that a significant part of the cost of handling a porting is incurred whilst responding to the Authorisation Request irrespective of whether the port fails or succeeds. Considering the number of unsuccessful portings which are reported in the periodical reports sent by the operators, and taking into consideration the increase in service providers entering the market, in its Further Consultation & Proposed Decision, the MCA considered it appropriate to propose changing the charging arrangements in order to allow donor operators to charge for unsuccessful portings. It proposed to base this by separating the costs involved to process the application in the Authorisation Phase from the rest of the process.

One of the respondents providing feedback to the Further Consultation and Proposed decision stated that a charge for unsuccessful portings could prompt donor operators to reject portings unreasonably. The MCA is of the opinion that this concern should not be able to occur since donor operators can only charge the recipient for justifiable refusals.

The same respondent is of the opinion that if a donor operator has multiple reasons for rejecting a porting request, this should not be used to generate multiple charges on the same number. The MCA also is not in agreement with this position since it is the responsibility of the recipient operator to ensure that submitted details are correct to the fullest extent. If the donor operator identifies that the application does not qualify for porting to proceed, it could refuse the application without checking other pre-requisites since this obligation should be undertaken by the recipient operator.

This operator also commented that in the case of multiple numbers belonging to the same non-personal account, the donor operator would carry out the same checks only once rendering the proposed charge as unreasonable high. The complexity of catering for every different possible scenario in the manner non-personal accounts are processed by both donor and recipient operators, at a cost difference of €0.45 as a one time charge per number, the MCA considers such a course of action unproportional.

Decision 1:

- a) The specification "Charging for Number Portability" is being amended and updated to enable wholesale charges for an unsuccessful porting transaction.
- b) Decision 6 of the report on Consultation and Decision of March 2005 entitled "Introducing Number Portability in Malta" is being amended to read (*italicised text denotes change*) as follows:

Decision 6

The MCA directs:

- Each operator affected by number portability shall bear its own set-up costs,
- The donor operator shall not charge the porting subscriber for requesting number portability,
- ***The donor operator and the block operator may charge the recipient operator for the reasonable recurring costs for:***
 - a) an unsuccessful porting transaction,***
 - b) a successful porting transaction,***
- The recipient operator may charge the subscriber for requesting number portability,
- Operators may waive their rights to charges or simplify/modify these arrangements by mutual agreements and with the consent in writing of the MCA.

6 CHARGES FOR AN UNSUCCESSFUL PORTING APPLICATION

Authorisation requests emanating from recipient operators are generally presented to the donor operators' porting personnel through the webservice.

The checks required by the donor operator when receiving an Authorisation Request generally involve two separate systems, namely the webservice which is mandatory for all operators, and the customer information database. Such checks may be carried out either in an automated fashion, or manually by porting officers.

Given the relatively small size of the market in Malta, the MCA accepts that under certain conditions it may not be feasible for operators to integrate the webservice and customer information database systems and thus opt for a more manual system.

The MCA believes that the checks involved during the Authorisation phase for both Mobile or Fixed number portability are similar. The Authority has established a common wholesale charge for failed transactions irrespective of whether it is a fixed or mobile number portability application. As specified in the various published ordering process specifications, non-personal accounts, such as in the case of businesses, require additional checks to those applicable for personal accounts. The same applies in the case of post-paid accounts in which case the donor would need to check whether the subscriber has any outstanding bills. To this effect, the MCA has established different 'unsuccessful porting charges' for personal and non-personal accounts, and for pre-paid and post paid accounts in the case of mobile telephony.

The 'unsuccessful porting charges' are based on the following processes and checks which are undertaken by the donor operator during the Authorisation Phase:

- Receipt of application,
- Check if Number is available for porting,
- Check if post-paid or prepaid status is correct,
- Check if ID/CLI is in order,
- If registered check details,
- Check if there is an outstanding bill or auxiliary service activated, - *In case of post-paid and non-personal only.*
- Check if signatory is valid - *In case of non-personal only (with MFSA etc).*
- Send response code.

Decision 2:

The charges applicable to unsuccessful portings based on these processes and checks are as follows:

- **€0.75c for each unsuccessful porting personal prepaid request.**
- **€1.20c for each unsuccessful porting personal post paid request**
- **€1.65c for each unsuccessful porting non-personal request.**

The specification "Charging for Number Portability" is being amended and updated to reflect these charges.

7 CHARGES FOR A SUCCESSFUL PORTING APPLICATION

7.1 Mobile

The Mobile Number Portability Ordering Process Specification consists of four different phases namely:

1. Preparation phase
2. Authorisation Phase
3. Activation Phase
4. Instruction Phase

Since only the *Authorisation Phase* and the *Instruction Phase* depend on the checks and processes carried out by the donor operator, the MCA is apportioning the number portability charges on these two phases.

The processes and checks involved in the *Authorisation Phase* of the ordering process have been covered in detail in the previous section of this document in order to set the charges for unsuccessful portings.

The processes and checks involved in the *Instruction Phase* of the ordering process include:

- Ensure it matches the Authorisation Request, it is correct, and not a duplicate.
- Check if customer has been suspended (or SIM stolen) since the Authorisation Response.
- Ensure the instruction request is received within stipulated timeframes from when Authorisation Response was sent.
- Update routing tables and other necessary network updates and changes
- Send response code.

Decision 3:

The charges applicable to successful mobile porting based on these processes and checks are as follows:

- **€1.35c for each successful personal prepaid mobile porting.**
- **€2.25c for each successful personal post paid mobile porting.**
- **€2.70c for each successful non-personal mobile porting.**

The specification "Charging for Number Portability" is being amended and updated to reflect these charges.

7.2 Fixed

The Fixed Number Portability Specification of the full solution for geographic subscriber numbers and DDI numbers consists of six different phases namely:

1. Preparation phase
2. Authorisation Phase
3. Waiting Phase 1
4. Finalisation Phase
5. Waiting Phase 2
6. Instruction Phase

7.2.1 Single Fixed Number (non-PRA)¹

Since the *Authorisation Phase*, the *Finalisation Phase* and the *Instruction Phase* depend on the checks and processes carried out by the donor operator, the MCA is apportioning the number portability charges into these different phases.

The processes and checks involved in the *Authorisation Phase* of the ordering process have been covered in detail previously in this document in order to set the charges for unsuccessful portings.

The objective of the *Finalisation Phase* of the ordering process is to allow the donor to repeat most of the checks in the *Authorisation Phase* following the waiting phase due to the timeframe involved. This time lapse could render some of the previous checks that were deemed correct in the *Authorisation Phase* as obsolete.

The processes and checks involved in the *Instruction Phase* of the ordering process include:

- Ensure it matches the Authorisation & Finalisation Request, it is correct, and not a duplicate.
- Check if customer has been suspended since the Finalisation Response.
- Ensure the instruction request is received within stipulated timeframes from when Finalisation Response was sent.
- Update routing tables and other necessary network updates and changes
- Send response code.

Decision 4:

The charges applicable to Single Fixed Number (non-PRA) porting based on these processes and checks are as follows:

- **€3.45c for each successful personal fixed porting.**
- **€4.35c for each successful non-personal fixed porting.**

The specification "Charging for Number Portability" is being amended and updated to reflect these charges.

¹ Non-personal Single Fixed Number (non-PRA) includes freephone and premium rate numbers.

7.2.2 Single Fixed PRA number

Due to the different nature of a PRA number to one which is non-PRA, the MCA has retained the percentage difference that existed in the previous charging regime.

Decision 5:

The charge applicable to a successful Single Fixed PRA Number porting based on these processes and checks is €12.45.

The specification "Charging for Number Portability" is being amended and updated to reflect this charge.

7.2.3 DDI Numbers

Due to the different nature of DDI numbers to those which are single non-PRA and single PRA numbers, the MCA has retained the percentage difference that existed in the previous charging regime.

Decision 6:

The charge applicable to DDI numbers porting based on these processes and checks is €31.15.

The specification "Charging for Number Portability" is being amended and updated to reflect this charge.

8 SUMMARY OF THE UPDATED NUMBER PORTABILITY WHOLESALE CHARGES

The following tables depicts the applicable Number Portability wholesale charges as treated in sections 7 & 8 in this document.

NUMBER PORTABILITY TYPE	CHARGE
Unsuccessful Portings	
Personal Prepaid	€ 0.75
Personal Postpaid	€ 1.20
Non-Personal	€ 1.65
Mobile	
Prepaid	€ 1.35
Post paid	€ 2.25
Non-Personal	€ 2.70
Single Fixed Number (non-PRA)	
Personal	€ 3.45
Non-Personal	€ 4.35
Single Fixed PRA number	€ 12.45
DDI Number	€ 31.15
Freephone	€ 4.35

Table 3: Baseline transaction charges (excluding VAT)

Decision 7:

The updated charges depicted in this document shall be applicable from 1st April 2010.

Ing. Philip Micallef
Chairman
Malta Communications Authority

04 March 2010