

**For Discussion
On 8 July 2002**

**Legislative Council
Panel on Information Technology and Broadcasting
Consultation Paper on Special Number Arrangements**

Purpose

The Office of the Telecommunications Authority (OFTA) issued a consultation paper on 14 June 2002 to invite views from the industry and the public on a proposed new mechanism of allocating and assigning special numbers, to operators and customers of telecommunications services. This paper aims to brief Members on the consultation paper.

Background

2. “Special numbers” are the collection of numbers or codes, or blocks of numbers or codes, in the numbering plan for telecommunications services, which are attractive, or are likely to be attractive, to a customer or for which the customer is willing to pay for the right to use. They are valuable public resources which should be utilised and deployed efficiently and effectively. It is our policy objective that these numbers should be allocated and assigned under a “special number arrangement (SNA)” in an open, transparent and fair manner.

3. After conducting a consultation on the SNA in 1997, during which we received general support for the proposed arrangement, we proposed the Telecommunication (Amendment) Bill 1999 to provide for, inter alia, the legal basis to implement the SNA. The Bill was subsequently enacted by Legislative Council in 2000.

4. Under section 32F of the amended Telecommunications Ordinance, the Secretary for Information Technology and Broadcasting (or the Secretary for Commerce, Industry and Technology from 1 July 2002) is empowered to make subsidiary legislation to provide for the allocation and assignment of special numbers, require any proceeds raised less administrative costs to be paid to a charitable organisation or an institution carrying out education or R&D activities concerned with telecommunications; or be applied towards

promoting education, or R&D activities connected with telecommunications. Alternatively, they may be paid into a fund establishment by the Telecommunications Authority (TA) for the said purposes. The TA would now like to consult the industry and the public on the key arrangements before implementation of the SNA.

Type of Special Numbers

5. “Special numbers” may appear in different forms. For administrative purposes, the TA has identified four categories of “special numbers”. Details are set out below.

6. The first category (Category 1) is Primary Special Numbers. They are numbers which are generally perceived by the consumers as unique and very attractive numbers. For example, 2222 2222, 8888 8888. The TA has identified about 500 of these numbers currently available for assignment.

7. The second category (Category 2) is Secondary Special Numbers. They are numbers which are not Primary Special Numbers but are characterised by the last 4 digits of a special pattern. Examples are: 1234, 8888. The TA has identified around 500 such special 4-digit patterns, which amount to around 1 million Secondary Special Numbers (10 x 500 special 4-digit patterns in each number block x 200 number blocks¹).

8. The third category (Category 3) is Special Number Blocks and Special Access Codes. A Special Number Block is a block of numbers of which the first 3 digits are of special patterns (e.g. 888 xxxxx, 555 xxxxx). An operator allocated with a special 3-digit block will have 100,000 special numbers for assignment to its customers. A Special Access Code, on the other hand, is an access code for access to particular services e.g. IDD services and is generally perceived by the operators as attractive (e.g. 0033, 111). Both Special Number Blocks and Special Access Codes will be allocated to operators only. Currently, the TA has identified about 40 Special Number Blocks and about 30 Special Access Codes.

¹ There are 100,000 numbers or 10 x 10,000 4-digital numbers in a single number block. Only number blocks prefixed with digits 2, 3, 6, 7, 8 and 9 will be allocated for basic telephone service and mobile service.

9. All the above three categories are identified by TA. However, there may be numbers which are regarded as special by a particular customer only (e.g. birthday numbers 28 97 07 01) or number blocks/access codes which are regarded as special by a particular operator (e.g. lucky number to the operator like 651X XXXX). The fourth category (Category 4) is therefore Consumer Requested Special Number/Operator Requested Special Number Blocks and Access Codes.

Method for Allocation

10. For Primary Special Numbers (Category 1), Special Number Blocks and Access Codes (Category 3), and Operator Requested Special Number Blocks and Access Codes (a subset in Category 4), they would be allocated or assigned direct to consumers or operators by OFTA. The TA proposes to allocate and assign such numbers/codes/blocks by auction. This would meet our objective to allocate or assign special numbers in a fair and transparent manner. There should also be a minimum bid for the auction. The TA proposes in the consultation paper to set it at around \$10,000 for Primary Special Numbers, and \$200,000 for Special Number Blocks and Access Codes.

11. As for Secondary Special Numbers (Category 2) and Consumer Requested Special Numbers (a subset in Category 4), they would be sold to consumers by the operators direct. The TA proposes to make them available for sale at a fixed fee for easy administration, and the fee will be reviewed and revised regularly. The TA further proposes to set the fee at \$200 to \$500. This level should be affordable as well as generally acceptable to the public. Operators may be allowed to retain 30% of the proceeds from sale of such numbers as an incentive to administer the SNA.

12. It is worth pointing out that only those special numbers in a number block allocated to the operators can be made available for auction by OFTA or for sale to customers by the operators. For example, a Primary Special Number 8888 8888 can only be made available for auction if the number block of 888X XXXX is already allocated to the operators. Hence, auctions by OFTA will be held at intervals. Similarly, sale of the Secondary Special Numbers and Consumer Requested Special Numbers to consumers as

described in paragraph 11 above can only be done by an operator who is allocated the relevant number block. For example, the Secondary Special Number 3717 8888 can only be sold by the operator who is allocated the number block 371X XXXX.

13. Moreover, it should be noted that the special number can only be used in accordance with the numbering plan. Accordingly, only operators who are conferred with the right for such use or consumers intending to use the number for such use are allowed to participate in an auction. For example, a number with leading digit 3 can only be used for fixed line services in accordance with the numbering plan. In an auction for a special number with leading digit 3, only fixed line operators and customers intending to use the special number for fixed line services are allowed to bid for the number.

Auction Mechanisms

14. Different mechanisms can be employed for auctions of the special numbers. They include:

- Traditional live auction
- On-line bidding
- A combination of traditional live auction and on-line bidding

Taking into account of the comments on the consultation paper, OFTA will evaluate the most appropriate and cost-effective approach to conduct auctions for the sale of the "special numbers".

Use of Sale Proceeds

15. The TA proposes that the proceeds should be used for sponsoring education, R&D activities connected with telecommunications. The TA further proposes that allocating the proceeds to local universities which carry out education, R&D activities in connection with telecommunications should be appropriate. The universities will have the flexibility to channel the proceeds to sponsor suitable projects, depending on the size of proceeds

which may vary from year to year. Compared to the more traditional method of establishing a fund committee which centralises the vetting of applications and allocation of funds, this is an administratively simple and efficient way to achieve our objective. There should also be a reporting system for the universities to account for the proper use of the proceeds and management of projects to the Government.

Private Transactions of Special Numbers

16. The TA notes that there are divided views on whether private transactions of special numbers should be allowed. On one hand, some consider that private transactions could boost the value of special numbers and hence result in larger contributions. On the other hand, some opine that free trading of special number may lead to speculative activities. Having considered the pros and cons regarding private transactions, the TA proposes to forbid private transactions of special number and any other forms of private transfer of special numbers. It is because the primary objective of SNA is to provide for a fairer and more transparent procedure for assignment and allocation of special numbers. Any means leading to speculative activities should not be encouraged. The TA invites the industry and the public for comments on this issue.

Retention of Existing Special Numbers

17. The TA recommends that customers or operators who are currently using special numbers are entitled to continue to use such special numbers and do not have to pay any fees or additional charges. This means that those special numbers which have already been assigned and allocated to the customers or operators before the proposed SNA comes into operation will not be affected.

Change of the Current Numbering Plan

18. It is expected that the current numbering plan should have a lifetime up to 2015 before it may be necessary to implement a 9-digit numbering plan. However, it is necessary to point out that only the *right of use* of the special numbers will be assigned and allocated to the consumers or operators and the ownership of the special numbers will still remain with the TA. Under section 32F(1) of the amended Telecommunications Ordinance, the TA has all powers and privileges relating to or connected with the numbering plan. Therefore, he has the power to alter the numbering plan when the need arises. The TA should not be liable for any financial loss if an attractive number becomes unattractive as a result of the change of the numbering plan.

Way Forward

19. The consultation period for SNA will end on 26 July 2002. After studying the views and comments received, the TA will finalise the implementation details. Thereafter, Secretary for Commerce, Industry and Technology will proceed to make the necessary subsidiary legislation, which is subject to negative vetting by the Legislative Council. The TA would also prepare the relevant guidelines for the operators to follow in respect of implementation of the SNA.

The Office of the Telecommunications Authority
29 June 2002