

DGT to Collect Telecommunications Numbers Usage Fees

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Because telecommunications numbers are a finite public resource, the Directorate General of Telecommunications (“DGT”) has decided to explore the possibility of collecting telecom number usage fees from fixed-network and mobile telecom operators in order to encourage effective utilization of such finite resources and cut down on abuse of telecom numbers and potential security concerns. The DGT’s authority to take such action derives from a resolution passed by Taiwan’s lawmakers when Article 20-1 of the Telecommunications Act was amended in 2002, which empowers the DGT to enact criteria for charging number usage fees within the following three to five years. In order to solicit public opinions and develop sound policy on the issue, on February 5, 2005, the DGT released a public consultation paper entitled, “The Mechanism for Collecting Telecommunications Numbers Usage Fees.” Responses are due by February 25, 2005.

When issuing the consultation paper, the DGT indicated that telecom numbers are part of a nation’s public resources, like on-air broadcasting channels, and many advanced countries have implemented fee collection measures to facilitate number management. Because Taiwan has not yet implemented such a fee collection measure, some numbers are selected in response to consumers’ requests, but many other valuable numbers are left unused.

Regarding the estimates of such a telecom usage fee that would be collected, the DGT has done an analysis in two categories:

- ***Subscriber numbers (part of intelligent virtual codes are excluded):***
 - (1) Usage fees will be calculated as the fees for numbers requested by subscribers and the fees raised by auctioning of lucky numbers, and the external benefits enjoyed by the operators as a result of use of such numbers (including the convenience of personal communication, revenue from advertising in yellow pages, and the goodwill that generates therefrom). According to estimates of three mobile operators, the average annual fee for each number will be 3.9 NT dollars (about 0.12 USD); however, two of the three gave estimates of approximately 5

NT dollars (about 0.16 USD).

(2) Based on systems for charging telecom number usage fees in the EU, Australia, Singapore and China, the DGT anticipates, after adjustment of Gross Domestic Product (GDP) and foreign currency exchange, collecting annual usage fees of 5.64 NT dollars (about 0.17 USD) for every subscriber number.

● ***Subscribers' number of intelligent virtual codes, ID codes, and other number encoding:***

Based on the charges imposed in the EU, Australia, Singapore and China, the differences of productivity and purchasing power among those countries and Taiwan, and the consideration of scarcity of resource, the DGT estimates the fee schedules of respective numbers listed in the consultant paper.

To date, China is alone among the above regions in explicitly providing that number usage fees must be borne by telecom operators alone and such costs cannot be shifted to subscribers; all of the other countries have chosen to let telecom operators decide whether to bear such costs themselves or shift them to subscribers. So far, Taiwan's operators have indicated that they will decide whether to bear the cost or not after the regulations are formed. The consultation paper mainly includes the following:

- Details concerning collection measures for telecom usage fees, with such measures subject to review every two years.
- Estimates of the amount of fees that would be collected.
- Types of numbers, frequency of collection efforts and approximate fee schedule.
- Duration of the telecom usage fees.
- Formula for calculating annual fees with regard to new applications and withdrawal of allocated units (each unit contains 10,000 sequential numbers).
- Methods and terms of payment.
- Strategy to encourage release of unpopular telecom numbers.
- Security measures of the fee collection mechanisms and the enforcement date thereof.

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