



Independent Communications Authority of South Africa

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**BRIEFING NOTE ON QUESTIONS OF CLARITY ON THE QUESTIONNAIRE
PUBLISHED ON 30 JANUARY 2017 IN RESPECT OF THE REVIEW OF
PRO-COMPETITIVE CONDITIONS IMPOSED ON LICENSEES IN TERMS OF
THE CALL TERMINATION REGULATIONS OF 2014**

Date of issue: 01 March 2017

1. Purpose

- 1.1. The Independent Communications Authority of South Africa (herein referred to as the Authority) would like to thank Vodacom, Cell C, Telkom and MTN¹ for submitting the questions of clarity in respect of the review of pro-competitive conditions imposed on licensees in respect of the Call Termination Regulations, Government Gazette 38042, published on 30 September 2014.
- 1.2. The purpose of this briefing note is to provide responses to questions of clarity on the questionnaire published on the Authority's website on 30 January 2017 and also referred to in the Government Gazette No. 40603 published of 08 February 2017.

¹ Vodacom, Cell C and Telkom submitted their questions of clarity on the published questionnaire on 10 February 2017 whilst MTN submitted its questions of clarity on 14 February 2017.

- 1.3. Questions of clarity on the review process are not directly related the questionnaire and therefore will be responded to in this briefing note.

2. Responses to specific questions of clarity on the questionnaire

2.1. Question - Please clarify what is the submission date?

Answer - The submission date is 28 February 2017 as per paragraph 5 of the media release published on the Authority's website on 30 January 2017. This submission date is changed from 28 February 2017 to 24 March 2017 owing a concern raised by licensees in regards to the delay in the publication of the notice² in the Government Gazette.

2.2. Question - Is this questionnaire intended to form part of a larger process linked to the past inquiries into competition in the telecommunications market and if so, in what way? If no, please explain the relevance of the questionnaire to any of the Authority's objectives.

Answer - The questionnaire was published for the purposes of a review of pro-competitive conditions imposed on licensees in respect of the Call Termination Regulations of 2014 in terms of section 67(8)(a) of the Electronic Communications Act No. 36 of 2005.

2.3. Question - Please explain how the Authority intends to deal with the international wholesale voice call termination

Answer - The Authority may consider international wholesale voice call termination during the review of the definition of Mobile termination markets and Fixed termination markets as part of the review of pro-competitive conditions process.

² Government Gazette No. 40603.

2.4. **Question - Are licensees required to complete section on fixed market?**

Answer – Yes. Licensees who provide fixed-line telecommunications services are required to complete the relevant sections of the fixed market.

2.5. **Question - No category is available for Mobile Virtual Network Operators' subscribers. Should MVNO subscribers be excluded?**

Answer - MVNO subscribers should not be excluded but be reported separately from the host network subscribers.

2.6. **Question - Does the definition of data subscribers for mobile market figures include fibre services as provided by mobile operators and SIM-only data services such as machine to machine services?**

Answer - Definition of mobile data exclude fibre services provided by mobile operators. SIM-only data services are included (including machine to machine related type of services like telemetry, etc.). The definition relates to the nature of the service and not that of the user.

2.7. **Question - Traffic figures should be provided by technology (i.e. 2G, 3G, 4G, LTE, Wi-Fi and Fibre) specifically for voice services**

Answer - Licensees should split traffic information by technology type if this information is readily available. Alternatively, voice information provided using different technologies (excluding fibre as this should be reported as fixed) may be grouped as one item.

2.8. **Question - Should licensees specifically state MVNO traffic figures in their response or include it as part of total traffic figures?**

Answer - Licensees are required to report MVNO traffic figures separately.

2.9. **Questions - The hybrid category appears to be missing from the Revenues Tab. Should licensees include the hybrid category as part of post-paid figures?**

Answer - Yes, licensees are required to include the hybrid category as part of post-paid. However, licensees may report hybrid category separately if the information is readily available.

2.10. **Questions - Should revenue associated with financial services provided to retail customers be part of Other retail revenues figures? Or is this category intended to capture the remainder to the service revenues?**

Answer - Revenues related to financial services should not be reported as part of Other retail revenues.

2.11. **Question - Should licensees include interconnect revenues related to MVNO wholesale subscribers traffic or only related to licensees' retail subscribers traffic?**

Answer - Licensees are required to report interconnect revenues related to MVNO wholesale subscribers traffic and licensees' retail subscribers traffic separately.

2.12. **Question - Interconnected terminating calls national split between intra and inter MSC is not readily available? Can this be grouped as one item?**

Answer - The distinction between intra and inter MSC is not strictly required. This can be grouped as one item.

2.13. **Question - Terminating calls international split by direct and indirect or transit is not readily available. Can this be grouped as one item?**

Answer - It is critical that this information is split by direct and transit in order for the Authority to better understand the impact of regulation of the termination rate of inbound international voice traffic.

2.14. **Question - Prepaid bundle retail revenues may span more than one call type and the split of these revenue by call type is not readily available. Please clarify how prepaid revenues should be treated.**

Answer - Prepaid bundle retail revenues should be split by call type.

2.15. **Question - It is not clear what is required in respect of post-paid retail revenues. Please explain in detail what is required in respect of:**

- (a) **Subscription revenue on post-paid and top-up primary tariffs.**
- (b) **Subscription revenue on secondary bundle offers/ tariffs.**
- (c) **Out of bundle revenue on primary and secondary tariffs.**

Answer - Subscription revenue on post-paid and top-up primary tariffs and Subscription revenue on secondary bundle offers/ tariffs should be grouped as one item called Monthly Subscription revenue.

Out of bundle revenue on primary and secondary tariffs should be reported under the relevant service type (i.e. On-net calls, Off-net calls to mobile, Off- net calls to fixed, SMS, MMS, Data)

2.16. **Question - Definition of financial period**

Answer - All data in the questionnaire is required in annual format, unless stated otherwise. Licensees should submit annual data for each of their financial years ending in the years specified in the questionnaire. The same applies to those tabs in the questionnaire requesting forecasting data.

2.17. **Question – Kindly confirm definition of transit revenue. Transit revenue is understood to be revenue derived from transit services offered to national licensed operators**

Answer – Transit refers to a wholesale voice service provided by a network to another network. It transits local traffic originating on one operator's network that needs to be delivered to a different operator's network for termination.

2.18. **Question - Please confirm if interpretation of transit accords with that of the Authority. Transit can be categorised by two call scenarios**

- (a) **Default transit – call originated by ECNS licensee A sent to Licensee B for termination on ECNS licensee B.**
- (b) **Onward transit – calls originated by ECNS licensee A sent to Licensee B for termination on ECNS licensee B. However, called number has been ported from ECNS licensee B to ECNS licensee C and call is transmitted to ECNS licensee C for termination.**

Answer – Both scenarios can be categorised as transit.

2.19. **Question – Please clarify the Authority’s definition of transit out payments. Transit out payments is understood to mean costs borne by a licensee for traffic sent to national licensees for termination. Transit out payments figure would be transit revenue excluding transit or onward transit fees.**

Answer – The definition of transit out payments is correct.

2.20. Question – Clarity is requested on the Authority’s definition of inbound international roaming. Does Inbound international roaming relates to international subscribers roaming in South Africa on South African mobile network?

Answer – Yes.

2.21. Question - Clarity is requested on the definition of mobile third party revenues

Answer – This refers to revenue derived from third party content related services which should be reported under other services. This information is not strictly required.

2.22. Question - Reasons for including MMS, data and SMS revenue in this review?

Answer - Information pertaining to MMS, data and SMS is relevant to this process as the Authority is required to consider information relating to potential retail demand-side substitutes when reviewing the definition of Mobile termination markets and Fixed termination markets.

Any enquiries relating to the 2014 wholesale voice call termination regulatory review should be directed to Chairperson of the Council Committee on Call Termination Regulations Review at CTRreview@icasa.org.za.

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