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GENERAL NOTICE

Communications, Department of

General Notice

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GENERAL NOTICE

NOTICE 1390 OF 2009

MINISTER OF COMMUNICATIONS

POLICY DIRECTION ISSUED UNDER THE ELECTRONIC COMMUNICATIONS ACT, 2005 (ACT NO. 36 OF 2005) WITH REGARD TO MOBILE TERMINATION RATES

I, Gen (Ret) Sipiwe Nyanda, Minister of Communications, intend to make the policy direction in the Schedule on Mobile Termination Rates in terms of section 3(2)(c) of the Electronic Communications Act, 2005 (Act No. 36 of 2005).

Interested persons are invited to provide written submissions in relation to the proposed policy direction, within 30 working days of the date of publication of this notice at any of the following addresses:

For attention: The Director: Impact Assessment
ICT Policy Development Branch
Department of Communications

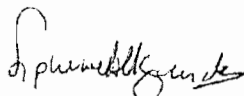
Post to: Private Bag X 860
Pretoria
0001;

Or deliver to: First Floor, Block A3
iParioli Office Park
399 Duncan Street
Hatfield, Pretoria;

Or email to: Ephraim@doc.gov.za

Please note that comments received after the closing date may be disregarded.

Please contact Ephraim Adom at tel. (012) 427 7207/8000 for any enquiries.



GEN (RET) SIPHIWE NYANDA
MINISTER OF COMMUNICATIONS

SCHEDULE

POLICY DIRECTION ON MOBILE TERMINATION RATES

In 2007 Cabinet requested that the Department of Communications develop a programme of action that would position South Africa as amongst the most competitive in respect of access, usage, cost and availability of telecommunications infrastructure and services.

A study was conducted to: (i) determine (benchmark) South Africa's level of ICT prices, usage, accessibility and quality of service; at international and national, wholesale and retail, business and residential levels; against its given comparison country group, namely Brazil, Chile, Korea, India and Malaysia and to (ii) recommend alternative long and short-term policy and regulatory measures to be undertaken to substitute address impediments and/ or barriers to entry.

The study confirmed that South African telecommunications costs are higher than the benchmarked countries. A key contributor to South Africa's mobile call tariffs is excessive interconnection rates and specifically mobile call termination rates. In 2007, using purchasing power parity (PPP), South Africa's average mobile termination rates were 27.06 US cents compared to Korea whose rates were 5.02 US cents; Malaysia whose rates were 4.56 US cents; and India whose rates were 1.97 US cents.

In terms of section 41 of the Electronic Communications Act, 2005 (Act No. 36 of 2005), the Independent Communications Authority of South Africa (ICASA) may prescribe regulations establishing a framework for wholesale interconnection rates to be charged for interconnection services or for specified types of interconnection and associated interconnection services. It has become critical that ICASA prescribes the regulations in respect of section 41 to reduce interconnection rates.

In line with the Department of Communications' commitment to reduce the cost to communicate, I, Gen (Ret) Sipiwe Nyanda, Minister of Communications, therefore direct ICASA, in terms of section 3(2)(c) of the Electronic Communications Act to urgently, on or before 30 November 2009 to:-

- a) Prescribe the regulations in terms of section 41 of the Act;
- b) Take into consideration the benchmarking study on the cost to communicate concluded and published by the Department of Communications in 2009 and any other relevant studies or information; and
- c) Lower the interconnection rates specifically, the mobile termination rate to a cost-based rate.