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Interconnect cuts 'unenforceable'

By [Leigh-Ann Francis](#)

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Vox Telecoms is still paying MTN and Cell C an interconnect rate of R1.25, claims Vox MD Doug Reed.

Accusations that mobile network operators are still charging smaller telcos R1.25 a minute to terminate calls on their network have surfaced. This despite voluntary interconnect rate cuts to 89c per minute announced in March.

So said Douglas Reed, Vox Telecom MD, at the Independent Communications Authority of SA's (ICASA) public hearings on the draft call termination regulations, held in Midrand this week.

Also at the hearings, ECN, a small local telecoms operator, accused two of SA's mobile network operators of still charging ECN R1.25 in termination costs. The telco failed to identify which two operators were responsible.

However, Reed did not hold back in naming the culprits. "Today, Vox is still interconnecting with MTN at R1.25, that is despite MTN supposedly dropping to 89c from 1 March," he stated.

Later, Reed stated that Cell C was also charging the telco the R1.25 rate. However, after much deliberation with Vodacom, Vox now pays the agreed upon 89c to terminate calls on Vodacom's network.

While issues of symmetrical and asymmetrical costing remain undecided in the draft call termination act, MTN wasted no time in drawing on the Competition Act to

enforce a reduction in the interconnect, explained Reed.

Vox explained that its subsidiary, Vox DataPro, had previously negotiated an interconnect rate with Telkom of 50c per minute and so MTN expected the same interconnect rate from Vox.

Recovering from the recession is difficult!

This, in effect, means that Vox would have to pay MTN 89c, while MTN would reciprocate with 50c.

"In the meantime, this is costing Vox millions of rands a month as we have been passing on the benefit to our customers since December 2009.

MTN hits back

But Africa's biggest mobile operator lashed out at Vox's arguments: "MTN would like to point out that Vox Telecom are net receivers of interconnect revenue. Contrary to what Vox presented to ICASA, the impasse in negotiations has benefited them to the tune of 75c per minute since March 2010," countered Robert Madzonga, chief corporate service officer at MTN SA.

This rate is the difference between the existing R1.25 that MTN pays to Vox and the rate of 50c, which Datapro offers to Telkom, which MTN understands to be their best rate in the market, he continues.

MTN began a process to renegotiate the MTN and DataPro agreement during the third quarter of last year where MTN requested that each party offer the other their best rate in the market.

After MTN's voluntary rate reduction in March 2010 (from R1.25 to 89c), MTN established that Vox/Datapro had in fact two rates in the market: DataPro at 50c and Vox at R1.25.

Subsequently, the two parties have been unable to agree upon the interpretation of "non-discrimination" as provided for in the Interconnection regulation, offers Madzonga.

Therefore, the rates provided for in the original agreement, R1.25 payable to DataPro and vice versa, remain in effect until there is clarity with respect to the concept of non-discrimination and/or the call termination regulation is finalised," he states.

Cell C also attributes non-discriminatory concerns as its reason for still charging the smaller operators the R1.25 rate. "Cell C has engaged with all of its interconnect partners to conclude revised interconnect agreements based on non-discriminatory terms," offers Lars Reichelt, Cell C CEO.

The process of concluding revised interconnect agreements is a standard business practice and Cell C is in fact awaiting feedback from several interconnect partners.

"Cell C has raised concerns with some of the partners, who are engaging in discriminatory practices by applying different termination rates for different operators," he adds.

Regulatory loopholes

Independent Communications Authority of SA (ICASA) says this is the first it has heard of this situation and its hands are tied as no formal complaint has been lodged.

However, the crux of the situation relates to clarity on the call termination regulations. Until these regulations have been

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