



**Mr SE Kholwane, MP
The Chairperson
Portfolio Committee on Communications**

By email: tngoma@parliament.gov.za

23 November 2012

Dear Chairperson,

RE: Hearings on the General Cost to Communicate in South Africa

Neotel supports the endeavours to gather information on this important topic to reduce the general cost to communicate in South Africa.

As a consequence of the reduction in call termination rates, Neotel reduced its rates for calls to mobiles by up to 40%. In respect of our retail rate reductions for calls from our postpaid subscribers to mobile numbers (excluding VAT) are as follows:

Period	To operator	Retail rates		Mobile call termination rates	
Before March 2010	All	1.54	0.96	1.25	0.77
March 2010 – February 2011		1.20	0.96	0.89	0.77
March 2011 – February 2012	MTN, Vodacom	0.95	0.85	0.73	0.65
	Cell C, Telkom Mobile	1.20	0.96	0.88	0.78
From March 2012	MTN, Vodacom	0.92	0.82	0.56	0.52
	Cell C, Telkom Mobile			0.64	0.60

After the reduction in fixed call termination rates, Neotel reduced its rates for on-net calls (Neotel to Neotel) to zero during off-peak hours, and by up to 10% for calls to Telkom. Neotel's retail rates (excluding VAT) for on-net calls and calls to Telkom's geographic numbers from our postpaid subscribers, and Telkom's call termination rates (WBZ and W0N) are as follows:



Period		Retail rates to Telkom		Retail rates to Neotel		Telkom's W0N call termination rates	
		Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
Before March 2010	Local	0.30	0.15	0.15		0.23	0.12
	Regional	0.40	0.25	0.29			
	National	0.50	0.29	0.38			
March 2010 – February 2011	Local	0.30	0.15	0.15		0.23	0.12
	Regional	0.40	0.25	0.29			
	National	0.50	0.29	0.38			
March 2011 – February 2012	Local	0.30	0.15	0.15	Free	0.20	0.12
	Regional	0.40	0.25	0.29	Free		
	National	0.50	0.29	0.38	Free		
From March 2012	Local	0.30	0.15	0.15	Free	0.15	0.12
	Regional	0.40	0.25	0.20	Free		
	National	0.45	0.29	0.25	Free		

Rates for calls from our pre-paid subscribers were the same as rates for calls to our post-paid subscribers from the date of launch of Neotel's prepaid services (July 2010) until March 2012. Rates for calls from our pre-paid subscribers did not change between February and March 2012.

We hope that this information assists the PCC in its endeavours to assess the impact of the efforts to reduce call termination rates.

We are at the PCC's disposal to clarify any matter regarding the above information.

Yours sincerely,

NEOTEL (PROPRIETARY) LIMITED

**Per: Dr. Tracy Cohen
Chief Corporate Services Officer**