



THE OPENING REMARKS

BY

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ON THE

**PRESENTATION OF THE DRAFT FINAL REPORTS ON
INTERCONNECTION RATES REVIEW FOR VOICE
SERVICES AND DETERMINATION OF DATA &
MULTIMEDIA SERVICES**

AT

THE NCC HEADQUARTERS: PLOT 423, AGUIYI IRONSI
STREET, MAITAMA, ABUJA

MONDAY, NOVEMBER 30, 2009

It is my pleasure to welcome you all to this very important occasion of presenting the results of the in-depth cost study for termination of calls on the networks for both voice and data, carried out by the NCC in conjunction with your good-selves.

Interconnection is critical to the proper functioning of a competitive communications market and call termination service on each network is a monopoly market. It is therefore imperative to ensure that interconnection services are not only fairly priced but also closely reflect the cost of providing such services.

It is in this regard that the Commission embarks on a periodic review of the interconnection rates.

You would recall that the Commission carried out an in-depth cost study and made a Determination on the Interconnection Rates for Voice Services in September 2006. The result of exercise set the Mobile termination rate at N11.40; Far-end fixed termination rate at N9.10, and Near-end fixed termination at N10.80. These rates have been in use by the Industry for the past three years.

Considering the trend in the industry and market dynamics, in terms of cost structures, subscriber levels and network elements of the operators and level of competition since 2006, it has become pertinent to review the ruling Interconnection Rates.

To this end, the Commission appointed a firm of consultants, Messrs PricewaterhouseCoopers LLP ("PwC") to, among other things:

- Conduct the impact assessment for subsisting interconnection rates.
- Review the regulatory framework under the UASL Regime
- Update the cost models for the fixed and mobile Networks
- Assist the Commission to determine New Interconnection Rates Regime based on the cost models
- Develop International Traffic Policy guidelines
- Advise on the need for differential Interconnection rates for rural areas
- Analyse clearing house options
- Determine Regulatory Options for Trunk Links

In addition to the voice services, you will recall also that the Commission has never conducted an in-depth cost study on data and multimedia services in the industry. The increase in the provision of multimedia services by the Operators, introduction of 3G services, and incessant complaints from subscribers on high retail tariff on SMS have created the need to develop a regulatory framework on data & multimedia interconnection.

Consequently, a firm of consultants, Messrs Detecon International GmbH was engaged by the Commission to assist the NCC on this project. The study covered SMS, MMS, and Video on Demand, Video Streaming, Premium and other Value Added Services.

Consistent with the Commission's principle of ensuring participatory regulation, an Initial stakeholders' forum was held in March 2009 to kick off these projects.

It was also identified at the forum that the supply of accurate industry statistical data was most critical to the success of the projects.

It may be pertinent to state that the projects have lingered beyond the expected duration due largely to delay or reluctance in providing the requisite cost data from operating companies. Accurate cost data are required by the Consultants to be able to produce a truly cost based interconnection rates.

As the old saying goes, what is worth doing, is worth doing well and I am pleased to announce that the many months spent on the project has enabled us ensure that the process for this exercise was very thorough. We were able to administer questionnaires, collate and validate all the statistical data used for the interconnection cost modeling in line with the international best practices.

We are therefore pleased to present the Commission's draft final reports of both the Determination of new Interconnection Rates for voice services and the Determination for new Data and Multimedia Interconnection Rates.

We will start with the report for voice services to be presented by Messrs PricewaterhouseCoopers (PWC) and will be followed by discussions. Messrs Detecon International GmbH will then present the reports for the data and other multimedia services. This will also be followed by a discussion session.

I invite all the participants to avail themselves the opportunity to discuss matters of concern, make inputs and suggestions that they may consider necessary. By the timetable announced earlier we will also welcome written submissions up to the 15th of December 2009.

I want to assure you that all comments received would be considered in finalizing the new interconnection regime for the industry.

Ladies and gentlemen, let me reiterate once again that the Commission has an obligation to ensure an equitable operating environment , and in line with international best practices, NCC shall ensure that interconnect rates reflect closely, the cost of termination on the networks while also intervening where necessary to promote and encourage the deployment of certain class of services such as, for example, fixed line services

I thank you for your attention and wish you all fruitful deliberations.