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2 November 2023

Mr Elias Letlape
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Per email: ELetlape@icasa.org.za
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Dear Mr Letlape,

RE: TELKOM'S WRITTEN SUBMISSION ON THE PROPOSED 4th AMENDMENT TO THE 2016 NUMBERING PLAN REGULATIONS

Telkom SA SOC LTD ("**Telkom**") welcomes the opportunity to provide written comments on the proposed 4th amendment to the 2016 Numbering Plan Regulations, published on 21 September 2023 in Government Gazette 49329, Notice 2039 of 2023 ("**draft amendments**"). In a separate notice published on the same day in Government Gazette 49329, Notice 2038 of 2023, the closing date for submissions is indicated as 2 November 2023.

Please find herewith Telkom's written comments, which we trust will assist the Authority in finalising these regulations.

Yours Sincerely



Nozipho Mngomezulu
Group Executive: Regulatory and Legal Affairs

Telkom Submission

4th Amendment to the 2016 Numbering Plan Regulations

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2 EXECUTIVE SUMMARY

On 29 March 2023 the Authority published an amendment to the 2016 Numbering Plan Regulations in Government Gazette 48328, Notice 1719 (the 2nd amendment). On 15 September 2023 ICASA published a further amendment to the Numbering Plan Regulations in Government Gazette 49314, Notice 2033 (the 3rd amendment) by deleting sub-regulations 6(A)(1), (2), (3) and (4). This deleted section dealt with the deactivation and quarantining of mobile service numbers. Telkom welcomed this decision to delete these sub-regulations due to the challenges associated with the implementation thereof.

New revised sub-regulations 6(A)(1), (2), (3) and (4) were published on 21 September 2023 in Government Gazette 49329, Notice 2039 (the 4th amendment) ("**proposed amendments**"), which is the subject of this submission.

The proposed amendments provide for a 60-day inactivity/non-revenue generating activity period, after which a number must be placed in quarantine for a period of 30 days before a number is deactivated by the licensee. The licensee must notify the subscriber after 30 consecutive calendar days of inactivity of the intention to withdraw a number. The subscriber may object to such action by the licensee by means of a revenue generating activity.

Telkom supports the application of a 60-day inactivity period as it is aligned to Telkom's existing practice. However, the quarantine period is now set at 30-days, whereas Telkom's current quarantine period is 14-days. These changes result in a total recycling period of 90 days. Telkom is not opposed to this extension of the quarantine period but wishes to highlight that more mobile numbers will be required because of the extended quarantine period (the pool of unavailable numbers will increase because of the fact that the numbers will be unavailable for a longer period).

Telkom welcomes the provision which states that a subscriber could request its mobile service provider to stop its mobile number from deactivation for a specified period since there are legitimate circumstances that arise under which subscribers would want to keep their numbers activated despite no revenue generating activity associated with that number (e.g. banking services, and migrant workers). However, the regulation is too rigid in specifying a fixed period of 183 days (or approximately 6 months). Telkom proposes that the regulation be made flexible by allowing subscribers to choose a number retention period up to a maximum of 6-months. This will allow for a more proportional fee approach by licensees and flexibility to accommodate the needs of subscribers while still ensuring efficient utilisation of mobile numbers.

3 SPECIFIC COMMENTS

Telkom appreciates the responsiveness displayed by the Authority in withdrawing sub-regulations 6(A)(1), (2), (3) and (4) of the Numbering Plan Regulations, which posed material challenges to Telkom (and other licensees) and welcomes the proposed amendments to regulation 6A.

3.1 Effective date must be explicit

Regulation 3 of the proposed amendments (“*Short title and commencement*”) indicates that these regulations will come into effect on the date of publication in the Government Gazette. Licensees, however, require time to implement the new regulations and therefore it is requested that the Authority provides a specific date of implementation of the new amended regulations, which date must be after the publication of the updated regulations in the Government Gazette.

Telkom therefore recommends that the final regulations contain a clause which, either allows for a sufficient period for licensees to implement internal system changes and processes by specifying a specific date of implementation (i.e. 60 or 90-days after publication of the new regulations in the Government Gazette), or allow for ICASA to determine a future date, through another Government Gazette, when the regulations will come into effect. This approach firstly confirms the final regulations and allow licensees time to modify internal systems and processes to implement the new regulations by the compliance date. Allowing no implementation time immediately places operators in breach of the new regulations on the date of publication in the Government Gazette and must be avoided.

3.2 Inactivity and quarantine periods

Telkom supports the proposed 60-day no revenue generating activity period prior to putting numbers in quarantine for 30 days. This will provide consistency in the treatment of all pre-paid mobile subscribers, address the concerns of licensees and customers. This process will result in a total recycle period of 90-days before numbers are available for re-assignment.

3.3 Quarantine period

Telkom is not opposed to the proposed 30-day quarantine period as proposed in sub-regulation 6A(2). However, since Telkom’s quarantine period is presently 14-days and as noted in Telkom’s submission on the 2nd amendment to the Numbering Plan Regulations, the extended quarantine period will result in more numbers being required to accommodate the “buffering” of numbers during this longer quarantine/recycle period. Telkom may therefore require additional mobile service numbers to be allocated.

3.4 Sub-regulations 6A(1) and 6A(2) – Churn rate

A definition of “churn rate” is provided in the 2nd amendment of the Numbering Plan Regulations. The method for calculating “churn rate” is provided in the proposed amendments, which will be expressed as a percentage. However, the term “churn rate” is not used anywhere in the Numbering Plan Regulations, including its amendments. The ICASA Numbering Portal also does not refer to or use the term “churn rate”. Telkom recommends that the Authority clarify the use of “churn rate” or remove it if not required. Deletion of the definition of Churn rate may also be

needed. Please also see Telkom's submission on the 2nd amendment, which highlighted the need for greater clarity around this concept.

Licensees track "churn rates" as a key performance indicator (KPI) to assess the effectiveness of their customer retention efforts. Various strategies and incentives are used to reduce churn, such as improving customer service, offering competitive pricing, and providing additional features or services to retain customers and encourage them to stay with the licensee. The goal is to keep churn rates as low as possible to maintain a stable and growing customer base. However, churn rate is calculated by dividing the number of customers who have cancelled or discontinued their services during a specific period by the total number of customers at the beginning of that period. "Churn" is therefore not applied by only considering the period where no revenue generating activity has taken place but rather when the services to the subscriber has been discontinued (due to for example the customer porting to another licensee, non-payment by the customer, service terminated by the customer, etc.), which in this case will apply only after the quarantined period.

Sub-regulation 6A(2) does not distinguish between these various conditions under which a number is deactivated or churned. Telkom submits that this sub-regulation should apply only to the instance where the number is deactivated due to no revenue generating activity from the customer.

Considering the above, Telkom is of the view that "churn rate" is not the appropriate term to be used in the context of regulation 6A. The term "inactive" could be used for referring to the period where there is no revenue generating activity. Also, Telkom recommends that all periods be specified as calendar days rather than in months. Telkom therefore recommends that sub-regulation 6A(1) be amended as follows:

"(1) ~~Churn rate must be calculated by taking~~ Inactive mobile numbers refers to the quantity of numbers that have not initiated a revenue generating activity from the services of a licensee for sixty (60) consecutive calendar days and divide this quantity by the quantity of active numbers at the beginning of the defined timeframe".

In addition, sub-regulation 6A(2) must subsequently also be amended as follows:

"~~Churned~~ Inactive mobile numbers must be quarantined for a period of ~~one (1) month~~ 30-days before being placed into the pool of available numbers".

3.5 Sub-regulation 6A(2A)

It is unclear to Telkom who will make such a request or to whom a list of quarantined numbers must be provided. According to Telkom, only a customer may seek to know the status of their own number, if they seek to gain it back. In such case, Telkom would advise a customer regarding the status of their number including whether their number is quarantined. If the customer requires the number to be reactivated, then Telkom will act accordingly. However, Telkom cannot provide a "list of numbers which are in quarantine" to customers due to restrictions as per the Protection of Personal Information Act. There is no obvious reason as to why such a list must be made available to any customer.

Telkom recommends that the Authority clarify who may make such a request and the scope of such a request. Telkom recommends that sub-regulation 6A(2A) be deleted.

3.6 Sub-regulation 6A(3)

Telkom recommends that the word “withdrawal” be substituted with the word “deactivation” so as not to conflate the Authority’s power to withdraw numbers from licensees, from an operator’s action to “deactivate” a number allocated to a customer. Telkom therefore proposes the following amendment to sub-regulation 6A(3A):

“(3) Upon thirty (30) consecutive calendar days in which a subscriber has not initiated a revenue generating activity, a licensee must notify the subscriber of the intended ~~withdrawal~~ deactivation. The subscriber must be afforded a grace period of thirty (30) consecutive calendar days to object to the ~~withdrawal~~ deactivation notice by means of a revenue generating activity”.

3.7 Sub-regulation 6A(3A)

In addition to the anticipation by a customer that a number may be inactive for more than 60-days, the regulations should also acknowledge that the customer may act upon receiving notification of a pending deactivation during the period of inactivity. Also, Telkom recommends the use of the term “fee” rather than “cost” as it is more appropriate. Telkom therefore recommends the following amendment to sub-regulation 6A(3A):

“(3A) In the event a subscriber anticipates that their assigned mobile number may be inactive for more than sixty (60) consecutive calendar days, or when it becomes aware that their number will be deactivated due to no revenue generating activity, licensees must provide an option, at a ~~cost~~ fee, for the subscriber to apply for an exemption from sub regulation (3) and retain use of the mobile number.”

3.8 Sub-regulation 6A(3B)

Telkom supports the proposal that a number could be exempted from deactivation and be retained for the stipulated period of 6-months. However, Telkom requests that this period be flexible up to 6 months (180 days) and not fixed at 183 days. This will allow more flexibility for licensees towards number retention products. For example, one customer may seek a retention of only 30-days, while another seeks a retention period of 120-days.

Also, it is not clear why the period of 183 days is specified. Telkom recommends that the regulations refer to 6 months, which is roughly 180 days.

Telkom therefore proposes the following amendments:

“(3B) The option for an exemption and retention of a mobile number, as per sub regulation (3A) must be valid for no more than 183 6 months from its date of activation”.

3.9 Sub-regulation 6A(4)

This sub-regulation must be clarified to make sure that an objection is limited to a no revenue generating activity. Telkom is concerned that this sub-regulation is open ended and not confined to a revenue generated activity. Also, the subscriber may opt to delay the period of deactivation of a number in accordance with sub-regulation 3A (as per Telkom's proposed amendment) Telkom therefore proposes this sub-regulation to be amended as follows:

“(4) Should a subscriber object to the ~~withdrawal~~ deactivation of their number as a result of no revenue generating activity as per sub regulation (3), or applies for an exemption from deactivation as per sub regulation 3A, the licensee must abandon the ~~withdrawal deactivation and subsequent deactivation~~ of the number’s.”

THE END