



PRESENTATION ON TARIFF POLICIES: ZIMBABWE

By: Rumbidzai Panavanhu
Brazzaville, Congo
18 February 2014



BACKGROUND

Zimbabwe has a total of 12 licensed telecommunications operators broken down by network type as follows:

Network Type	Number of Operators
Public Switched Network	1
Mobile Network Operators	3
Internet Access Providers	8

Tariff policies: Mobile

- Like most countries Zimbabwe used the COSITU Model to come up with the retail tariffs and interconnection rates for mobile and fixed telephone.

	Tariff
Net on Net (Mobile)	\$0.23
Off Net (Mobile)	\$0.25
Net on Net (Fixed)	\$0.05
Fixed to Mobile	\$0.16
Interconnection	\$0.07 (symmetrical)

Interconnection

- The interconnection system that is currently in place is the Calling Party Pays system.

Time Frame	Mobile to Mobile rates (in US\$ excluding 15% VAT)	Mobile to Fixed or Fixed to Mobile rates (in US\$ excluding 15% VAT)	Mobile or Fixed to VoIP (in US\$ excluding 15% VAT)
January 2009	Sender keeps all	Sender keeps all	N/E
February 2009	0.15	0.10	N/E
March – June 2009	0.10	0.10	N/E
July 2009 – Jan 2010	0.07	0.07	N/E
January 2010 - Present	0.07	0.07	0.07

Data and internet tariffs

- For data and internet costing we came up with Tariff guidelines to be followed by all data and internet providers.
- The guidelines were a methodology for coming up with cost based tariffs as we did not have a model that catered for IP networks.
- Under the guidelines the tariff for any service was the cost of providing the service plus a 20% mark-up on cost.

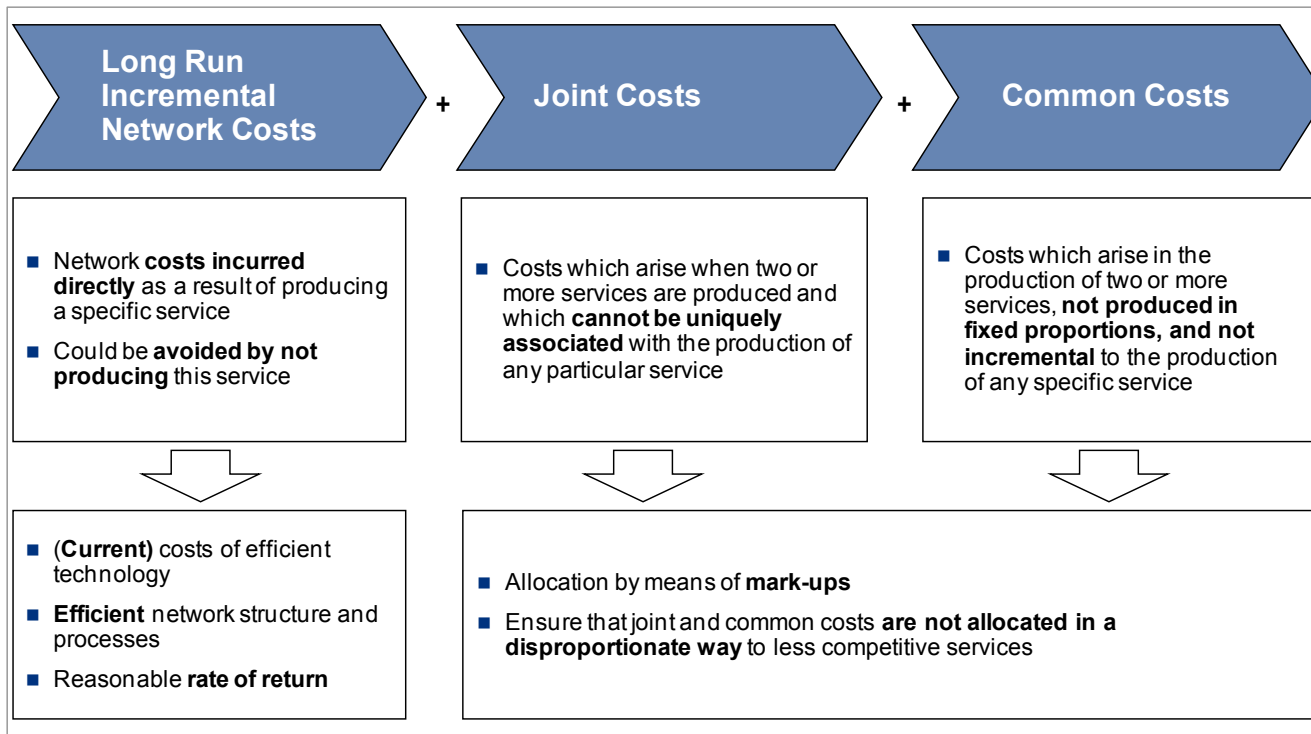
LRIC Modeling Process

- In 2012 POTRAZ decided to implement LRIC in order to review the mobile, fixed, VoIP, data and internet tariffs.
- The process started off with the workshop on Telecommunications Network Cost Analysis and Modeling in which there was total participation from the operators, consumer bodies, academia and the government because we wanted our decision making process be open and fair and build consensus on way forward.

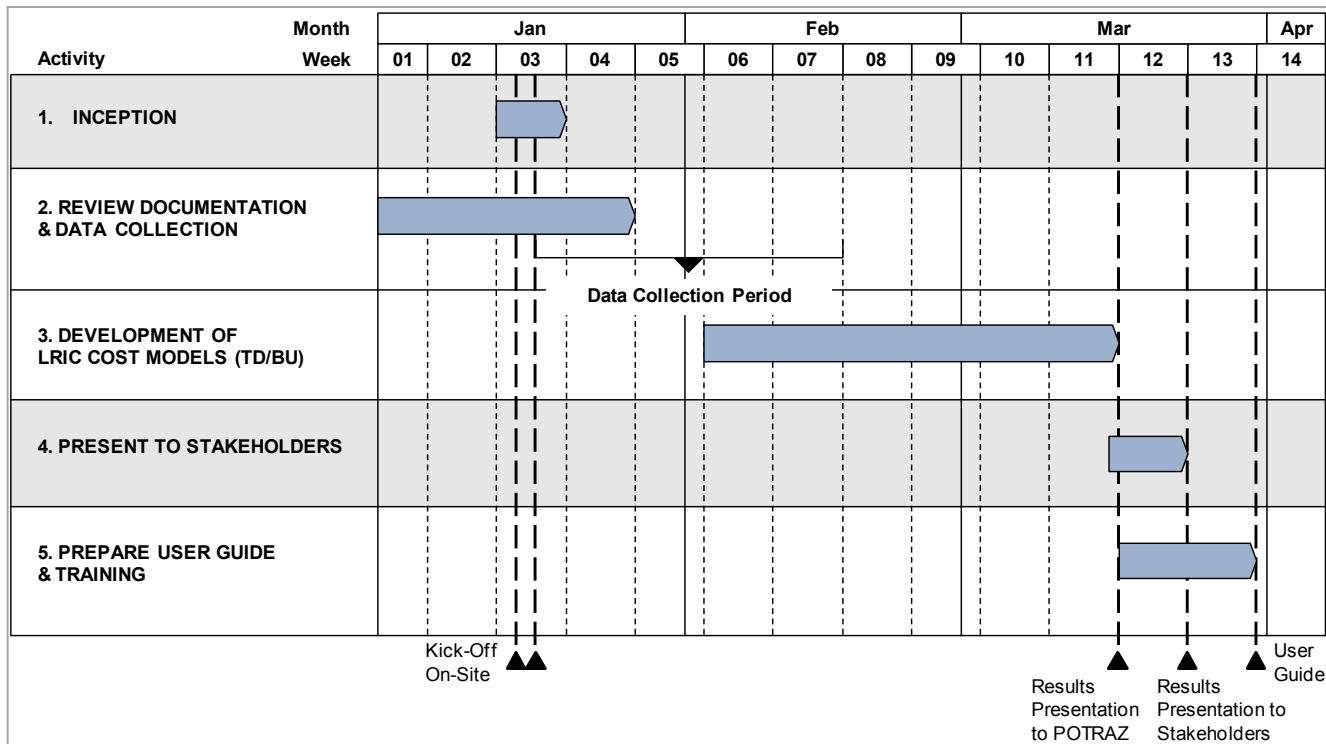
LRIC Modelling

- We then proceeded to prepare a consultation document on Telecommunications Network Cost Analysis and Modeling highlighting the agreed positions on various aspects of LRIC modeling.
- We floated an international tender for costs studies, and out of 11 bidders we chose Detecon, a telecommunications consulting company based in Germany
- From the engagement with the consultant we agreed that the model will be a hybrid of the top down model and the bottom up model of a hypothetically efficient network

LRIC Model



Timeline of Activities



WACC Study

- We engaged Deloitte to conduct a study on the Weighted Average Cost of Capital for the telecommunications industry in Zimbabwe was conducted.
- Although it has not yet been finalised indications from the draft final report show a WACC of approximately 15%. This WACC figure will be an input in the LRIC Model.
- We expect the LRIC Study to be complete by the end of April 2014 so that we will implement the new tariff policies this year.

THE END