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Poor Will Be Silenced If Cell Fees Are Cut

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Johannesburg

CASHLESS customers who send 18-million text messages a day asking wealthier friends to call them back could be axed from Vodacom's network if the interconnection fee for delivering the incoming calls are cut, said Vodacom yesterday.

MTN has also warned that it could not afford to serve the low-spending customers who send 12-million "call me" messages every day on its network if the interconnection fees are slashed.

The protests made by the two dominant cellular operators have put the Independent Communications Authority of SA (Icasa) in a difficult position at hearings to decide whether to force down the fees that they charge each other when routing calls between rival networks.

Icasa believes that slashing those running costs would let each operator drop its retail tariffs and, thus, create cheaper calls for consumers.

But threats to axe the lower-spending users and warnings that no operator would want to touch the unconnected poor have turned the argument into a controversial process, with many factors to consider.

Yesterday Vodacom's government relations and regulatory executive Pakamile Pongwana said that radical cuts forced on its network in Tanzania had unintended consequences, as Vodacom had less income to spend on expanding its network.

There was a fine balance between the wholesale and retail prices, and SA's current regime had lowered the cost of cellphone ownership so that even the poorest people could get connected, said Pongwana.

Vodacom could not justify keeping a significant proportion of its pre-paid users on its network if there was not enough profit in delivering incoming calls to them, added Karl Lawrenz, its executive of regulatory projects.

If cost-based termination rates were imposed, it would not be sustainable to retain those low-spending users, he said.

Lawrenz also urged Icasa not to bow to requests by Neotel, Cell C and Virgin Mobile to skew the rates so that the operators with fewer customers paid less.

That would "prop up inferior technologies and more inefficient market players and punish superior technologies and operators" by giving the more successful players less income to invest in their networks.

Icasa councillor Tracy Cohen said that the authority did not want to intervene if it would destroy people's constitutional right to communicate.

It was difficult to know how Icasa should move forward against arguments that cutting the fees could prevent unconnected people from ever getting connected, she said.

The hearings end today.

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