

Minister Gen (RET) Sipiwe Nyanda: Statement on Mobile Terminating Rates

Minister of Communications Gen (Ret) Sipiwe Nyanda

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Mr Speaker, honourable Members, good afternoon

South Africa's high telephone rates have been of much concern to all in this House, and rightfully so. Telephones, particularly cellular telephones, are the main tools of communication available for our people. Telephones keep us as South Africans connected. Our telephones enable us to communicate with people in other parts of the world. Without the telephone and internet, business cannot be conducted. Communication costs in this country are resulting in a potential loss of investment in the economy. High mobile termination rates are impeding any possibility of new entrants into the market.

The intervention I implemented as the Minister of Communications, has yielded some positive results with the support of the Deputy Minister, the Portfolio Committee on Communications, the staff of the DOC under the leadership of the Director General, the mobile operators and the South African public at large on cost to communicate. This is yet another example that working together we can do more.

I am pleased to announce that the initial reduction of mobile terminating rates by Cell C, Vodacom and MTN are as follows:

The current mobile terminating rates are the following:

Peak: R1.25 and Off-Peak: R0.77

Therefore the BLENDED rate is R1.03.

The agreed reduced mobile termination rates are the following:-

Peak: R0.89 and Off-Peak: R0.77

Therefore the blended rate has been reduced to R0.77 cents

The overall total cost reduction on peak rates is from R1.25 to R0.89 cents, totalling an amount of 36 cents.

This, Honourable members is putting money back in the pockets of ordinary South Africans who need it now more than ever.

With regard to the issue of the effective date of implementation, we have noted that there are various SMMEs that are reliant on the value chain of inter-connect fees. We have therefore agreed with Vodacom and Cell C that the effective date for the reduction would be February 2010, except for MTN. This will allow both the mobile operators and the SMMEs to realign their business operations accordingly.

Further, I am glad to report to the House that mobile operators have committed to introduce new and affordable retail products based on their reduced rates from 1 December 2009. I have been assured that these developments will further introduce more competition on the retail market.

That, on its own Honourable Members is the big early Christmas and Easter present that we can give to the nation.

In the same breath, it is important to emphasise that the commitment we have received is within the parameters by the business imperatives of these operators and was voluntary.

In implementing the tariff change, operators are requesting a glide path period that is aimed at facilitating adjustments to their business models; re-negotiation of contracts with service providers and in some instances changes in their billing systems.

I will facilitate the process further by withdrawing the Ministerial Policy Directive on Mobile Terminating Rates. A glide path intervention process, will however be considered for implementation by ICASA as it is of a regulatory nature. My intervention should be viewed as an initial step taking into account the fact that the reduction of the costs to communicate should not necessarily address the wholesale market only, but should also make an impact in the retail sector, as this affects end-users.

Therefore further consultations between operators and Icasa will still be constituted to conclude the interconnect agreements. It must be recorded that due regard to the principles of non-discrimination will be applied; therefore the reduction in rates will be concluded within appropriate interconnection agreements. I will then present the MTR offers to Icasa for review, consideration and implementation.

In addition to this process I will be reviewing all other aspects that relate to cost to communicate; this include fixed and mobile terminating rate for public phones and community service telephones; retail market. This is in line with my Programme of Action on the reduction of cost to communicate that was recently submitted and approved by Cabinet.

Honourable Speaker, as I promised during my Budget Vote earlier this session, reducing communication costs remain a key priority of mine. For this reason I have elevated it to our Medium Term Strategic Framework.

Last but not least it is important that we should not just celebrate great leaps but also small steps that make a great difference.

I present this report not sound like a triumphalist but to acknowledge small steps that move us forward as a nation. Together we can do more!

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