

'Vodacom, MTN abusing rates'

■ Giants flouted agreement – Vox Telecom

Asha Speckman

VOX TELECOM has accused cellular giants Vodacom and MTN of abusing interconnection agreements that the two voluntarily entered into in March as part of the government's intervention to bring down interconnection rates to less than R1 a minute.

Commenting yesterday at the Independent Communications Authority of South Africa (Icasa) hearings before it finalises its draft interconnection regulations, Vox Telecom said MTN was charging peak rates in excess of R1 a minute for interconnect fees.

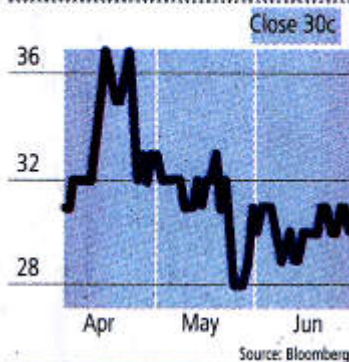
The network operators and Cell C agreed last year to voluntarily drop their charges from R1.25 to 89c a minute over a three-year period from March. These wholesale rates determine the retail rates consumers are charged.

Yesterday Icasa heard that the agreement had been flouted, but it said it could not take action as it had not been handed a formal complaint.

Shameel Joosub, the managing director of Vodacom said the company was "mystified" by Vox Telecom's claims, saying it treated all interconnect

Vox Telecom

Share price, cents Mar 30-Jun 30



partners on the "same basis".

He said Vox Telecom had yet to implement the previous interconnect cut of March 1.

Thabo Makhakhe, the chair of the panel, said Icasa would consider seeking legal advice before deciding on a sanction.

Murray Steyn, the chief commercial officer for the Vox Telecom group, said the company and its subsidiary Datapro each had interconnect agreements with MTN.

MTN had allegedly used the Competition Act to force Vox Telecom to offer it a rate of 50c while it paid the company 89c.

The agreements have not

yet been signed and Vox Telecom continues to pay R1.25.

"MTN has said 'take it or leave it, that's our position,'" said Steyn.

He said he was not aware of any other small operator that was stuck in a similar situation, except Neotel which was paying the 89c interconnection rate to MTN.

Vox Telecom had not lodged a complaint with Icasa as Electronic Communications Network were waiting on a similar complaint it lodged with the regulator, Steyn said.

MTN chief corporate officer Robert Madzonga said the two parties began negotiations last year, but talks deadlocked over the best rates each would charge and an interpretation of "non-discrimination".

"Vox Telecom are net receivers of revenue. The impasse has benefited them to the tune of 75c per minute since March.

"This rate is the difference between the existing R1.25 that MTN pays to Vox and the rate of 50c which Datapro offers to Telkom which MTN understands to be their best rate in the market," said Madzonga.

Telkom and Neotel were not available to comment.

