

No phones far from the talking crowds

South Africa has the second highest teledensity in Africa but argues **Simon Kimani Ndungu** they are simply not accessible to the poor.

Maria Ngoveni (not her real name) is 65 years old. She lives in the deep rural village of Makhuva on the western edge of Kruger National Park in Limpopo Province. Because she has no regular income, she depends on the old age grant of R830 per month to meet her basic needs including buying groceries, medical care, transport, clothing and telecommunications.

Like many villages in South Africa, Makhuva has high levels of unemployment and poverty. It has neither Telkom public pay phones nor house landlines.

Communication with the outside world is through telephone facilities at the local Multi-Purpose Community Centre (MPCC), through the two Cell-C public phone containers set up by business minded residents, or else by cellular phones.

Given Maria's advanced age and frail health, it takes her a fair

amount of time to walk the three kilometres from her house to the MPCC or phone containers often in temperatures of more than 30°C. In any event the MPCC closes down at 4:30pm, while the public phones operate only until eight in the evening because of high levels of crime in the village. Furthermore, the occasional flash floods during the rainy season mean that Maria is sometimes out of contact with the rest of the world. There is no bridge across the local stream which turns into a river and cuts her off from the centre of the village where the MPCC and public phone containers stand.

The challenges confronting Maria around accessing telecommunications services in South Africa are not unique. They are a common in many rural areas twelve years after the onset of democracy, and ten years since the restructuring of the country's telecommunications sector. The unavailability, inaccessibility and unaffordability of telecommunications services by poor urban and rural people continue to define the limits of South Africa's transformation.

MANY PHONES BUT...

Admittedly, there have been widespread changes to the telecommunications sector since the early 1990s when provision of services reflected severe distortions based on apartheid policies. By 1994 South Africa's average teledensity (i.e. number of telephone lines per



100 people in a country), was 9.8% which is in line with the recommended world average. But the majority of black rural people had a teledensity of less than 1% while the minority largely urban white population had an estimated teledensity of more than 25%. As the 1995 Green Paper and later 1996 White Paper on telecommunications argued, the need to create equity in terms of access and service in telecommunications was an important goal in the country's political, social and economic transformation.

Since the mid 1990s, there have been major efforts at restructuring of the country's telecommunications sector but the end result has not been the universal provision of telecommunications services. To begin with, in June 1996, the African National Congress (ANC) government adopted a conservative macro-economic policy, Gear (Growth, Employment and Redistribution strategy), the same time as it was working towards a finalisation of the country's telecommunications policy. In line with Gear, the state opted for a reduced role in the economy



concerning itself mainly with the creation of a favourable climate for business.

The government's assumption was that a liberalised economy and free market regime would spark growth in many sectors including in telecommunications. The partial privatisation of Telkom in 1996 and the further liberalisation of the telecommunications sector in 2001 have not however, resulted in a full telecommunications service and access. As the Congress of South African Trade Unions (Cosatu) and the Communications Workers Union warned in 2001, market logic would result in telecommunications operators striving for maximum profit leading to, "a concentration of resources on the upper end of the market which tends to have higher profit margins" rather than on the lower end of the market which is poor and unprofitable.

In addition, rather than retain Telkom as a fully state owned enterprise as the ANC had promised prior to assuming power in 1994, the national operator was partially privatised in 1996 but given extensive universal service obligations. In return for rolling out approximately 2.7 million new lines,

of which 1.7 million had to be in poor under-serviced urban and rural areas, Telkom was granted a five years exclusivity period during which no competitors were licensed. Despite Telkom exceeding this target, approximately 76% (2 million) of the new lines were disconnected during the same period due to un-affordability by the additional subscribers who were in most cases poor households.

Furthermore, universal service obligations imposed on the first two mobile operators, Vodacom and MTN, when they were licensed in 1993, were minimal since they merely had to establish 22,500 community phones (Vodacom), and 7,500 (MTN) in the under-serviced areas. These targets were easily met but no new obligations were negotiated with the operators. Entry of the third mobile operator Cell-C in 2001 with the requirement to establish 52,000 community telephones in seven years has not fundamentally altered the universal provision of telecommunications services in under-serviced areas.

PHONES NOT AFFORDABLE

Availability and accessibility of telecommunication services aside,

what has become even more important is the question of affordability of these services by the majority of the country's population which remains poor. The expensive nature of telecommunications services in South Africa has been raised as one of the key concerns around the inability of poor people to enter, maintain and use the country's telecommunications infrastructure. It has been argued that South Africans pay some of the highest call charges in the world, while even government has admitted that for the majority of people, call tariffs are considerably unaffordable.

Despite an economic growth rate of over 4% per annum in real terms in the last two years, poverty and inequality have remained widespread in the country, unemployment is stubbornly high, and the number of households living under the poverty line (calculated at on US\$2 per day for a family of four) has continued to increase. Given this economic reality, expenditure in poor households would be more inclined towards the consumption of basic necessities such as food, shelter, clothing, transport and medical care, as opposed to telecommunications.

Information provided by the world's main telecommunications body, the International Telecommunications Union (ITU), indicates that South Africa has extremely high telecommunications tariffs when compared with many countries in the same upper middle income bracket. South Africa's connection, monthly subscription and local call tariffs are much higher than many comparable countries. In most cases the cost of local calls is

anything between three and ten times higher than the average.

According to an article in *Business Day* in April 2006, a survey on national calls conducted in 14 countries sharing similar economic indicators with South Africa, showed that in South Africa it costs an average of R2 to make a three minute fixed line call (Telkom to Telkom). In Sweden, for instance, a similar call costs 48 cents. On mobile telephony (Telkom to Mobile), a three-minute national call in South Africa costs approximately R4.50 while a similar call in the United States costs 96 cents.

Reform initiatives in the telecommunications sector globally has led to a lowering of prices and an introduction of greater products for consumers. But this is not so in South Africa where the costs of fixed line communications (rental as well as calls) have continued to escalate and local call prices have almost doubled since the partial privatisation of Telkom. Ironically, while the costs of fixed line local calls have risen steadily with the onset of the restructuring of the telecommunications sector, the costs of international calls have declined sharply.

Commenting on South Africa's telecommunications, two experts on telecommunications development, Gertrude Makhaya and Simon Roberts, have pointed out that between 1997 and 2000, Telkom was allowed to: "Sharply increase the cost of local calls under the argument that there is a need to move towards more cost-based tariffs in order to prepare for competition. Local call charges were increased sharply by 28% in 1997, [and] from 1998 to 2000 peak

rate local calls increased by a further 53.6%... Whilst the prices of local calls increased, the prices of peak-rate international calls were 23% lower in 2000 compared with 1998."

This trend, it may be argued, affects poor domestic users of telecommunications disproportionately since it is they who make more use of local as opposed to international calls. At the same time, it has been observed that purely on a class and racial basis, Telkom's disproportionate tariff regime "clearly affects low income, predominantly black, households to a greater extent".

Telecommunications is a dynamic sector and since the mid 1990s access to services has improved significantly, a development owing largely to the explosive rise of mobile communication not just in South Africa but across the globe. It is noteworthy however to mention that the existence of competition through three mobile operators -Vodacom, MTN and Cell-C, has not lowered the costs of telecommunications to affordable levels.

Despite the introduction of many supposedly innovative packages by mobile phone operators, the cost of cellular communications remains out of reach for many people in South Africa. In addition, call charges are higher for the pre-paid (pay as you go) subscribers (the category where the majority of the poor are found) when compared with subscribers on contract arrangements with operators. Several factors determine whether people enter into a pre-paid or contractual arrangement, but the main consideration is whether the subscriber has an adequate, stable income.

EXPENSIVE AND INACCESSIBLE

To return to Makhuva. Maria pondered thoughtfully when she was asked what she thinks of the telecommunications services in her village. "Of course things are much better," she says, "since we no longer have to travel 50 kilometres to Giyani or Phalaborwa to make a call or send a fax as we used to do three years ago before the establishment of the MPCC." However, she quickly adds that accessing and using the available facilities is itself a challenge, but perhaps things would have been a bit different if the cost of a call was not so high.

With about 5 million fixed lines, and slightly over 27 million mobile phone subscribers, South Africa's teledensity of 36.36 is the second highest in Africa after Mauritius. However, more than a decade after the formal dismantling of apartheid, the objective of the Reconstruction and Development Programme of providing Maria and every citizen in the country with an available, accessible and affordable means of telecommunication appears to have evaporated into thin air. It is clear that our economic policy is geared more towards the needs of the market, than towards fulfilling the basic needs of the poor and marginalised.

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