

The cellular telephone *struggle*

Report by **FIKILE KHUMALO***

Many people are baffled by POTWA's vehement opposition to the introduction of cellular telephones. They ask: "How can you be opposed to new technology? How dare you deprive the nation of this smart piece of technology?"

As a progressive and democratic union, POTWA cannot be opposed to progress and advancement. But we are opposed to the undemocratic, unilateral restructuring of our economy in general, and our industry in particular.

The NP government first commercialised posts and telecommunications (P&T) in October 1991. By March 1993, 5 686 jobs had been lost. We expect the same pattern with the Posts and Telecommunications Amendment Bill which empowers the Postmaster-General (PMG) to issue licences to private individuals who wish to operate a telecommunications network. The Bill strips Telkom of the exclusive rights and powers to provide telecommunications services. The PMG, empowered by the Bill, issued cellular licences to two private companies during September 1993 – the Vodacom Group (Pty) Ltd and Mobile Telephone Networks (Pty) Ltd (MTN). Vodacom and MTN are joint ventures structured as follows:

Vodacom

1. Vodafone, UK-based cellular telephone

operator (35% shareholding)

2. Rembrandt Group, (15% shareholding)
3. Telkom, SA government telecommunications operator (50%)

MTN

1. M-Net, provides television services in SA (30%)
2. Cable & Wireless, UK-based cellular telephone operator (30%)
3. Transtel, SA government-owned subsidiary of Transnet (10%)
4. FABCOS, SA black company; NAFTEL, SA black company (jointly 30%)

Competition and capitalism

The mass media favours the introduction of cellular phones, hailing them as a 'communications revolution' which will transform our lives. Cellular telephones will reportedly create more jobs and extend the provision of telephones to the unserved areas in the townships and in the rural areas.

Our view is that cellular mobile competition using GSM (Global System for Mobile Communication) technology will bankrupt Telkom by taking profits which currently subsidise other services.

The government claim that about 70 000 jobs will be created by the two GSM networks is inconceivable since GSM is highly capital intensive. It will create around 2 000 jobs only.

Each cellular telephone handset costs around R4 500, which means only a few of the privileged minority will be able to access GSM networks. In most cases these people

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already have telephones.

Public telephones using the GSM networks in areas such as townships would cost 14 times as much to provide as fixed network public telephones and a local call would cost 10 times the current charge.

The level of income in South Africa is too low to afford GSM technology which is the most expensive and sophisticated of the new telecommunications technologies.

There are other kinds of cellular technologies which are less expensive and appropriate to our country's level of income and development.

Fighting talk

During the past weeks POTWA, as part of a joint COSATU and ANC delegation, has met with the government, Vodacom and MTN. We were able to force the other parties to accept the idea of the establishment of an Independent Telecommunications Authority (ITA). The ITA will seek to develop a clear and cohesive national telecommunications policy which shall include a definition of a universal affordable service.

Our principal objective – to secure a majority shareholding by Telkom, the public operator – has been achieved. The public operator (Telkom) will hold 51% of equities in the Vodacom licence. Transtel (the state-owned subsidiary of Transnet) will hold 20% of MTN licence shares. The other 31% will be acquired over a period of five years as Transtel will be given preference whenever shares are sold.

This is a major victory for the working class. The future democratic government will now be in a position to meet its social and economic objectives because the revenue base and long-term viability of Telkom will be protected. Infrastructural development will be possible and our ultimate goal, namely universal service or the expansion of telephone penetration, will be realised. This will create even more jobs.

In the MTN licence, POTWA and other unions operating in the telecommunications sector will have 5% of the shareholding to be administered through provident funds or any

other related investments. Black business will acquire 5% of both licences.

Further battles will have to be fought for appropriate and cheaper mobile technology. ☆

Public ownership

Before October 1991 the provision of posts and telecommunications in South Africa was the sole responsibility of a government structure, the Department of Posts and Telecommunications.

Successive Nationalist Party governments were obliged to ensure all South Africans were provided with and had access to a telephone. Such ownership, control and regulation of postal and telecommunications services by a government is called "public ownership", which means the industry is owned, through the government, by the people for whom it is created. In many countries, including South Africa, public ownership is essential for meeting social and economic needs. The following example illustrates this.

In South Africa the telephone was used extensively to develop the rural areas during the early 1900s. The economy was expanding rapidly, and many South Africans left the countryside for the cities. Both blacks and whites lacked the necessary skills for living and working in an urban environment; townward migration inevitably resulted in high levels of unemployment. The government and media of the day constantly referred to high white unemployment as the "poor white" problem, while ignoring the "poor black" situation. The government instructed and subsidised the posts and telecommunications department to intensify the construction of the telephone network. This had two effects: First, it created jobs for many whites, and second, it improved communications in the country. ♦