

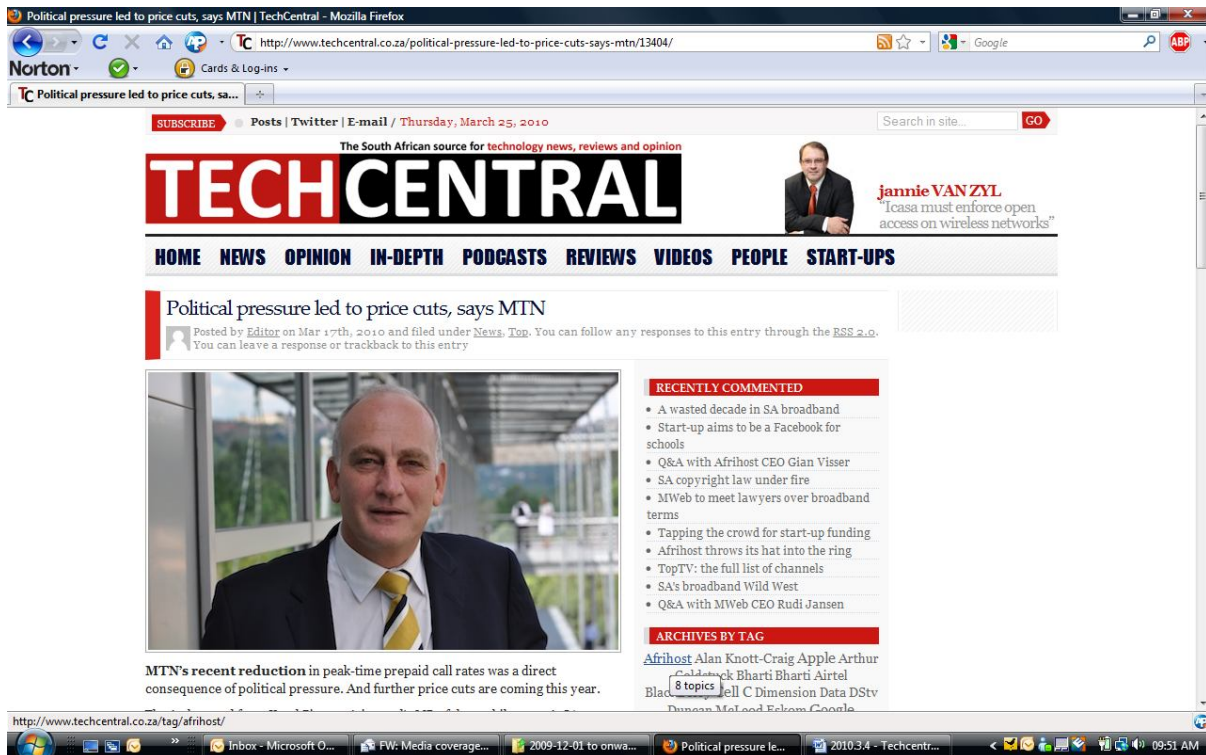
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The screenshot shows a Mozilla Firefox browser window with the URL <http://www.techcentral.co.za/political-pressure-led-to-price-cuts-says-mtn/13404/>. The page features the TechCentral logo and a navigation menu with links for HOME, NEWS, OPINION, IN-DEPTH, PODCASTS, REVIEWS, VIDEOS, PEOPLE, and START-UPS. The main article is titled "Political pressure led to price cuts, says MTN" and is posted by Editor on Mar 17th, 2010. A photo of Karel Pienaar is included. To the right, there are sections for "RECENTLY COMMENTED" and "ARCHIVES BY TAG".

Political pressure led to price cuts, says MTN

MTN's recent reduction in peak-time prepaid call rates was a direct consequence of political pressure. And further price cuts are coming this year.

That's the word from Karel Pienaar (pictured), MD of the mobile group's SA operation, who says MTN is a "corporate citizen first and foremost and we have to listen to our government".

MTN slashed its peak-time rates — for calls made between 6am and 8pm — at the beginning of March by as much as 40% as part of a new calling plan.

Vodacom followed suit a week later with similar price reductions.

Both operators have introduced prepaid tariff plans that offer the same calling fee structure all day, in both peak and off-peak periods. Though the off-peak rates are higher than other prepaid calling plans, the peak-time rates offer consumers significant savings.

The new packages were introduced in the same month that peak-time interconnection rates — the fees the operators charge each other to carry call calls between their networks — fell from R1,25/minute to 89c/minute.

The wholesale rates were reduced following extensive political pressure.

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Some analysts have suggested the cut in retail tariffs was in response to a one-rate all-day calling plan introduced by Cell C in November 2009. But Pienaar says the new tariff plan was a direct response to pressure from politicians.

“If government has a need for us to decrease pricing, we will find a way to do that,” he says. “But we’ll do it in such a way that we don’t destroy our business [in the process].”

Pienaar says the pressure has come from communications minister Sipiwe Nyanda and from parliamentarians. “There’s been pressure from consumers, too,” he adds.

Last year, parliament’s portfolio committee on communications launched hearings into interconnection charges, calling the operators to Cape Town to explain why the rates should not come down.

Pienaar says MTN customers can expect “more offers in the market this year that support the need for better pricing”.

“We will accommodate our needs — the needs of our shareholders — and our customers’ needs, and there’s a lot of space to do both,” he says.

Pienaar says that when he took over as MTN SA MD last year, he commissioned independent telecommunications consultancy Delta Partners to research whether the company was “giving customers a fair shake”.

“I think we’ve done a superb job of coming up with a balanced offering at world-competitive pricing.” — *Duncan McLeod, TechCentral*
