

REPORT OF THE INDUSTRY WORKING GROUP (IWG) VISITS TO THE MANAGEMENT OF THE TELECOM OPERATING COMPANIES ON THURSDAY 26TH AND FRIDAY 27TH APRIL, 2012.

1. INTRODUCTION

As part of the strategy of the IWG to gain the support and buy-in of the management of the operating companies for its vision, goals and objectives, the group had reiterated the need to visit the Chief Executive Officers. The visit became imperative in view of the fact that the IWG would require a lot of resources to carry out its activities and the support of the management of the operating companies would go a long way in assisting the group to achieve its objectives.

The Industry Working Group therefore visited the under listed companies between on 26th and 27th April, 2012.

| S/N | Companies visited | Date | Remarks |
|-----|----------------------------|-----------|---|
| 1. | MTN Nigeria Communications | 26-4-2012 | CEO in attendance |
| 2. | Globacom Nigeria | 26-4-2012 | Executive Directors and top mgt in attendance |
| 3. | Visafone Communications | 26-4-2012 | CEO in attendance |
| 4 | Airtel Nigeria Limited | 27-4-2012 | MD in attendance |
| 5 | Etisalat | 27-4-2012 | MD in attendance |
| 6 | Helios Towers Limited | 27-4-2012 | MD in attendance |
| 7 | I.H.S Nigeria Plc | 27-4-2012 | MD in attendance |

The IWG however did not visit Starcomms Limited as scheduled for 26th April, 2012, as the company could not confirm the readiness of the management to receive the group.

2. OPENING REMARKS BY THE IWG

The IWG delegation to the CEO'S was led by Engr. U.A.S Maska, the Head, Compliance Monitoring and Enforcement and the Vice Chairman of the group. The CEO'S were informed that the IWG was established due to the challenges experienced from the various tiers of government closing down telecom base stations on grounds of non-payment of some spurious and illegal taxes. The IWG reiterated that Section 46 of the Constitution of the Federal Republic of Nigeria clearly stated that Telecoms is in the Exclusive Legislative list of the federal government.

The IWG had therefore developed an action plan and activities aimed at addressing the challenges and would require the support of the CEO's in view of the financial implications of the projects.

3. RESPONSES FROM THE COMPANIES:

The following are the summaries of the responses and other issues raised by the companies visited:

(I) MTN

At MTN, Brett Goschen, the CEO commended the progress made so far by the IWG and the Commission in particular for the re-opening of the BTS site shut down by NESREA. He noted that issue of multiple taxations, Enforcement of Multiple regulation, closure of BTS sites and vandalisation of telecom facilities has negative implications on the quality of service, penetration of service for subscribers and there would be huge benefit to the industry if they are addressed.

The CEO is very enthusiastic about the initiative and assured the IWG of the support and the full backing of MTN for its plans and activities.

(II) GLOBACOM

The Executive Director, Mr. Adewale Sangowawa, the spokesperson for the Globacom management stated that they are interested in the activities of the IWG. He expressed the desire for the group to work together to ensure that the telecom sector is not seen as a “Cash-Cow”. The management of Globacom assured the group of its support especially to enlighten the country about the challenges faced by the sector.

While Globacom promised to review the action plan and activities of the IWG to determine the programmes it would support, the management however advised the group not to dwell so much on reports but to concentrate on what can be achieved immediately.

In concluding, Globacom tasked the IWG to work towards the harmonization of the various taxes and the authorities responsible for collection. In the same vein, other issues such as harmonization of charges and the tier of government responsible for Right of Ways should be taken onboard by the IWG.

(III) VISAFONE

The Managing Director, Sailesh Iyer promised to review the programmes of the IWG with a view to leveraging on the opportunities that exist and also using the platform to address some of the challenges regarding issues of multiple taxation.

Visafone raised concerns on the conflict between the federal agencies and the State Ministry of Environment. It was noted that the NESREA require operators to carry out EIA and the states also require EIA to be carried out on the same BTS.

Visafone also requested that the IWG should look into the issue of VAT payments by operators but the group pointed out that the mandate did not cover matters on VAT as it is a legitimate tax.

Other concerns bordered on the need for the Commission to publish the monthly quality of service reports on the website to keep the subscribers informed on the QoS performance of the networks. Visafone also informed the group that they would like to participate in the Commission's consultation on Mobile Number Portability (MNP).

The IWG noted the concerns of the company and advised them to officially channel the complaints to the Commission.

(IV) AIRTEL.

The Managing Director of Airtel, Rajan Swaroop noted that the activities of the IWG would impact positively on the company. He raised concerns on taxes by agencies of the state governments on advertising billboards that were installed for consumer education. It was further noted that the taxes were disproportionate as typified in Bauchi state where the company was requested to pay N700 Million for signage. Airtel canvassed the view that there was need to be informed on the specific advert material that would attract fees.

The company further raised concerns on the issue of multiple regulations as the group was informed that two cases were brought against Airtel for not meeting NESREA'S setback requirement. Airtel also informed the IWG that the House of Representative Committee on Environment has invited them for a meeting which indicated NESREA tactics of now using the legislature.

(V) ETISALAT

The Managing Director, Mr. Steve Evans stated that Etisalat strongly support the work of the IWG and are willing to fully support the objectives of the IWG because of the need to develop telecom infrastructure that would assist Nigeria in becoming one of the first 20 economies. It was noted that the issue of multiple taxations is driven by states' short term view of raising internally generated revenue.

The MD commended the Commission for the initiative and promised to support the IWG. He further stated that there should be sufficient legislations to support the initiative and that Etisalat would be willing to challenge more of the blatant cases of multiple taxations in court to discourage other states that intends to join the bandwagon.

In concluding, the MD advised that IWG to focus on the activities that would have more influence in addressing its mandates.

(VI) HELIOS TOWERS

The management of Helios Towers submitted that the IWG would benefit the industry and therefore would review the plans and activities of the IWG to determine their contribution and sponsorship.

The company was however of the view that the IWG should expand its mandates to cover issues bordering on installation of fibre across the country since about 60% to 70% of Nigeria is yet to be covered. In the same vein, Helios Towers would also want the IWG to consider and promote issues on infrastructure sharing, Right of Way (RoW) and facilitating the availability of funds through the Universal Service Provision Fund (USPF).

(VII) I.H.S PLC

The Managing Director, William Saad expressed his satisfaction with the activities of the IWG and promised to support the initiative since addressing the issue of multiple taxations would ensure that consumers enjoy cheaper price/tariff.

The company further stated that they have invested in solar power to address the issue of electricity/ power for their BTS and the company has also built a sophisticated Network Operating Center.

The CEO suggested that the IWG should co-opt the banks into the group since they operate a mini-network for providing their services.

CONCLUSION

Following the successful engagement of the management of the operating companies, the IWG will at its next meeting discuss the way forward, and draw up programmes for the proposed conference/workshop for the North Central geo-political zone to be held in Abuja.