

TITLE: RESPONSE TO GAZETTE ICASA NOTICE 597 OF 2019 DATED 1 NOVEMBER 2019 BY THE AUTHORITY INVITING WRITTEN SUBMISSION FOR INTERESTED PARTIES ON MATTERS RELATED TO THE LICENSING PROCESS OF THE WIRELESS OPEN ACCESS NETWORK (WOAN) AND AUCTIONING OF IMT FREQUENCY SPECTRUM

TO: THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA)
350 WITCH-HAZEL AVE, BLOCK B
ECO-PARK ESTATE
CENTURION
0169

ATTENTION: MR DAVIS KGOSIMOLAO MOSHWEUNYANE

RE: GOVERNMENT GAZETTE NOTICE 597 OF 2019 (1 NOVEMBER 2019): ELECTRONIC COMMUNICATIONS ACT 2005, (ACT NO 36 OF 2005), NOTICE ON THE LICENSING PROCESS FOR INTERNATIONAL MOBILE TELECOMMUNICATIONS (IMT) SPECTRUM, INVITING COMMENTS IN RESPECT OF PROVISIONING OF MOBILE BROADBAND WIRELESS OPEN ACCESS SERVICES FOR URBAN AND RURAL AREAS USING COMPLIMENTARY BANDS, IMT700, IMT800, IMT2300, IMT2600 AND IMT3500.

DATE: 31 JANUARY 2020

FROM: PROGRESSIVE BLACKS IN ICT (PBICT)
YOUTH ECONOMIC ALLIANCE (YEA)
SOUTH AFRICAN BLACK INTERNET SERVICE PROVIDERS ASSOCIATION (SABISPA)
SOUTH AFRICAN WOMEN IN ICT FORUM (SAWIICT)

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1. PREAMBLE

The Constitution provides a vision of a united, prosperous, non-racial and non-sexist society; a country that belongs to all who live in it, united in its diversity. The Constitution also obliges the country to heal the divisions of the past, recognising that South Africa emerged from a system where the majority of its citizens were robbed of economic opportunity. We lost the land, how it began we will never know. The battle for the IMT spectrum and radical economic transformation of the telecommunications sector (MNO) as we know it is no different to the blood that has been spilt for the land since the arrival of the first ship on African soil.

Since the dawn of our democracy we served the IMT "*Spectrum*" on a silver platter and again on a gold platter 14 (fourteen) years ago giving birth to current data monopoly controlled by the 4 (four) Telco's today. We have made it impossible for smaller black owned companies to enter this sector, hence the high data cost today. There is no guarantee that they will drop the data prices should spectrum be given to them.

A growing economy, rising employment and incomes, falling inequality, an improving education system, fertile conditions for entrepreneurship and career mobility will contribute significantly to uniting South Africa's people. Programmes such as affirmative action, black economic empowerment and land reform are most effective when the economy is growing, and the education system is improving. Without such an environment, these measures can raise the level of social tension. This plan makes several proposals to improve the efficacy of redress programmes, especially those relating to broadening economic opportunities for the historically disadvantaged.¹

In support of the National Development Plan, 2030 the objective is that the country can create 11 million jobs by 2030 by:

- Improving economic policy coordination and implementation;
- Building partnerships between the public sector, business and labour to facilitate, direct and promote investment in labour-intensive areas;
- Raising competitiveness and export earnings through better infrastructure and public services, lowering the costs of doing business, improving skills and innovation, and targeting state support to specific sectors;

¹ National Development Plan 2030. 28.

- Strengthening the functioning of the labour market to improve skills acquisition, match job seekers and job openings, and reduce conflict.

Meeting the objectives of the plan requires leadership to drive implementation, and to convince South Africans of the need to make mutual sacrifices for longer-term benefits. It will also require a change in the structure of the economy and the pace at which it grows.²

Over the next several years the world economy is expected to grow at a modest pace. In these circumstances, South African businesses need to think carefully about what they produce, for which markets, using what capabilities. As a small open economy, South Africa can develop niche products. Capturing a small share of global demand in areas where local firms can compete and can have a big impact.³ Regional economic integration can boost economic growth in all countries in Southern Africa. The region has grown rapidly over the past decade, with strong performances in minerals, agriculture, telecommunications and tourism. Achieving economic integration requires identifying practical opportunities where cooperation can offer mutual benefits; investment in infrastructure; strengthening regional trade-blocs; lowering tariffs; and addressing nontariff barriers, such as inefficient border posts.⁴

South Africa needs to implement its economic policy priorities effectively. Coordination failures, split accountability and overlapping mandates hinder the implementation of existing policies.

Compared with the best international standards, South Africa's ICT infrastructure is abysmal. Efficient information infrastructure that promotes economic growth and greater inclusion requires a stronger broadband and telecommunications network, and lower prices. The economic and employment benefits outweigh the costs.⁵

"We must unleash spectrum and the opportunity of mobile broadband. Spectrum is our invisible infrastructure; it's the oxygen that sustains our mobile communications."

***US Federal Communications Commission Chairman
Julius Genachowski***

² National Development Plan 2030:29.
³ National Development Plan, 2030. 34.
⁴ National Development Plan, 2030. 34.
⁵ National Development Plan, 2030: 36.

2. INTRODUCTION AND BACKGROUND

We (MzansiWOAN) are an alliance group of four Non-Profit Organizations (NPO) namely:

PROGRESSIVE BLACKS IN ICT (PBICT): The Progressive Blacks in Information and Communication Technology also known as PBICT is a group of persons who are active in the ICT and Communication sectors through **employment, business and education**. Our main objective is to open **ACCESS** and advocate for **OWNERSHIP** to ensure that black people fully benefit from these sectors. Through our **radical economic transformation** mantra, we aim to open up a variety of opportunities for our members. **For more info: www.pbict.co.za;**

YOUTH ECONOMIC ALLIANCE (YEA): The Youth Economic Alliance Non-profit Company (YEA) is an entity established to **drive the development** and advancement of youth entrepreneurship. YEA champions **youth entrepreneurship** through targeted programmes that collectively address the **unemployment problem** among youth by providing them with opportunities to develop their businesses, as well as providing access to resources and linkages needed to **realize their potential as young social and economic entrepreneurs**. **For more info: <https://yea.africa>;**

SOUTH AFRICAN BLACK INTERNET SERVICE PROVIDERS ASSOCIATION (SABISPA): South African Black Internet Service Providers' Association (SABISPA) is a registered non-profit organisation representing the interests of **Black ISPs** within the telecommunications sector. Our mandate is to advocate, **educate and support Black ISP's** and maintain fair internet related policies in South Africa. Furthermore, we aim to enforce **economic inclusion** in the SA telecoms sector on behalf of our members. Our membership consists of **ISP's, MVNO's, SMME, ICT & Telecommunications Professionals** as well as Tertiary Students. **For more info: <https://www.sabispa.net>, and the;**

SOUTH AFRICAN WOMEN IN ICT FORUM (SAWIICT): South African Women in ICT Forum is an industry-based forum that was an initiative of Communications Department established in 2010 under the then Minister, Ms Dina Pule. One of our primary objectives is to bring women together working within the industry and outside in any ICT enabled industry. We are working with private and public sectors, civil society, as we are interested in furthering the **advancement of women participation in the ICT sector**. Our vision is to promote active participation of women and youth within the ICT and ICT enabled industries. Our mission we strive to be pioneer and be thought leaders influencing and promoting the advancement, development, integration, participation of women within these industries. **For more info: <https://www.sawomeninictforum.co.za>**

Collectively we speak for our 5 000+ members who are Africans in general and Blacks and Designated Groups in particular, who operate in the ICT sector. Our members have an interest in participating in the process to respond to the WOAN memorandum.

The WOAN and HDS are critical to an inclusive economy in this fourth industrialised world driven by telecommunications. We wish to see the scale tilt correctly to fairly include Black people, Women, Youth and people with disabilities as key to the economic transformation aspirations of South Africa in order to reverse the injustices of apartheid economy.

As representatives of different SMME and entrepreneurship organizations, our position is clear - **Access and Ownership of WOAN** is critical to an inclusive economy in this fourth industrial world. We wish to see the scale tilt correctly to fairly include Black people, Woman, Youth and people with disabilities.

We (PBICT, SABISPA, YEA, SAWIICT) hereby make submission in accordance to the above-mentioned invitation collectively as **MzansiWOAN Tertiary Co-Operative** (to be registered in 2020) for Black ICT SMMEs and in addition to making this written submission the above organisations would appreciate the opportunity to make oral submissions or presentations at public hearings that ICASA may convene following this process.

We further **highly welcome and support this ICASA notice and Minister's policy directive** as it is seen to be responding to an industry (MTN & VODACOM) that has for long been left to operate at will and moving very slowly on the country's transformation agenda as well as exploiting their monopoly status to exploit the public, government and businesses with high data and voice prices (costs). Currently, the top MNO's have been ignoring the countries universal access objectives (SA Connect) and the internet access needs of our Rural and Township communities due to their focus on high profits from their network investments which is mainly focused on coverage in high density Urban areas.

Entering into the Fourth Industrial Revolution (4IR) and 5G era, South Africa notes that; for it to continue on an upward growth trajectory we need to focus on ICT and Telecoms space for us to remain globally competitive. The release of the long-awaited pathway for the allocation of spectrum not only pushes for an open and diversified telecommunications economy in SA, but represents an enormous victory for small businesses, especially 100% Black owned businesses, in the ICT and telecommunications sectors.

Many economies note clearly that for a country to experience growth and job creation, a bulk of those jobs will be created by SMMEs. It is with this in mind, that our submission seeks to focus mainly on participation and to put it blunt meaningful ownership, **access to**

market and profitable participation by previously disadvantaged (Black) SMMEs and individuals within the ICT and telecommunications sectors.

Our collective organisations (**PBICT, YEA, SABISPA and SAWIICT**) and membership fully **support and endorse the licensing and establishment of the WOAN** and the priority allocation of available High Demand Spectrum (HDS) to the WOAN.

We strongly believe that the WOAN creates a viable vehicle for creating new business opportunities for Black SMMEs, and jobs for black professionals, as new entrants to the lucrative telecommunications industry. Furthermore, the WOAN represents an opportunity to accelerate and achieve the universal Internet access objectives and targets of SA Connect.

The South African telecommunications industry has dismally failed to; reduce data and voice costs, create new economic opportunities & shared growth and continues to be monopolized by two major players that own more than 80% of the Mobile Network Operator market. We strongly believe that our envisaged MZANSIWOAN structure proposed in this document has potential to transform our telecommunications industry and potential create thousands of direct jobs and over a million opportunities for new telecommunications entrepreneurs, merchants (formal and informal) and ICT Technical Professionals especially for the Black majority of South Africans. These job and business opportunities would span the width and breadth of South Africa's 25 000 municipal wards. WOAN presents a unique opportunity to fast track governments developmental agenda.

The Organization for Economic Co-operation and Development notes that the average usage of data per month in developed economies was 4.6GB per individual. In South Africa, that would cost R600. The minimum income wage in South Africa is R3500. Those figures alone should highlight the sheer difficulty that most South African citizens have to endure daily as they change the socio-economic status. We thus consider WOAN to be a socio-economic transformative technological tool that is gravely needed to propel our country's developmental agenda.

WOAN gives rise to various economic participation opportunities such as entrepreneurship and employment. Further it will collectively improve our skills base, increase platforms and catalysts for creativity and innovation and alleviate our high demand for infrastructure spend in rural areas. Technology is what will connect us, from rural to suburb to township. Technology will shorten the social divide and move towards a more socio-economically balanced society.

***"A country's radio spectrum is a critical asset and is therefore carefully managed
by the national government (typically by a regulator)."***

GSMA

3. LEGAL AND POLICY FRAMEWORK

This response is guided by extensive research, recognition and acknowledgement of various documents and publications by various organisations as well as government institutions which influenced the current South African Government Policy Direction which paved the way on auctioning of HDS and licensing of a WOAN:

- Council for Scientific and Industrial Research (CSIR) Report
- GMSA Spectrum Report
- ECA Amendment Bill 2019 36 OF 2005;
- Ministers Directive to ICASA – Gazette No. 42597 of 26 July 2019;
- ICASA Notice – Gazette No 597 of 2019 (1 November 2019)

The above, are key documents that inform our submission however our research and organisational policies are formulated on various other government frameworks, laws and not limited to the abovementioned documents. ⁶

Furthermore, we urge ICASA and the general public to review MNO submissions and representations for ECA Amendment Bill 2018 (which address matters related to the WOAN and HBS) listed below to formulate a proper historical context and perspective on industries position of these matters.

⁶

<https://www.sabispa.net/woan>

3.1 ECA AMENDMENT BILL 2018 SUBMISSIONS (HISTORICAL CONTEXT)

Submissions made on the Electronic Communications Amendment Bill [B31-2018] can be found at the links below:

Organisation	Hyperlink	POSITION ON WOAN
PBICT	http://bit.ly/2OcmSpK	Positive
YEA	http://bit.ly/38Ven0p	Positive
Vodacom	http://bit.ly/2uOADu6	Somewhat Negative
MTN	http://bit.ly/2RJmJmc	Somewhat Negative
Telkom	http://bit.ly/2GHlcGJ	Positive
Cell C	http://bit.ly/38T2iJa	Positive

4. PROPOSED SPECTRUM FOR THE AWARD (AUCTION) – WOAN ONLY

After extensive consultation and studying of the 5 proposed HDS allocations (Options and Lots) detailed on pages 15 to 21 of the ICASA notice, our organisations strongly believe that there are only 2 viable options (Option 1 or 5) to operate an effective and profitable WOAN that aims to achieve the policy objectives and market transformation for South Africa telecommunications industry.

Option 1 - Lot A (WOAN) – IMT700 / IMT800 / IMT2600

700 MHz	800 MHz	2 600 MHz
-	2 x 25 MHz (FDD) (796-821 MHz // 837-862 MHz)	2 x 20 MHz (FDD) (2500-2520 MHz // 2620-2640 MHz)
		25 MHz (TDD) (2595-2620 MHz)

Option 5 - Lot A (WOAN) – IMT700 / IMT800 / IMT2600

700 MHz	800 MHz	2600 MHz
2 x 10MHz (FDD) (703 -713 MHz // 758-768 MHz)	2 x 10 MHz (FDD) (801-811 MHz // 842-852 MHz)	1 x 40 MHz (TDD) (2500-2540 MHz)

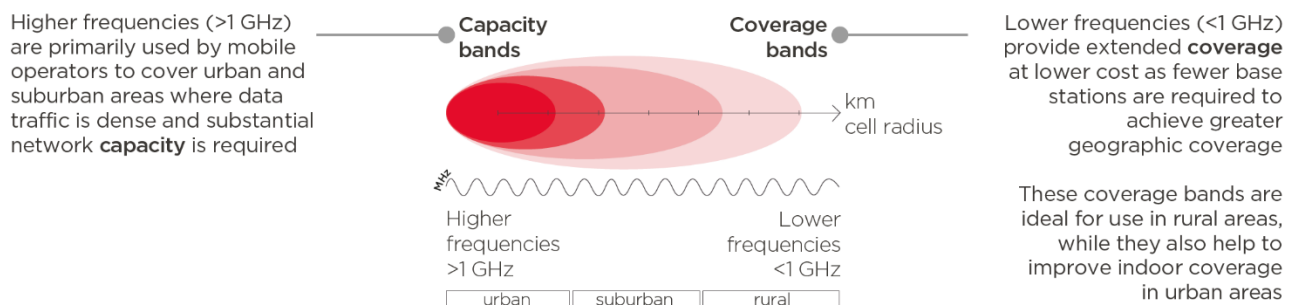
The above two options seem more attractive to operate Mzansi-WOAN as they offer a good mix of spectrum to achieve good Capacity and Coverage for the WOAN. According to the CSIR report the WOAN requires the following allocation to achieve market transformation as we elaborate hereunder;⁷

WOAN User Base (%)	Number of Users	Downlink Spectrum Required (MHz)
20%	10 248 000	40
30%	15 371 000	55
40%	20 495 000	75
50%	25 619 000	85
60%	30 742 000	105
70%	35 867 000	120
80%	40 990 000	135

Diagram 1:⁸



Spectrum allocation and distribution: coverage vs. capacity bands



⁷ CSIR Report WOAN Project Final Report Presentation October 2018 (Dr Ntsibane Ntlatlapa)

⁸ <https://www.gsmainelligence.com/research/?file=c12ea515e04188c7acdbfc35afca6b23&download>

4.1 MZANSIWOAN DECLARATION WITH REGARDS TO SPECTRUM (HDS) AWARD;

1. **OPTION 1 Lot A (IMT700 / IMT800 / IMT2600)** is the as the most viable option to operate an effective WOAN for South Africa and should be the idea Band awarded to a WOAN.
2. MZANSIWOAN **intends to respond to ICASA ITA for licensing of the WOAN** and claim a its share of available HDS and telecommunications market to advance Black Radical Economic Transformation.
3. MZANSIWOAN **fully support all aspects related to the WOAN** including suggested process for Licensing of a WOAN and Spectrum Award to the WOAN as per Annexure B (page 31 of Notice 597) and we urge ICASA to expedite this process and finalise within 2020.
4. We note all aspects related to **Award of HDS to Industry with reservations** on aspects related to BBBEE and Industry Obligations.
5. **ICASA Enforcement** - HDS for Industry Mandatory Condition - ICASA must oblige Industry to give guaranteed commitment or Legally Binding Procurement Plan on the **offtake - a minimum of 30% national capacity is procurement from the WOAN** as a Pre-Qualification Criteria for awarding of HDS to industry.

5. AREAS OF CONCERN IN MEMORANDUM

5.1 LICENSING OF IMT2300 AND IMT3500 BANDS:

Paragraph “5.3.6 – 5,3,14 states the following:

“5.3.6. The Authority resolved to include IMT2300 and IMT3500 bands for licensing over and above the bands stipulated on Policy on High Demand spectrum and Policy Direction of the Licensing of the Wireless Open Access Network (page 20 of Notice).

5.3.10 The IMT2300 and IMT3500 bands are also available to be licensed (page 21 of Notice)

5.3.13 The Authority may decide to assign the radio frequency on these bands on a national and regional basis (page 21 of Notice).

5.3.14 The requirements to release the capabilities of IMT ranges from the bandwidth of 80MHz to 100 MHz. The available spectrum in the IMT2300 is 40 MHz and IMT 3500 is 116 MHz (page 21 of Notice).

Table 6: IMT2300 MHz (page 21 of Notice).

Table 7: IMT3500 (page 22 of Notice)”

MZANSIWOAN takes note of all of the above clauses in the ICASA notice as well as **Table 6: IMT2300 (page 21) and Table 7: IMT3500 (page 22)** with some degree of concern. Whilst clauses are an extremely positive development for our telecommunications industry in general.

The two tables don't make any spectrum allocation (considerations or guarantees) for the WOAN in the IMT2300 and IMT3500 bands and we wish to understand from ICASA why the WOAN is not being considered for allocation on these frequency spectrum bands.

5.2 BACKHAUL FREQUENCY SPECTRUM AVAILABILITY AND APPLICATION PROCESS:

We wish to get clarity on ICASA's plan on prioritising allocation of Backhaul spectrum for the WOAN when the ITA is issued after this submission. If this matter is not clarified it may open up a business risk in getting the WOAN network operational and effectively running timeously which in turn may affect the whole objective of this exercise. **We therefore seek clear direction on how ICASA plans to expedite all processes and procedures related to assignment of Backhaul spectrum for purposes of the WOAN network infrastructure roll out.**

5.3 ECONOMIC / MARKET TRANSFORMATION AND B-BBEE

Mzansi-WOAN notes with a **degree of concern** language used in the ICASA notice related to matters of **BBBEE compliance** which states as follows:

“6.6 Empowerment Provisions for Industry (page 27 of notice)

6.6.1. The obligations herein are intended to promote broadbased black economic (sic) empowerment, in addition to what is already prescribed in terms of regulation 7 of the RFSR.

6.6.2 A licensee must within 36 months of being issued with radio frequency spectrum license, reach a level 3 contributor (B-BBEE status) in terms of the Codes of Good Practice, applicable to the ICT Sector, published in terms of section 9(1) of the BBBEE Act and maintain such status for the period of the licence.”

We wish to state the above requirement is a commendable effort by ICASA to facilitate telecommunications Industry transformation however it is our opinion that the industry (mainly MTN and Vodacom) have had ample time to transform since the 1990's and have not delivered adequately against previous Social Commitments and Responsibilities (CSR) as set-out as conditions to previous license and spectrum allocation.

A licensee **must attain a Level 1 or 2 B-BBEE Status prior to issuing** of radio frequency spectrum license in terms) in terms of the Codes of Good Practice⁹, applicable to the ICT Sector, published in terms of section 9(1) of the B-BBEE Act¹⁰ and maintain such status for the period of the licence.

We further wish to cite and remind ICASA about the critical transformation objectives of this process as detailed on page 9 of the Notice as follows;

“3. OBJECTIVES

3.1 The main aim of licensing IMT700, IMT800, IMT2300, IMT2600 and IMT3500 is to ensure nationwide broadband access for all citizens by 2020. This will be achieved by:

⁹ DEPARTMENT OF TRADE AND INDUSTRY NOTICE 303 OF 2019 NO:303 Broad-Based Black Economic Empowerment Amendment Act (53/2003): Codes of Good Practice on Broad Based Black Economic Empowerment: Schedule 1 42496. Page 1 of 25. SCHEDULE 1. CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC EMPOWERMENT

¹⁰ 53/2003

3.1.1 promoting the empowerment of historically disadvantaged groups (“HDG”), in particular women, youth and persons with disabilities.”

Our collective organisations strongly believe that the **Authority is being unnecessarily lenient in allowing 36 months to achieve level 3** for compliance by the industry related to their access to HDS. Moreover, we hope that ICASA, through The BBBEE Commission, will implement strong compliance mechanics, enforcement through **penalties and license withdrawal** where necessary should industry not comply to these set-out licensing conditions.

Furthermore, we encourage ICASA to apply BBBEE Pre-Qualification criteria on all future ITA for iECS and iECNS applications as follows:

“With the objective of advancing designated groups, the Bidding condition applicable to this Bid is a level 1 or 2 BBBEE contributor as contemplated in PPPFA regulations, 2017 sub regulation 4(1). A Bidder must provide documentary evidence to support their compliance with this prequalification criteria. A Bidder that fails to meet any pre-qualifying criteria stipulated in this Bid document is an unacceptable Bid.”

During 2017, Mr M Masemola: Acting Deputy Director-General: ICT Policy and Strategy Development on the 04 December 2017 regarding the ECA Bill Amendment Presentation to Parliament stated the following:

“On 29 October 1993 the Postmaster-General announced the issue of licences to Vodacom and MTN as part of a multiparty implementation agreement published under General Notice No.1078.

Government also supported Vodacom through Telkom’s shareholding in Vodacom. Part of these shares (15%) were sold and the remaining shares (35%) listed and distributed to Telkom shareholders by way of an unbundling around 2009.

This was the commencement of a process where Government through policy, legal and regulatory instruments, enabled MTN, Vodacom and other operators to grow into the successful companies they are today.”

6. LICENSING OF A WOAN AND OUR ENVISAGED MZANSIWOAN BUSINESS STRUCTURE

As per Minister's Policy Direction on the Licensing of a Wireless Open Access Network (page 9 Gazette 42597) which reads as follows: "3.3 Based on the provisions of the White paper, it must be considered that the following conditions must apply to the WOAN. The WOAN –

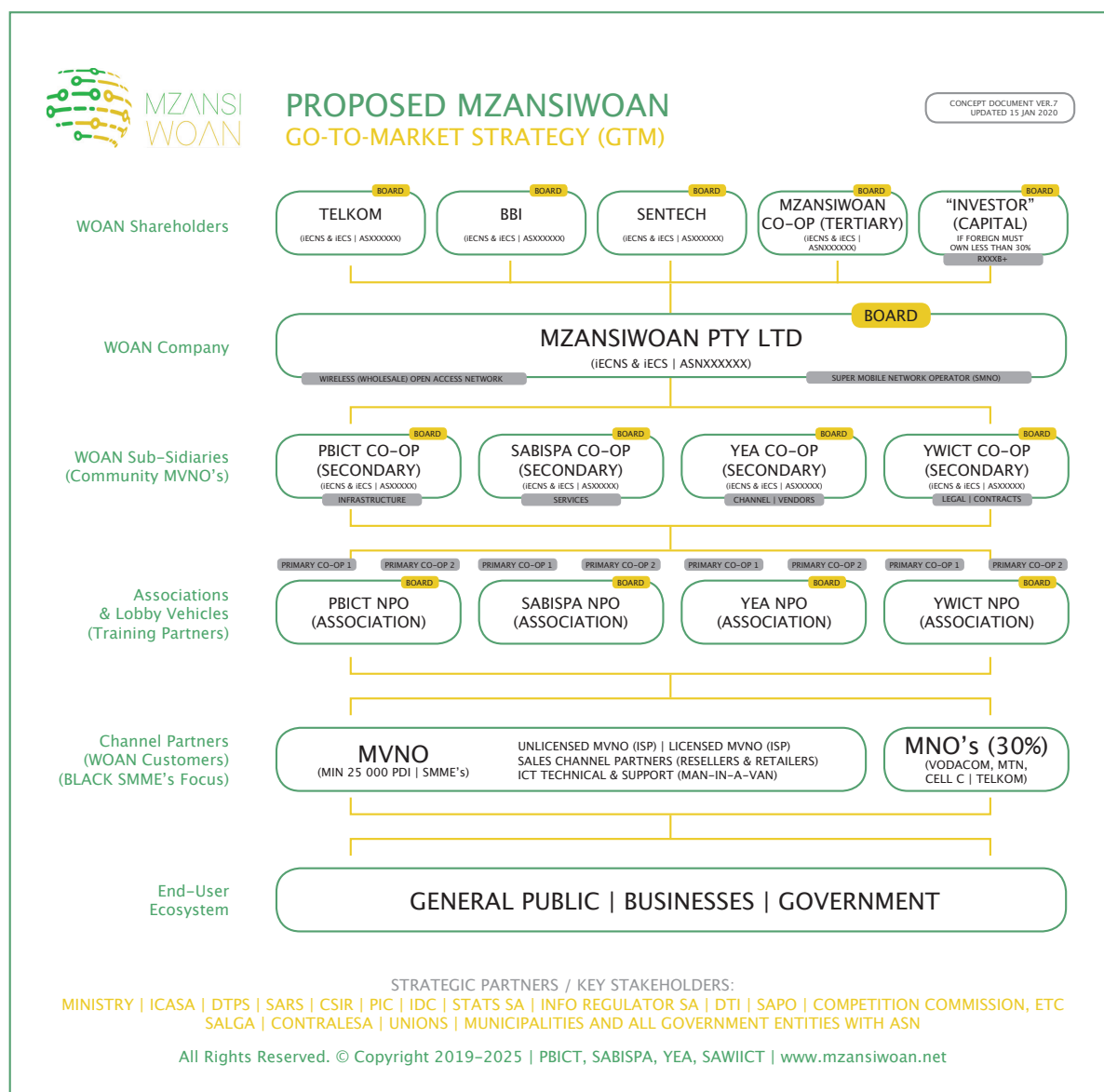
- i) Must be a consortium of persons at least 70% owned by South Africans, that participate voluntarily
- ii) Must comply with empowerment requirements contemplated in section 9(2)(b) of ECA
- iii) Must include diversity of ownership to ensure meaningful participation of all entities involved including SMMEs and to prevent monopolistic behaviour;
- iv) Must include effective participation by targeted groups, including women, youth and persons with disabilities; and
- v) May include public entities as shareholders provided that the WOAN may not be a public entity under Public Finance Management Act 199 (Act No. 1 of 1999)

Key considerations in the proposed structure below are as follows:

- 1) Leveraging existing national Network Infrastructure in Telkom Group (Openserve, Gyro), BBI and Sentech.
- 2) Leveraging existing skills and expertise in Telkom, BBI and Sentech to run the WOAN efficiently.
- 3) Leveraging existing Business Technology and Business Processes as well as network planning, deployment and management) .
- 4) Access to national footprint of SMME, Youth and Women through MZANSIWOAN Co-Operatives.
- 5) Efficient Peering and Interconnection Structure – access ASN and IP Addresses.
- 6) Capital and Human Resources.
- 7) Leverage existing supplier relationships to access better pricing from OEM's and software vendors (developers).
- 8) Regional and International Relationships in Telecommunications Regulatory and Operations Ecosystem.

Inline with Policy Directive and key objective on Economic Transformation of Telecommunications industry of South Africa - MZANSIWOAN makes this public declaration of our proposed / envisaged business structure to operate an effective and profitable WOAN.

This **declaration** is critical ahead of an **ITA** as it requires **ICASA** to **carefully consider** a proposed **New Licensing Regime** and open up more iECS and iECNS licenses to the WOAN and its subsidiaries.



Special Note: No official engagement or any partnership discussions have commenced with the organisations listed in this envisaged MZANSIWOAN business structure. Purpose of the above structure is to set a vision on what an effective WOAN could look like in order to achieve the transformation objectives of the country and ensure a good sustainable business operation.

7. CRITICAL SUCCESS FACTORS OR DEPENDANCIES: NECESSARY ICASA ENFORCEMENTS

As per Minister's Policy Direction on the Licensing of a Wireless Open Access Network (page 9 Gazette 42597) which reads as follows:

"3.5 The Authority must consider the following for The WOAN –

- i) Terms and conditions, including universal service and access obligations; and*
- ii) Incentives such as:*
 - (1) A reduced spectrum application fee, only covering administrative costs*
 - (2) Reduced or waived radio frequency spectrum license fees for a period of ten years*
 - (3) Immediate facilities leasing of electronic communications networks and electronics communications facilities of the radio frequency spectrum licensees, if any, and wholesale capacity from such licensees that are assigned High demand Spectrum as contemplated in paragraph 2;*
 - (4) offtake i.e. a minimum of 30% national capacity is procured from the WOAN collectively as soon as the WOAN is operational, for a period of at least 5 years, by radio frequency spectrum licensees that are assigned high demand spectrum as contemplated in paragraph 2. The percentage to be procured by each licensee may be appropriate to the amount of high demand spectrum assigned to such licensees."***

Considering all of the above factors from the policy directive, it is our request that ICASA ensures that all of the above are detailed as **Mandatory or Pre-Qualification Criteria (Commitments with a clear plan to drive accountability) for industry applicants for HDS** and key consideration in the ICASA ITA for HDS licensing process.

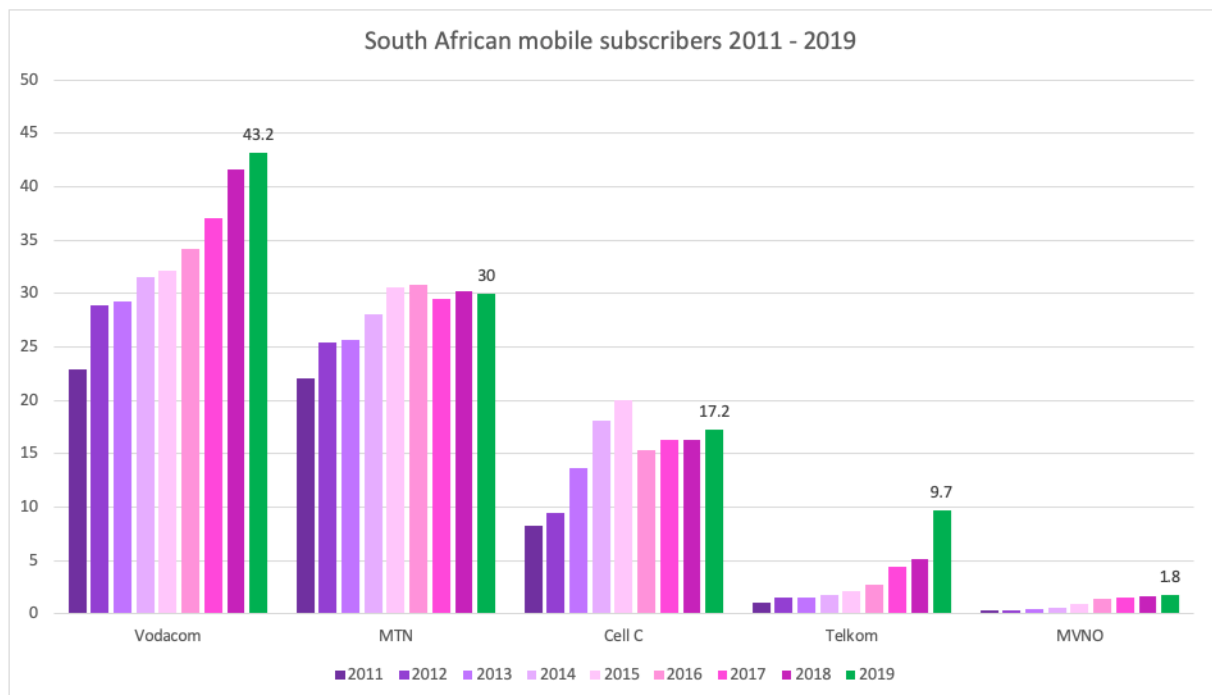
Further to this - Section 6.3 with title *"Open Access Obligations for the Industry"* of the Memorandum is fully supported.

8. NEW LICENSING REGIME AND NEW ICASA ITA FOR iECS and iECNS (COMMUNITY BASED LICENSING MODEL)

Once again MZANSIWOAN wishes to voice its appreciation to the minister and ICASA in kick-starting the process to licensing a WOAN however this is just a drop in the ocean.

For real transformation to happen in South Africa, both ICASA and the minister must consider that new iECS and iECNS licensees are required in order to create new MVNO's and ISP's in general. The WOAN will not have a solid base of new customers (licensed MVNO's) if issuing of new iECS and iECNS license process is not expedited, for these new industry entrants, through an ITA.

Diagram 2:¹¹



Our proposed or envisaged business structure for MZANSIWOAN considers a **new creative licensing approach** which aims to help or accelerate **transformation of the South African telecommunications industry** and encourage new black entrants in the market as MVNO's and new Telecommunications Resellers (merchants).

¹¹ <https://businesstech.co.za/news/mobile/319378/mobile-market-share-2019-vodacom-vs-mtn-vs-cell-vs-telkom/>

We envisage the New Licensing Regime to have the following characteristics to supporting and running an effective WOAN for South Africa:

- 1) ICASA to issue 4 additional iECS and iECNS licences (Proxy Licenses) to PBICT, SABISPA, YEA and SAWIICT (under their registered Secondary Co-Operatives) as representatives of SMME's, ICT professionals and Students across South Africa.
- 2) All members of the 4 Non-Profit Organisations - SMME's - to be allowed to operate networks leveraging the above 4 Proxy licences, ASN and IP address space.
- 3) It is important to note that the 4 licenses should be under management of Secondary Co-Operatives that represents members in good standing for each of the 4 Non-Profit organisations.
- 4) Members of each of these organisations to be regarded as a licensee in order to operate as an MVNO or ISP's across South Africa as long as they are recognised as members in good standing by one or all of the 4 organisations.
- 5) The above is meant to democratise and offer free, equal and open access to all South Africans especially blacks wishing to participate in the telecommunications sector.
- 6) This proposed new licensing regime also aims to relieve ICASA of dormant licenses that have not been utilised effectively by some of the current 400+ licensees over the past 20 years holding the whole country ransom and stifling the desired economic and market transformation of the telecommunications sector.

9. SEED CAPITAL FOR THE WOAN AND GOVERNMENT SET-ASIDE

As per Minister's Policy Direction on the Licensing of a Wireless Open Access Network (page 9 Gazette 42597) which reads as follows:

"3.5 The Authority must consider the following for The WOAN –

- a) Terms and conditions, including universal service and access obligations; and*
- b) Incentives such as;*
 - i) A reduced spectrum application fee, only covering administrative costs*
 - ii) Reduced or waived radio frequency spectrum license fees for a period of ten years"*

"The cumulative effect of past regulatory decisions has resulted in Telkom subsidies of approximately R70 billion to South Africa mobile operators," said Telkom CEO Sipho Maseko.

The history of how **Vodacom and MTN** became successful in South Africa is well documented and not disputed; their monopoly status of close to **80% market share** was primarily achieved due to favourable, well-intended government policy, positive regulatory framework as well as subsidies from Telkom that aimed to create a healthy competitive Mobile Network Operator (MNO) space for the country from back in the 90's. During these times - the primary mission of government was diversification of the telecommunications space from Telkom as the primary service provider – when they issued **MTN and Vodacom** MNO and spectrum licenses .

With all of the above context - it looks like this well-meaning regulatory framework has worked against government objectives of market competitiveness, as these two **oligopolies** are exploiting their market dominance through high data and voice prices and are not doing much to facilitate development of Black MVNO's or ISP's.

Additionally, we need to remind ICASA and the public at large that MTN and Vodacom have consistently failed to meet their annual Corporate Social Responsibility (CSR) targets or commitments over the years. These CSR obligations are key obligations attached to their operator licenses and we strongly believe both ICASA and government have been too lenient on them in this regard and this needs to change urgently.

Our position is that it is time for **MTN and Vodacom to return the favour** to a new entrant in the market and help facilitate creation of a competitive market through **subsidisation of the WOAN**. MZANSIWOAN calls upon ICASA and the Government to utilise **money raised**

from IMT spectrum auction for MTN and Vodacom as seed capital for the WOAN to ensure its sustainability and feasibility.

Over and above the WOAN will need the South African Government (through ICASA) to enforce deliberate, unapologetic government procurement set-asides, to MVNO's and Resellers of the WOAN, with a clear focus on market transformation of the Mobile Network Operator space and creation of Black MVNOs.

We encourage government through Treasury to sign an upfront Transversal Mobile Data and Voice Contract with minimum 35% of all its mobile telecommunications spent to the WOAN (Channel Partners). This will prove to the country and public at large that our government is serious about transformation and Broad-Based Economic Empowerment.

Additionally, Local and District municipalities should be obligated to create a smooth and favourable operational environment for the WOAN and its affiliated MVNO's by ensuring that wayleaves are expedited to ensure accelerated roll out of the WOAN network infrastructure for citizens especially rural communities. This can be done through various structures such as SALGA and the Ministry of Cooperative Governance.

Regulators should have the capability to conduct appropriate analysis of the economic and societal impact of spectrum decisions, in order to give priority to spectrum uses that deliver the greatest benefit to the society and its consumers. The release of spectrum should allow an equal opportunity for all to compete for spectrum, under rules that foster competition and innovation.¹²

¹² GSMA SPECTRUM HANDBOOK – Understanding the Basics of Spectrum Policy for Mobile Telecommunications. December 2011

10. IN SUMMARY OUR COLLECTIVE ALLIANCE POLICY POSITIONS AND RECOMMENDATIONS ON MATTERS RELATED TO EMPOWERMENT OF SMME's, WOAN AND HDS IS AS FOLLOWS:

1. **WOAN** - a minimum allocation to be rein fenced of between 50%-60% for ownership by Black SMMEs within ICT industry. (This is both for the infrastructure company and for the service company, if it will be separated into 2 companies, one that manages the infrastructure and another doing sales and service portion).
2. Funding - a special funding from the existing funding institutions should be allocated, and DTPS alongside the ICT Industry through the collective from different organizations will work together in applying and acquiring approvals for such a funding from the funding institutions (SEFA, DTI, PIC, IDC, NEF etc.) Once the soon to be established DDF (Digital Development Fund) is in place, it will have to be mandated to have a set aside of funds which will deal strictly with previously disadvantage ICT SMME funding.
3. We would like to reiterate our call to increase the SMME set aside to 60% in all government procurement processes.
4. Institutions such as the IDC, the PIC, the SA Development Bank; provincial Economic Development Agencies and all the commercial Bank Industry put their ICT development funds into the Digital Dividend Fund.
5. SITA ICT infrastructure bill must ensure that the current SITA setup is dismantled to ensure broad participation to SMME s, also ensure that more than 2 billion of SITA procumbent is dedicated to Black SMMEs. This bill must also ensure that relevant funding is enabled to fund any innovative idea.
6. RAPID deployment national coordinating centre must ensure that SMME are afforded a stake in the National spectrum distribution.
7. ICT Structure to formulate a consortium of SMMEs that will hold 50% ownership than 50% Government owned.

8. WOAN must have a clear amendment to redress effective participation by targeted groups including women, youth and person with disabilities.
9. WOAN (Wireless Open Access Network) - must seek to enable the licensing of a Wireless Open Access Network to provide wholesale electronic communication network services on open access principle. The WOAN must be able to address issues such as
 - a. Diversity of ownership and control
 - b. Broad-Based Black Economic Empowerment
 - c. Effective participants by targeted groups including women, youth and person with disabilities.
10. SMME strategy must seek to focus on:
 - a. Growth and Entry i.e. Broadband (Phase 1), Services, Content (ISP's, Supplier Training Development)
 - b. Research i.e. E-Commerce
 - c. Establish more integrated ICT Initiatives i.e. Blockchain and Artificial Intelligence.
11. The minister and ICASA needs to do a spectrum / licensing planning and allocation, there must be a use it or lose it' principle. The Minister and ICASA must share the current ownership statistics to have a broad view with intention to ensure diversity in terms of Ownership, in this case blacks SMME must be given preference.
12. We strongly support the role of the deployment of national co-ordinating centre, the database should be available to the SMME's and access to fibre in different areas also be granted to SMME's. It's proposed that the co-ordinating centre provide a database for existing TVWS spectrum in various areas including areas where migration to digital has not happened.
13. The rapid deployment steering committee must be represented by ICT stakeholders such as PBICT, YEA, SABISPA and SAWIICT and it must ensure, the rapid deployment national coordinating centre must include deployed members of these organizations to form part of the program.
14. Role of SALGA and Municipalities - Municipalities must provide information on existing and planned municipal infrastructure including ICT infrastructure to the Rapid deployment coordinating centre in digitized format.

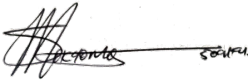
15. The above enables SMME's to engage with SALGA and the municipality in collaborating on ICT projects. We propose that SMME's / co-operatives are empowered in this sector and development projects that will enhance connectivity and other related services. Access to high sites for radio-based systems.
16. We propose that SMME's are provided with access to Television White Spaces (TVWS) in areas where digital migration has not been implemented and where TVWS spectrum is available.
17. As SMME's in the ICT sector we have done site acquisitions and built substations in some rural areas, funding should be provided to smaller ISP's and MVNO's for infrastructure to increase connectivity in under serviced areas at affordable rates.
18. Access to rights of way, public infrastructure as well as public electronic communication facilities through government facilitation.
19. Further we propose that there should be a ICASA licensing fees waiver (incentives) to encourage new industry entrants in telecommunications especially; 100% black owned companies; Women and Youth Businesses as well as businesses that cater for people with disabilities.

OUR SPOKESPERSON CONTACT DETAILS (ICASA & MEDIA ENQUIRIES)

Full Name: Dr. Leon Rolls
Title: President of PBICT
Cell Number: +27 60 547 4880
Email: leonr@pbict.co.za
cc: info@mzansiwoan.co.za

Yours in economic transformation of the South African telecommunications sector...

Kind Regards

For PBICT	For YEA	For SABISPA	For SAWIICT
			
Dr. Leon Rolls President	Afrika Mkhangala President	Motsamai Mokhomu President	Zine Nkukwana CEO

