

OPEN LETTER

TITLE: RESPONSE TO REQUEST FOR INFORMATION RFI NUMBER
RT15-2020, THE SUPPLY AND DELIVERY OF MOBILE COMMUNICATION
SERVICES TO THE STATE

TO: NATIONAL TREASURY

ATTENTION: **Ms Nancy Ravhandalala** | transversal.contracting2@treasury.gov.za
Mr Davis Moshweunyane | DMoshweunyane@icasa.org.za
Office of Minister Stella Ndabeni-Abrahams | Bmlambo@dtps.gov.za

CC: Competition Commission
B-BBEE Commission
Minister of Finance
The Presidency
Media
General Public

RELATED TO: 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: 14 FEBRUARY 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)

We (MzansiWOAN) are an alliance group of four Non-Profit Organizations (NPO) namely: PBICT, SABISPA, YEA and SAWIICT.

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 all and / or any matters related to transformation of the telecommunications sector (especially Mobile) .

Furthermore MzansiWOAN is a respondent and interested party to all matters related to licensing of the WOAN as well as auctioning of High Demand Spectrum which is meant to help transform the South African telecommunications sector and offer all types of customers, including the state, better value through reduced mobile data and voice rates (lower prices).

We thank The National Treasury for the opportunity to provide written response to RFI - RT15-2020: The Supply and Delivery of Mobile Communication Services to the State.

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) on behalf of Black ICT SMME's. In addition to making this written submission the above organisations would appreciate the opportunity to make oral submissions or presentations to the National Treasury and Ministry given the opportunity.

Firstly, we take note of **RFI -RT15-2020** and **we support and commend all Austerity Measures by our National Government** to save on costs and the efforts to create efficient procurement vehicles that help the government to save costs and improve efficiency of the state's daily operations. **However, we wish to express a major concern on misalignment on various government initiatives related to matters that affect consumption of Mobile Telecommunications (data and voice) services in South Africa.**

We wish to highlight **5 extremely important State Led Processes (Documentation)** which are under way that affect mobile (IMT) services in South Africa which in turn require the **National Treasury's attention and alignment** in order to achieve bigger government objective of transformation of the telecommunications sector and address economic injustices of the past as well as **diversification of procurement of mobile data and voices services** in South Africa.

We urge The National Treasury, ICASA and the Minister (Stella Ndabeni-Abrahams) to study all the documents below and respond to this letter and advise if you believe that processes below have any material impact on RT15-2020 or not ;

#	Process Related and Impact all National Mobile Services	Hyperlink
1	Minister's Directive to ICASA - Notice 42597 – Policy on High Demand Spectrum and Policy Direction on the licensing of the Wireless Open Access Network (WOAN) – 26 July 2019	http://bit.ly/2SMRQwg
2	ICASA Notice 597 of 2019: (Notice 42820) - 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.- 1 November 2019	http://bit.ly/38mQqPl
3	55 x Telecoms Industry Responses to ICASA Notice 42820 - 31 January 2020	https://www.icasa.org.za/pages/imt-spectrum
4	Competition Commission Data Market Inquiry - Data Services Market Inquiry - Summary of Findings and Recommendations Non-Confidential (Final Report) – 2 December 2019	http://bit.ly/2UWxaox
5	MzansiWOAN Responses to ICASA Notice 597 (42820) – 31 January 2020	http://bit.ly/2SMMx05

Page 7 of 12 - The Minister highlights the need to transform Telecommunications....

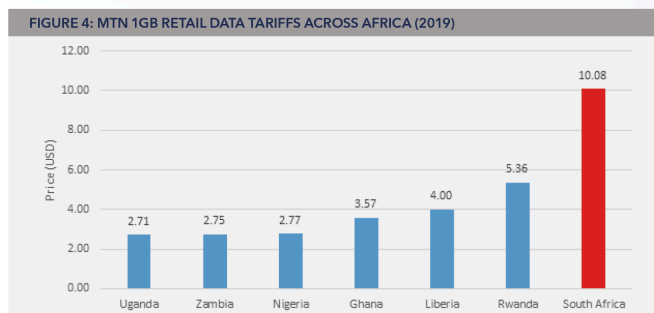
- (d) maximise the efficient use of the radio frequency spectrum, including technical considerations such as carrier aggregation; ecosystems, availability of user devices etc.;
- (e) promote competition within the ICT sector with the emphasis on service-based competition through the WOAN;
- (f) promote an environment of open, fair and non-discriminatory access to electronic communications networks and to electronic communications services;
- (g) promote the empowerment of historically disadvantaged individuals, in particular women, youth and persons with disabilities;
- (h) ensure that electronic communications services, viewed collectively, are provided by persons or groups of persons from a diverse range of communities in the Republic;
- (i) promote the interests of consumers with regard to the price, quality and the variety of electronic communications services; and
- (j) develop and promote SMMEs and cooperatives.

Page 9 of 31 - ICASA Notice highlights government policy objectives to transform telecommunications sector...

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:
- 3.1.1 promoting the empowerment of historically disadvantaged groups (“HDGs”), in particular women, youth and persons with disabilities;
 - 3.1.2 increasing universal service and universal access through prioritising rural connectivity and inclusivity;
 - 3.1.3 promoting the interest of consumers with regard to the price, quality and variety of electronic communications services;
 - 3.1.4 making provision for wireless open access network (“WOAN”);
 - 3.1.5 promoting investment in the sector and economic growth;
 - 3.1.6 encouraging infrastructure sharing;
 - 3.1.7 promoting competition and innovation by licensing spectrum on a technology neutral basis; and
 - 3.1.8 Reducing cost to communicate specifically data cost.

Page 3 of 24 - The Competition Commission Data Services Market Enquiry states:



Source: MTN websites (updated November 2019)

5.3 Research ICT Africa (RIA) RAMP index data which has prices up to Q3 2019 across 37 African countries, concludes that not only does South Africa perform poorly relative to our continental peers, but this has worsened over time. This result is independent of exchange rate fluctuations and is driven by headline prices declining in other countries but not South Africa.

5.4 Furthermore, current comparisons of the prices charged by Vodacom and MTN in other African markets in which they operate also reveal that South African

prices are higher than most countries by some distance, even in Lesotho where Vodacom is the effective monopoly provider. This is notwithstanding the recent price reductions of Vodacom South Africa which are captured in the figure above.

6. Vodacom and MTN have argued that such comparisons are uninformative because cost and quality differences across countries, including spectrum allocations, may account for the differences in pricing. They have also argued that such comparisons involve headline 30-day tariffs and that effective

Page 21 of 25: MzansiWOAN response to ICASA, we state the following:

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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

With all of the above in mind we herewith request The National Treasury and the Ministry to consider the following;

1. Proceed with caution on any procurement activities related to mobile data and voice services and align with all of the above highlighted processes.
2. Cease any contract renewal processes of the Vodacom Transversal contract related to **RT15-2016** which saw **Vodacom making an estimated (unconfirmed) R6 Billion+ in less than 5 years** as the primary approved **mobile data and voice services provider to the state**.
3. We wish to have an **urgent meeting** with the National Treasury to discuss this process and all the highlighted processes that affect procurement of Telecommunications service.
4. National Treasury to consider overall government objectives related to transformation of key markets and **inclusion of Black Businesses especially SMME's** in order to address economic injustices of Apartheid.

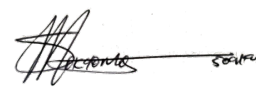
In conclusion **we urge the National Treasury** not to perpetuate injustices of the Apartheid government and to embrace the concept of **Radical Market Transformation** (telecommunications sector) and **embrace a mindset of deliberate unapologetic intent** on Empowerment of Black SMME and Previous Disadvantaged Individuals being prioritised to deliver these services to the state.

FOR ENQUIRIES CONTACT DETAILS

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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