

MTN



**MTN'S RESPONSE TO THE PROPOSED ICT POLICY  
REVIEW FRAMING PAPER 2013**

**June 2013**

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**18 June 2013**

**Ms Adelaide Masemola**

Director: Economic Analysis and Scenario Construction

ICT Policy and Strategy Branch

Department of Communications

Pretoria

Via Email : [ictreviewpanel@doc.gov.za](mailto:ictreviewpanel@doc.gov.za)

Dear Madam,

**RE: ICT POLICY REVIEW FRAMING PAPER 2013**

MTN would like to thank you for the opportunity to make comments on the above Policy paper and we herewith submit our comments for your consideration.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Chris Dobson', written in a cursive style.

**CHRIS DOBSON**  
**REGULATORY AFFAIRS**  
**MTN (PTY) LTD**

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June 2013

## **ICT POLICY FRAMEWORK**

### **1. Introduction to ICT Policies**

The majority of ICT policies, including the current proposal, hope to achieve some if not all of the following objectives. The reality may be harder to achieve, and in this regard paragraph 1.2 highlights some of the problems often experienced in implementing ICT goals that we trust the Policy review committee will consider and keep in mind while it is busy with its deliberations.

#### **1.1 Policy objectives:**

- Increasing the benefits from information technology
- Helping people and organizations to adapt to new circumstances and providing tools and models to respond rationally to challenges posed by ICT
- Providing information and communication facilities, services and management at a reasonable or reduced cost
- Improving the quality of services and products
- Encouraging innovations in technology development, use of technology and general work flows
- Promoting information sharing, transparency and accountability and reducing bureaucracy within and between organizations, and towards the public at large
- Identifying priority areas for ICT development (areas that will have the greatest positive impact on programmes, services and customers)
- Providing citizens with a chance to access information; they may further specify the quality of that access in terms of media, retrieval performance, and so on
- Attaining a specified minimum level of information technology resources for educational institutions and government agencies
- Supporting the concept of lifelong learning
- Providing individuals and organizations with a minimum level of ICT knowledge, and the ability to keep it up to date
- Helping to understand information technology, its development and its cross-disciplinary impact.
- Development of ICT industries

- Privacy of personal data

## 1.2 Idealistic and realistic ICT application development compared.

The gap between ideal ICT application development and the everyday reality is likely to remain wide for many reasons. A major reason is, of course, the continuous and rapid pace of ICT innovation, which makes today's technology obsolete tomorrow.

Another major reason is the lack of experience in managing ICT development at the organizational level in general, and ICT application development in particular. The information in Table 1 compares textbook application development with real-life circumstances.

As such, it is hoped that ICT policy objectives and more importantly the implementation thereof will consider and take steps to guard against the issues raised in the table below.

Table 1. Comparison of idealistic and realistic ICT application development

<b>Feature</b>	<b><i>Ideal design and what an ICT policy hopes to achieve</i></b>	<b><i>Problems that are often experienced post implementation.</i></b>
Development objectives	<ul style="list-style-type: none"> <li>• System goals are based on well-defined programme or business needs.</li> <li>• All participants in the project agree about how the system will serve the needs of users.</li> <li>• The system objectives are reasonable given the resources available.</li> <li>• The system objectives have the support of elected officials and top management.</li> <li>• The objectives include</li> </ul>	<ul style="list-style-type: none"> <li>• Most initiated applications are never used because their development is not completed or because they are not suitable for their intended purposes or are too difficult to put into operation.</li> <li>• Management and staff are ill-informed and poorly trained in how to use ICT effectively. They do not have mechanisms to keep themselves up to date with the evolution of technology.</li> <li>• Staff are unable to articulate their needs. ICT personnel have no time to relate to organizational goals and study how business is being</li> </ul>

	<p>performance measures and a post-implementation evaluation.</p> <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>	<p>conducted.</p> <ul style="list-style-type: none"> <li>• Management has no practical measurement indicators to optimize ICT spending and personnel.</li> <li>• In inter-agency projects, the substantive goals of participating organizations can overlap or conflict, even when the organizations are engaged in a joint project.</li> </ul>
ICT project management	<ul style="list-style-type: none"> <li>• All participants are treated as equals and have a substantial stake in the project's success.</li> <li>• All participants understand the project management process and the roles and responsibilities of all the players.</li> <li>• Available financial resources are invested where they are most needed.</li> <li>• Information about project status is shared frequently.</li> <li>• The participants engage in joint problem identification and problem-solving.</li> <li>• Collectively, the project team has the skills needed to carry out a successful system project.</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals and organizations resist changes.</li> <li>• Project goals are often comprehensive, but budgets to achieve them are usually underestimated.</li> <li>• New projects are started with too little advance information, weak leadership support, inadequate user participation, too little funding, and less-than-comprehensive training and orientation.</li> <li>• Many projects take considerably longer than originally planned.</li> <li>• Especially in government projects, the roles of collaborating parties in project planning and management can conflict with their (simultaneous) oversight and regulatory roles, and become a source of difficulty in working relationships.</li> </ul>
User support	<ul style="list-style-type: none"> <li>• Complete user documentation (e.g.,</li> </ul>	<ul style="list-style-type: none"> <li>• The problems in using ICT applications occur in real work</li> </ul>

	<p>manuals, troubleshooting guide) is available.</p> <ul style="list-style-type: none"> <li>• Continuing, up-to-date and accessible user training is offered.</li> <li>• Ongoing, adequate technical support services are available for system maintenance and enhancement.</li> <li>• An ongoing, adequate "help desk" supports users.</li> </ul>	<p>situations and must usually be resolved at once. Most organizations cannot afford to maintain user support that is able to provide instantaneous support.</p> <ul style="list-style-type: none"> <li>• Organizations are not able to figure out how to use the full potential of existing software and computers. Personnel responsible for ICT development are satisfied after applications are installed and are running with reasonable stability, while non-ICT staff are unwilling to commit time to learn crucial features of new applications.</li> <li>• Organizations fail to change their working procedures and organizations in ways that the new technology would require.</li> <li>• Users are not sufficiently trained, particularly in using applications' built-in help features. Only a small percentage of staff are capable and willing to keep themselves up to date through self-learning.</li> </ul>
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Source: Derived from "Tying a Sensible Knot: A Practical Guide to State-Local Information Systems", Center for Technology in Government, State University of New York at Albany, <http://www.ctg.albany.edu/resources/pdf/rpwp/iis1.pdf> (8 February 1999) and the secretariat's experiences in ICT application development.

## 2 **PROPOSED POLICY PRINCIPLES**

MTN's submission will endeavour to provide responses to the following policy principles as posed in the ICT Policy Framework:



- 2.1 **Section 3.5.2** *"Do you agree that access to diverse content provided by a range of different service providers should remain a separate and specific consideration in the new policy environment?"*
- 2.2 **Section 3.5.4** *of the ICT Policy review paper: "South Africans have a right to quality communication infrastructure and services which enable economic growth, employment and wealth creation"*
- 2.2 **Section 3.5.5:** *"South Africans have a right to benefit from the ability of the communications sector to facilitate social development and improve the quality of life for individuals and communities"*
- 2.3 **Section 3.5.7:** *"South Africans have a right to equal universal access to communication services and infrastructure"*

### 3 **RESPONSE TO QUESTIONS**

**3.1** *Do you agree that access to diverse content provided by a range of different service providers should remain a separate and specific consideration in the new policy environment?"*

While section 3.5.2 ostensibly deals with the right to access of a diverse range of content it also contains a reference to the fact that broadcasting related laws include specific provisions requiring the regulator to consider diversity in deciding licences and developing regulatory policies. It then goes on to state that "requirements to ensure diversity in ownership are linked to this."

In the first instance MTN is of the view that diversity in content should not be conflated with or diversity in ownership. The concepts are separate and distinct and should be kept separate.

In communications infrastructure it does not follow that diversity in ownership will lead to diversity in content.

Any approach that fragments spectrum into small blocks to maximise the number of entrants contributing to the Broadband for All objective will in fact lead to slower and more expensive Broadband roll-out. We must also learn from past mistakes where scarce resources have been allocated to players who now struggle to meet licence payments, let alone build South Africa's future Digital Infrastructure.



The scale of investment required in communications infrastructure means South Africa needs a more mature approach to market structure, and ownership. Globally, third and fourth mobile operators are failing to make a return, and faced with LTE investment requirements and spectrum constraints, operators in the US and Europe are driving rapid consolidation and/or network sharing. These global trends are running counter to the simplistic policy concept of "more competitors = diverse content and better competition."

**3.2 Do South Africans have a right to quality communication infrastructure and services which enable economic growth, employment and wealth creation:**

*"Has this principle been adequately covered and its full meaning captured in existing policy and legislation? What other core issues should be considered to facilitate economic development and inclusion?"*

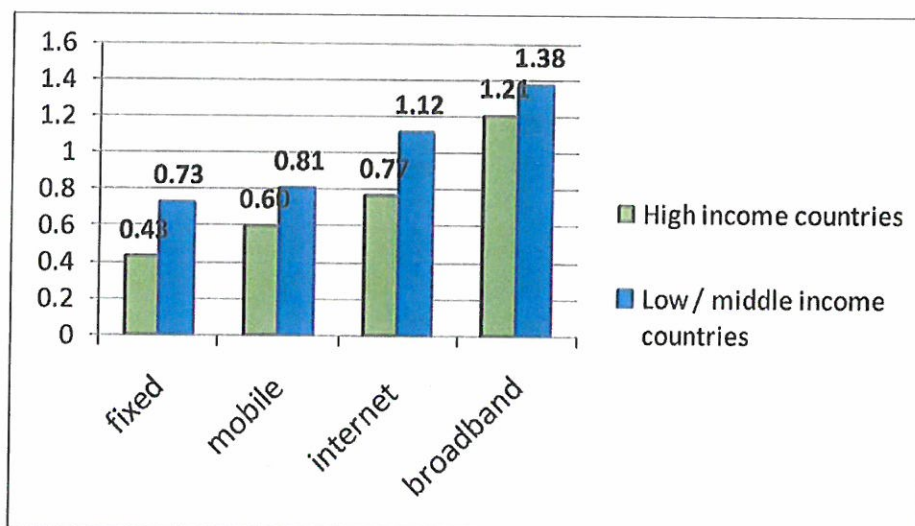
- a. MTN submits that government's role remains critical. However, there needs to be proper coordination between various government departments to maximise the benefit derived from the use of state and private resources. There needs to be proper coordination between government and the private sector projects especially with a view towards achieving the broadband targets envisaged by Government.
- b. There is global competition for inward investment, jobs and e-skills which needs to be considered by Government when developing policies affecting such issues as education, training and tax.
- c. Fast, pervasive broadband is increasingly seen as a critical piece of economic infrastructure and regulation should encourage local and international infrastructure investment.
- d. To remain globally competitive, South Africa's challenge is to rapidly build a pervasive broadband access network. To do so, the Government needs to ensure that public resource (eg Spectrum) is allocated effectively and timeously and that investment incentives exist to encourage the roll-out of infrastructure into traditionally under serviced areas. In addition, all administrative processes relating to municipal and provincial approvals need to be streamlined as multiple application processes creates confusion and delays infrastructure roll-out.
- e. Existing infrastructure providers are best placed to take advantage of economies of scale and scope and are well positioned in the broadband race thanks to

substantial mobile network investment. So it is important that policies and regulation are inclusive in nature.

- f. An effectively implemented ICT and Broadband Policy has been shown to have a substantial impact on GDP growth within an economy and the table below illustrates this point.

#### Growth effects of ICT infrastructure<sup>1</sup>

GDP growth impact of a 10% increase in penetration



### 3.3 South Africans have a right to benefit from the ability of the communications sector to facilitate social development and improve the quality of life for individuals and communities

*"Has this principle been adequately covered and its full meaning captured in existing policy and legislation? What other core issues should be considered to facilitate social development and inclusion?"*

3.3.1 MTN submits that any Government policy or regulation designed to encourage the deployment of ICT infrastructure and facilitate social development should take into account the following:

- a. Policies need to encourage the rapid deployment of infrastructure (ie. create uniform way leave and other municipal approval processes).

- b. Tax incentive schemes required to encourage non-commercial infrastructure roll-out.
- c. Co-ordination required between various government departments with respect to eg. road development and access to power in rural areas.
- d. Government to consider creating subsidies for low cost smart devices.
- e. Create spectrum licensing and access regulations that encourage infrastructure investment certainty.
- f. Government to co-ordinate universal access/service projects. Incentivize additional such access projects.
- g. Co-ordination required with respect to e-waste projects amongst corporates. Incentivize ICT industry players to contribute to Government led e-waste programmes.
- h. Expanding e-government services and incentivizing content creation and innovation through application development and services.

**3.3.2 The deployment of broadband Infrastructure will improve the ability to communicate and can be promoted by:**

- a. Accelerating the assignment of critical spectrum required for mobile broadband, specifically LTE.
- b. Government must limit spectrum hoarding that could distort competitive conditions in the market.
- c. The utilization of Universal Service and Access Funds ("USAF") to deploy infrastructure in rural areas. Several countries have used public funds to develop broadband in areas where it had not been commercially available.
- d. Government to clearly identify their roles and responsibilities. In particular, Government's desire to create an open access broadband network should be clarified. Should Government's intention be to roll-out a national fibre network there must be co-ordination between the public and private sector so as to ensure that routes are not duplicated. Spare capacity on these routes could be made commercially available thereby maximizing coverage and eliminating wastage of funds.

- e. Government should ensure that the Rapid Deployment Guidelines are implemented which should standardize the multitude of administrative application and approval processes that currently exist at a local, municipal and national level (for both fixed and wireless technologies).
- f. Government to ensure that unnecessary costs by way of import duties and taxes on items such as broadband terminals are reduced. There is significant evidence to suggest that reducing taxes and import duties on telecommunication/ ICT equipment and services could significantly boost levels of uptake. For example, since 2009, when Sri Lanka reduced its taxation of ICT products and services, broadband adoption has been growing at 45% annually, and the number of people who can afford broadband has grown from 3.5 million to over 13 million in 18 months.

**3.4 South Africans have a right to equal universal access to communication services and infrastructure:**

*"Have these considerations been adequately captured in existing policies and laws? If new services should achieve universal access, does this principle need to be strengthened? In the era of high speed internet, should this principle, for example, include universal availability of such services?"*

- a. MTN submits that improvements in broadband and general ICT infrastructure can only be achieved where the public sector ICT policy encourages private sector investment in traditional under serviced areas. There is therefore a need for Government (USAASA) to provide an essential co-ordination function whereby existing and proposed infrastructure roll-out in identified underserved areas is managed and co-ordinated. The success of future USAASA projects may depend upon many factors including improved training (at the telecentre) and ongoing project management and monitoring.
- b. Some further factors that need to be taken into account when considering universal service/access projects are as follows:

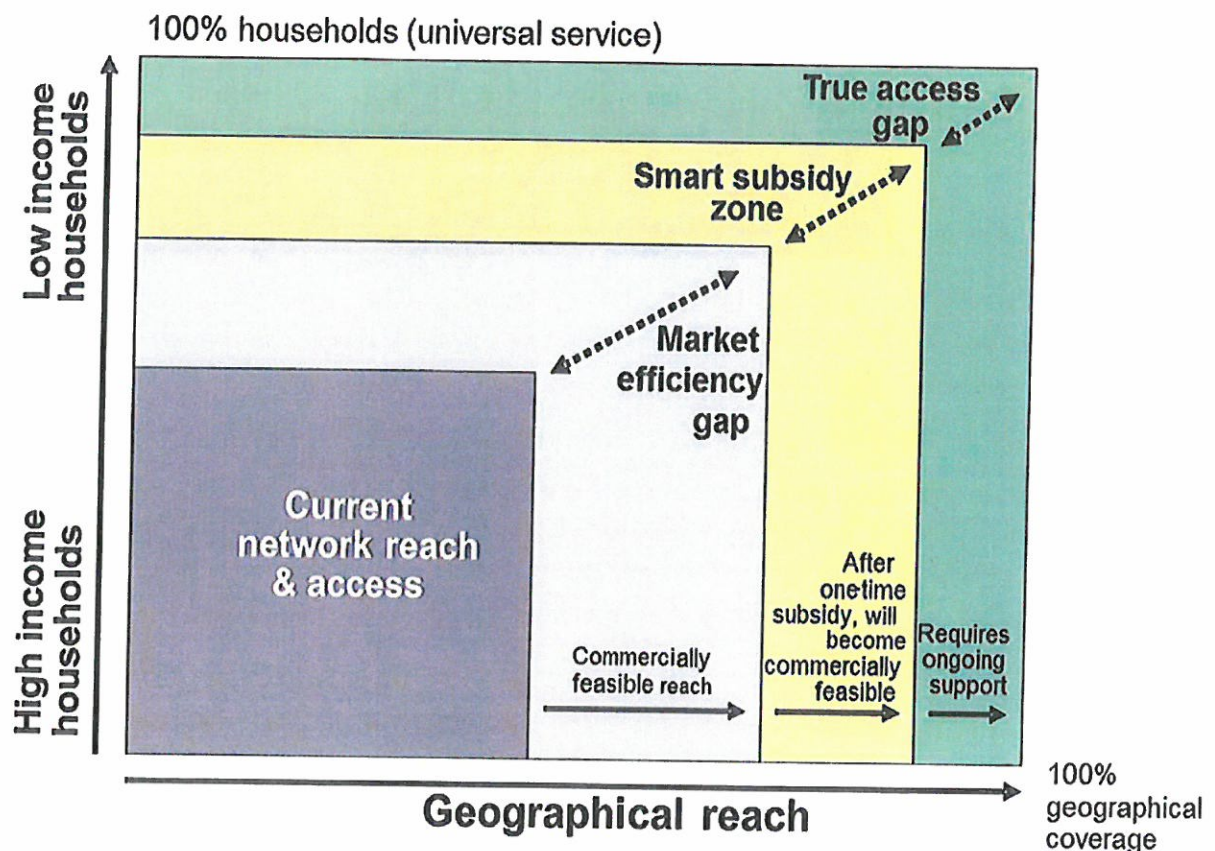
Government's Obligation/Role	Policy/Regulatory issues that should be considered by Government
<ul style="list-style-type: none"> <li>• Network Coverage and quality of service obligation.</li> <li>• Cost of Spectrum</li> </ul>	<ul style="list-style-type: none"> <li>• The extensive network costs (ie. broadband – 3G/LTE) to achieve geographic and population coverage.</li> <li>• The availability of sufficient spectrum and methodology to price spectrum. Excessive cost to acquire spectrum must not limit ability to roll-out further infrastructure.</li> </ul>
<ul style="list-style-type: none"> <li>• Accessibility to all – co-ordination of commercial projects.</li> </ul>	<ul style="list-style-type: none"> <li>• USAASA and the private sector should plan and co-ordinate universal service obligations. The Universal Service and Access Funds ("USAF") should be used by operators to develop infrastructure in under-served areas.</li> </ul>
<ul style="list-style-type: none"> <li>• Create awareness of services available in under-served areas.</li> </ul>	<ul style="list-style-type: none"> <li>• There may often be a lack of training in the use of services, thus more training/education (IT literacy) is required.</li> <li>• Broadband targets go hand in hand with IT literacy.</li> </ul>

It is stated that the framing paper will analyse and review all existing policies that impact amongst others on communications technologies, networks and infrastructure and also that the framing paper will seek clarify on the vision for the sector and related objectives and principles that should guide the policy determination. One of the issues of principle that one would have hoped to find that will need to be addressed is to understand the role of government and the private sector.



MTN is of the view that given the right policies, much of the 2020 objectives that we wish to achieve can be realized via market forces. It can be demonstrated that market forces can deliver such as the greater than >100% unsubsidized mobile voice penetration in SA.

There will of course be such areas, geographic or income related that will not be able to be addressed by market forces and will need ongoing support, the true access gap. Through detailed analysis it can however be determined.



In that regard a clear statement or policy will be needed as to the role that government will play not only in terms of setting of policy but also in terms of where government wishes to intervene as a player in the market. The following is in MTN's view a proposal to identify and clarify the various roles that government and the private sector ought to be engaged in.

