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The Director-General
Department of Communications
Attention: Ms Mameetse Mphahlele
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Dear Ms Mphahlele

31 March 2014

Broadband Infraco SOC Limited - Submission to National Integrated ICT Policy Green Paper

Broadband Infraco would like to thank the Department of Communications (the "DoC") for the opportunity to provide the DoC with our written submission in relation to the National Integrated ICT Policy Green Paper (the "Green Paper").

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1. CONTEXT

1.1 Broadband Infraco notes that South Africa has not engaged in a policy exercise of this magnitude in the ICT sector since the 1996 White Paper on telecommunications. We do not, therefore, underestimate the magnitude of this exercise.

1.2 Even though Broadband Infraco is cognisant of the influence of convergence of telecommunications, broadcasting and postal services on ICT infrastructure and services, its submission will focus mainly on telecommunications / broadband, which is its core business.

Therefore our submission will deal with:

1.2.1 Chapter 1 – The Green Paper

1.2.2 Chapter 2 – The Context for Policy Review;

1.2.3 Chapter 3 – The Current State of the South African Communications Sector;

1.2.4 Chapter 5 - Enabling Environment for Electronic Communications;

1.2.5 Chapter 9 – Universal Access and Service;

1.2.6 Chapter 10 – Promoting Investment in the ICT Sector; and

1.2.7 Chapter 12 – Institutional Arrangements.

1.3 We agree with the approach adopted in the Green Paper in that:

1.3.1 *it seeks to provide an overview of ICT developments in our country since 1994, sketch the terrain, deal with changes in the ICT sector globally and raise questions about how South Africa can become a more effective knowledge economy and information society. It is utterly clear that if we are to effectively tackle our economic growth, development and job-creation tasks, we will have to draw more resources from the ICT sector,*

1.3.2 *it raises pertinent issues relating to policy, legislative, regulatory, institutional and other changes we have to make to ensure a ICT sector that more actively contributes to economic growth; and*

1.3.3 *It probes the vision of the National Development Plan of “a seamless information infrastructure that by 2030 will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prospers.*

- 1.4 Our submission will address the above-mentioned issues.

SPECIFIC COMMENTS

2. CHAPTER 1 – THE GREEN PAPER

- 2.1 Broadband Infraco endorses the DoC's planned road-map on how the policy-formulation process will unfold. However, Broadband Infraco would like to caution that the enormity and significance of this policy-making and legislative reform process, require that sufficient time and resources be set aside to consult extensively with the relevant stakeholders to understand and comprehend the implications of an ICT White Paper and new ICT Act, on their business operations.

3. CHAPTER 2 – THE CONTEXT OF POLICY REVIEW

3.1 Key Principles

- 3.1.1 Broadband Infraco supports the finding of the ICT Policy Review Panel *that if the market was left to its own devices, and should the status quo be left intact, there would be some serious developmental failures as some sections of the South African population still do not appeal to market forces because of their economic and geographical profile. Consequently, the Panel rejects any suggestions that do not support the objectives and principles that guide the way to a new communications framework.*
- 3.1.2 We are encouraged by the principles espoused in the precepts are drawn directly from the 1996 Constitution.

3.2 Changing ICT Environment

- 3.2.1 Broadband Infraco notes the Green Paper's recognition of three major technological developments that have influenced the communications landscape in a radical manner, namely:
- 3.2.1.1 the shift to Internet Protocol (IP) – based technologies that have affected the cost of networks, whilst at the same time offering opportunities for innovation and new services, such as VoIP;

3.2.1.2 the deployment of fibre-optic technologies that have increased the speed and size of data that can be transmitted from one-point-to another; and

3.2.1.3 the entrance and use of wireless technologies.

3.3 These developments are at the heart of Broadband Infraco's operations and business. Broadband Infraco is a fibre based company that rolls-out long-distance fibre to support third-party Electronic Communications Network Service ("ECNS"), Electronic Communications Service ("ECS") and Licence Exempt operators. Wireless licensees are a key market segment for Broadband Infraco's business. Broadband Infraco also offers IP Transit to enable its customers to connect to the global Internet seamlessly.

3.4 ICT as an enabler and National Imperatives

3.4.1 Direct revenue from telecommunication services comprises, on average, between two and three percent of the gross domestic product for most countries. In South Africa, this percentage is significantly higher, being estimated to be in the region of six percent. A World Bank report regarding the impact of broadband growth in 120 countries from 1980 to 2006 showed that each 10 percentage points of broadband penetration results in a 1.38% increase in per capita Gross Domestic Product ("GDP") growth in developing countries. New "knowledge" economies are built on leveraging intellectual capital – i.e, an economy where information is created and traded and new businesses are formed, resulting in GDP growth.

4. CHAPTER 3 - THE CURRENT STATE OF THE SOUTH AFRICAN COMMUNICATIONS SECTOR

4.1 Our comments will focus primarily on the broadband and core network areas of the electronic communications network market segment.

4.2 In South Africa, broadband is provided using various technologies including ADSL, fibre (FTTx), 3G/HSPS, WiMax, WiFi, CDMA and Satellite. This is not dissimilar to technologies used in most other nations with the exception that South Africa has almost no cable TV installations for the deployment of broadband.

- 4.3 The total national optic fibre infrastructure is estimated at just below 160 000 kilometres of which Telkom is estimated to own more than 144,000 kilometres, Broadband Infraco has over 12 000 kilometres of fibre, and the rest is shared amongst various private and public operators. With the exception of Broadband Infraco network, the other national optic fibre routes are concentrated in the so called “golden triangle”, which includes Johannesburg, Cape Town and Durban.
- 4.4 Although the National Broadband Policy notes that 86% of South Africans live within 10 kilometres of broadband connectivity, broadband penetration in SA is as low as 2% in some categories. A 2012 report from the ITU and UNESCO titled the “*State of Broadband 2012: Achieving Digital Inclusion for All*” report evaluated the roll-out of broadband around the world. It provided country rankings in relation to economic impact, penetration, national broadband policy, and connecting people and dwellings.
- 4.5 South Africa was ranked at number 104 out of 172 countries when it came to fixed broadband penetration rates. With only 1.8 fixed broadband subscriptions per 100 inhabitants, South Africa ranked lower than countries such as Tunisia, Mauritius, and Egypt.
- 4.6 Moreover, a BMI-T Assessment of the country’s terrestrial fibre requirements in 2012, yielded the following picture:
- 4.6.1 South Africa’s national broadband coverage is approximately 30% geographical coverage and 75% population coverage. The 75% population coverage is mainly driven by mobile broadband technology, which has data capacity limitations. When including satellite services, the reach increases to 100% geographic coverage and 100% population coverage but with limited speed and affordability (access). The 75% population coverage is driven by mobile broadband (2G) which is characterised by minimal data capacities, and
- 4.6.2 the country’s demand for broadband services is expected to grow annually by 139% between 2010 and 2020, driven mainly by digitisation of Government services (revenue collection, education, health and social services), a steady growth in e-commerce (30% annual growth), and a significant rise in the number of social broadband applications (WhatsApp, BBM, twitter etc). These technological developments will put a further strain on mobile broadband technologies.

- 4.7 It is therefore imperative for the country to invest in the deployment of optic fibre networks. There is a potential demand for more than 60 000 kilometres of additional fibre routes in South Africa in the next 5-years. BMI-T's 5-year estimate of the optic fibre market amounts to approximately R30.9bn with a CAGR of 33% for the passive network build only¹. Passive network includes transmission infrastructure only and excludes repeaters and other electronics to light the fibre.
- 4.8 State intervention (primarily in the form of funding) will therefore be required if the objective of the NDP of 100% household broadband coverage by 2020 is to be achieved. Broadband Infraco, together with other State Owned Companies, is uniquely positioned to fulfil the NDP's objective of deploying national, regional and municipal fibre-optic networks that would act as the backbone for broadband access.

5. CHAPTER 5 - ENABLING ENVIRONMENT FOR ELECTRONIC COMMUNICATIONS

Policy Question 1: Should policy promote a facilities-based or service-based competitive environment? Alternatively, is there a case for hybrid competitive environment in which both of these modes exist?

¹ *Outlook for Terrestrial Fibre Projects in South and Southern Africa*, Incorporating BMI-T Bandwidth Model, Q4 2012 Edition, Analysts: Brian Neilson, Tim Parle, December 2012, page 9.

- 5.1 ICT policy should ensure sufficient supply and diversity of technology, infrastructure and services for end-users. On the infrastructure side, for example, wireless broadband spectrum, which is considered a facility in terms of the ECA, has different technologies supporting it. There are CDMA, GSM, Wi-Fi and WiMax technologies. Each can use the same radio frequency spectrum band or distinct radio frequency spectrum bands to provide wireless broadband services, whether fully mobile or fixed-mobile, to end-users.
- 5.2 By the very nature of divergent technologies, the ICT sector enjoys service-based competition. Neotel uses CDMA technology to offer fixed-mobile services, while the mobile network operators use GSM to provide full mobile services, including roaming. Wi-Fi, like a cordless phone, is primarily used to provide a connection (sometimes free Internet access) within a limited area like a home or an office; whereas WiMax is used to provide broadband connectivity from some central location to most locations inside or outside within its service radius as well as to people passing through in cars².
- 5.3 Natural competitive forces compel operators to provide different services to gain market share. Of course, new entrants may tend to duplicate successful service offerings of incumbents but similarly, another new entrant may choose to deploy a similar technology as an incumbent but differentiate its service offering in a manner that is unique and offers a different value proposition for end-users. An example of this is how the mobile network operators use Wideband CDMA to offer third generation wireless broadband services. But now with the advent of LTE, they will use similar technologies to provide a more advanced, robust and faster. Time to market is a critical competitive advantage as the technology is the same.
- 5.4 The State should proactively deploy infrastructure in areas neglected by the private sector for lack of a commercial return on investment. The State should, in these areas, act as a catalyst for the introduction of a facilities-based competition.

Policy Question 2: What mechanisms are required to ensure effective co-ordination of broadband infrastructure planning and roll-out?

² Blog by Tom Evslin, *Wi-Fi vs Wi-max*, CircleID – Internet Infrastructure, 20 February 2008.

- 5.5 Currently, in terms of the National Broadband Policy, SIP 15 is tasked with ensuring effective co-ordination of broadband infrastructure planning and roll-out amongst public sector oriented organisations and institutions. The National Broadband Council is also housed with a similar remit.
- 5.6 One way of ensuring effective coordination of broadband infrastructure planning and roll-out is to endorse the draft Infrastructure Development Bill's call for the SIP 15 Project Coordinator to be the Chairperson of the SIP 15 Steering Committee. The DoC should focus on policy-making rather than coordination of broadband roll-out as this is an implementation oriented task. The CSIR, as SIP 15's Project Coordinator has sufficient project managers and experience to carry-out this critical exercise.
- 5.7 The Green Paper should also support the empowering, capacitating and funding of State Owned Companies with specific public-interest mandates (such as Broadband Infraco), to execute their legislative requirements. The Green Paper should encourage ICT SOC's to complement one another with regards to existing fibre roll-out projects, rather than compete or duplicate existing infrastructure.

Policy Question 4: What other policy intervention can reduce the Significant Market Power (SMP) of the oligopolies in the South African communications sector?

- 5.8 For Broadband Infraco, the issue of Significant Market Power ("SMP") cannot be reviewed in isolation, specifically because its genesis and consequences span the ambit of the ICT sector. The larger question is rather, what policy intervention is needed to endow the Independent Communications Authority of South Africa ("ICASA" / "the Authority") with the ability to manage licensees with SMP. We are of the view that if the Authority is adequately funded, capacitated and made autonomous with the requisite level of Parliamentary oversight, reducing SMP would be less of an issue than it is today.
- 5.9 As an example, the Authority issued regulations to introduce new Mobile Termination Rates that would result in asymmetric pricing between mobile network operators with alleged SMP compared to those with allegedly less than 20% market share. The introduction of this regulation is likely to be delayed due to a legal challenge by licensees with alleged SMP. If the Authority is staffed with the appropriately skilled personnel, the collateral issue of procedural and thus administrative fairness would make the task of defending such cases much easier.
- 5.10 Moreover, the principles and procedures for regulating SMP in Chapter 10 of the ECA are consistent with international best practice in terms of *Market Definition Procedure* and *Market Analysis Procedure*. The real challenge, therefore, relates to the adequate resourcing and capacitating of the Authority.
- 5.11 Furthermore, in our submission to the ICASA Amendment Bill of January 2013, in relation to the Authority's independence, we stated that:
- 5.11.1 *Broadband Infraco cannot overstate the importance of the Green Paper and White Paper Policy Review process to re-assess the state of the regulatory scene in the international, regional and local ICT sector and how best to align fundamental legal and regulatory frameworks thereto.*
- 5.11.2 *The Policy Review process will set the tone and parameters for regulation of the sector for at least the next five years. Critical competitive pressures are at play that will determine the success of broadband roll-out, the sustainability of LTE wireless broadband networks and services and DTT migration to name but a few of the flagship initiatives to be affected substantially by the attainment of the Policy Review processes objectives.*

5.11.3 *In the event that the ICASA Amendment bill is promulgated into an Act of Parliament, the DoC needs to ensure that the new Act adheres to the future policies to be developed through the Policy Review process. Failure to do so may result in perennial legal battles that could delay either the Act in its entirety or key provisions of the Act from coming into force.*

5.11.4 *Broadband Infraco reiterates its advocacy for the Authority to be more autonomous from the Minister but continuing to be overseen by Parliament.*

5.11.5 *Broadband Infraco believes that a more independent Authority will, over time, engender more regulatory certainty in its proceedings and findings. This will in turn foster a more conducive regulatory environment necessary for additional capital investment in the sector. The industry's current lack of confidence in the Authority is due in part to the Authority's inability to effectively and efficiently regulate the sector.*

5.11.6 *It is Broadband Infraco's concerted belief that an appropriately funded and capacitated ICASA can undertake a sound and robust Chapter 10 enquiry regarding the levels of competition in services and consumer markets.*

5.12 *Regarding ICASA's jurisdiction on competition matters, we provided that:*

5.12.1 *Broadband Infraco supports the proposed amendment instructing the Authority to conclude a concurrent jurisdiction agreement with the Competition Commission, which shall be reviewed and revised at least once every three years.*

5.12.2 *Given the distinction in the roles of the Authority and the Competition Commission whereby the Authority has jurisdiction over ex ante competition matters and the Competition Commission has jurisdiction over ex post competition matters, together with the changing competitive landscape of the ICT sector, it is advisable that the two institutions review their concurrent jurisdiction agreement at least once every three years.*

5.12.3 *We also stated that we would like to see the Authority conclude similar concurrent jurisdiction agreements with other sector specific regulators, such as the National Consumer Commission.*

Policy Question 5: What considerations should inform the new policy and regulatory regime concerning the spectrum management taking into account the anticipated revision of the frequency spectrum regime? Is there a need for a separate agency to regulate spectrum?

5.13 Spectrum

- 5.13.1 The National Broadband Policy ("SA Connect") recognises the importance of spectrum in providing high capacity broadband services. It prioritises the urgent re-allocation and assignment of the high-demand spectrum (800 MHz and 2.6 GHz spectrum bands). SA Connect calls for the DoC Minister to issue a policy directive to ICASA to ensure that the high-demand spectrum is assigned on a competitive basis and at fair value. Sufficient spectrum will be set aside (according to the Broadband Policy) for the creation of a national open access wireless network if it is required as part of the strategy to meet national broadband demand.
- 5.13.2 Broadband Infraco understands that the DoC will be shortly issuing a draft Spectrum Policy for public comment. In this regard and in relation to spectrum allocation and pricing, we note the Green Paper's advocacy of the need for spectrum pricing to reflect the scarcity of the resource and the need for spectrum to be used efficiently. Allocation of radio frequency spectrum for wireless broadband networks and services should also be carried out in a manner consistent with the advancement of competition, Black Economic Empowerment, quality of service and universal access and service.
- 5.13.3 We would also like to see State Owned Companies who are mandated to roll-out electronic communications networks to rural and under-serviced communities being given preference for allocation of high-demand spectrum. Private sector operators who apply for high-demand spectrum will use it in lucrative urban areas.
- 5.13.4 Broadband Infraco would like to see the DoC and ICASA develop innovative ways to maximize the economic value of high demand spectrum to finance the rollout of infrastructure in rural and under-serviced areas. For example, if auction is used as the preferred method of allocating high-demand spectrum, the proceeds thereof should be ring-fenced to subsidise the roll-out of at least 3G wireless access infrastructure to rural and under-serviced communities.

5.13.5 A sufficiently resourced ICASA should, in Broadband Infraco's view, continue to regulate spectrum.

6. CHAPTER 9 – UNIVERSAL ACCESS AND SERVICE

Policy Question 1: What strategies for increasing the affordability of access to ICTs, particularly for low income users, should adopted and how should the cost of providing services to needy communities, government institutions particularly schools and clinics be reduced?

6.1 *Universality of communications is essential in the modern economy to enable active participation and socio-economic development and thus ought to be considered basic infrastructure and services³.*

6.2 USAASA's National Universal Access and Service Consultation Process

6.2.1 Broadband Infraco endorses the Universal Service and Access Agency of South Africa's ("USAASA" / the "Agency") National Universal Access and Service Consultation Process, which is intended to result in a five year National Universal Access and Service strategy ("the UAS Strategy"). One of the key points raised in the Agency's Consultative Document regarding the UAS Strategy is developing partnership with SOCs in delivering UAS. This multi-stakeholder approach, according to the Agency, will provide it with capacity to achieve UAS in areas where access gaps exist, namely in areas with high cost of supply of infrastructure and services and low household income. For this reason, part of the Agency's focus on reducing the access gap is on partnering with infrastructure suppliers, including SOCs.

6.2.2 In partnership with ICT SOCs, the Agency can employ a strategy that reduces the cost of communication for low-income users, whilst simultaneously stimulating job creation and economic growth.

6.3 Broadband Infraco supports the Green Paper's acknowledgment of the three pillars of Universal Access and Service ("UAS"), namely:

³ *Universal Access and Service in South Africa...A review of USAASA and the USAF*, Katharina Pillay, Prepared for the South African Communications Forum, November 2012.

- 6.3.1 *Affordability* – communication services need to be provided at affordable prices;
- 6.3.2 *Availability* – communication services should be provided whenever and wherever they are needed, including remote and rural areas; and
- 6.3.3 *Accessibility* – all citizens should be able to use communication services, regardless of location, gender, disability or any other personal characteristics.
- 6.4 The Green Paper recognises the Agency's contention that the above pillars must be expanded to include 'awareness' of the use and benefit of communications. Another dimension is the 'ability' to use ICT services, indicating the importance of relevant content and applications to stimulate demand.
- 6.5 Broadband Infraco supports the Agency's expanded definition of Universal Access and Service given the National Broadband Policy's expanded definition of broadband as including:
 - 6.5.1 *Availability of Services*;
 - 6.5.2 *Access of Applications*; and
 - 6.5.3 *Affordability and relevance to Users*.
- 6.6 the Agency's expanded definition seeks to take Universal Access and Service forward in a manner consistent with the growing importance of demand-side initiatives related to training and skills development.
- 6.7 **Access Gap Analysis**
 - 6.7.1 As far as supply-side policy measures are concerned, Broadband Infraco supports the Green Paper's recognition of the Agency's Access Gap analysis regarding backbone network connectivity. The Agency found that *to deliver any broadband level service at the local municipal level requires high capacity backbone connection into each location. Where fibre optic technology is the assumed approach, the costs of extending fibre networks to all population centres, especially the most distant and dispersed areas, can be extremely high.*

- 6.7.2 We note that the National Broadband Policy prioritises the need to implement interventions aimed at strategic positioning of broadband infrastructure as a catalyst for social and economic growth and enhance universal access.
- 6.7.3 The National Broadband Policy suggests that *Government should play a critical role in the deployment of broadband backhaul networks, especially in rural and under-serviced areas, which are regarded as not being commercially viable.*
- 6.7.4 Rightfully so, the National Broadband Policy also advocates for the deployment of wholesale backbone networks by private and public operators operated on an open access and non-discriminatory basis, thus allowing for innovation and competition by service providers in the provision of services to consumers.

7. CHAPTER 10 – PROMOTING INVESTMENT IN THE ICT SECTOR

Policy Question 1: Given the economic climate how can the South African ICT industry attract and sustain investment?

- 7.1 Government needs to invest in ICT infrastructure both from the supply-side and the demand-side. The National Broadband Policy provides that *Government will encourage and support investment in broadband backbone network infrastructure thereby increasing the uptake and usage of broadband services.*
- 7.2 **State Funding of Broadband Infrastructure**
- 7.2.1 It has been proven (in other parts of the world) that, once private sector operators see the benefits of an ubiquitous broadband network being fully utilised by government, they will follow suit as both users of the network and providers of additional broadband applications and services.

- 7.2.2 The National Broadband Policy provides that *Government will encourage and support investment in broadband backbone network infrastructure thereby increasing the uptake and usage of broadband services*. The National Broadband Policy is silent on how Government will encourage and support such investments. In Broadband Infraco's view, the focus of Government roll-out of broadband infrastructure should be in under-serviced communities as private sector investment of broadband infrastructure will continue to be mainly directed towards more profitable customers and areas.
- 7.2.3 Deployment of broadband infrastructure in underserved areas greatly contributes to narrowing the digital gap existing between these areas and the more developed regions. The challenge of overcoming the digital divide would partly be addressed by ensuring that underserved areas enjoy (almost) similar levels of broadband connectivity, speeds and access to information as their urban counterparts.
- 7.2.4 Government or state-led funding is the proven global method for achieving accelerated broadband infrastructure roll-out across all continents. Governments such as Brazil, Ghana, Australia and the United States provide direct government funding for the deployment of broadband infrastructure in broadband-deprived areas. These broadband funding initiatives are generally led by a government-owned agency to ensure the coordination of broadband infrastructure roll-out by various organs of state.
- 7.2.5 Subsidies from the Universal Service and Access Fund are also an important means of supporting broadband roll-out to rural and under-serviced communities; especially because broadband is increasingly being included in UAS policy and definitions.

7.3 Government as an Anchor Tenant: Demand-side

- 7.3.1 The National Broadband Policy ("SA Connect") proposes that public sector demand be aggregated (with Government as an Anchor Tenant) to facilitate the competitive procurement of discounted, high quality services required to meet the communication needs in critical areas of public service delivery (such as health, education and safety and security) and to enable network extension in areas that are unconnected by reducing the associated investment risk.

- 7.3.2 One demand-side instrument that Government can use to stimulate the uptake of broadband services is by increasing utilisation of e-Government services (such as registration of births, marriages certificates and acquisition of drivers' licence, e-Health, e-Education, etc.). We believe that this will lead to better customer services and stimulation of regional economic growth.
- 7.3.3 One of the major challenges of sustaining broadband connectivity in under-served areas is the operational costs (opex) of the broadband network. Broadband network providers generally find themselves having to provide services below cost in these areas. The sustainability of these networks generally requires on-going Government support (in the form of funding). Government may also consider alleviating this pressure on the national fiscus by becoming an anchor tenant on the network. The effective utilisation, by Government, of state-funded broadband infrastructure will lead to financial sustainability of the infrastructure deemed critical for economic growth.

8. CHAPTER 12 - INSTITUTIONAL ARRANGEMENTS

Policy Question 2: Is the existing structure of ICASA appropriate to regulate the converged environment? How should ICASA be funded?

- 8.1 Regarding ICASA's current structure, Broadband Infraco supports the proposed restructuring of ICASA in a manner similar to the National Energy Regulator of South Africa ("NERSA"). The NERSA model provides for effective oversight of the organisation's operations and executive management and also provides the NERSA Executives with Board members who can use their external experience in reviewing / supporting strategic decision-making.
- 8.2 We also endorse the view that *the Regulator should consider a direct relationship with Treasury in terms of budget allocation and accountability of fees collected. This would then facilitate a change in funding for the Regulator towards a hybrid model where the Regulator retains a portion of the collected fees to fund budget and appropriates surplus to Treasury.*

Policy Question 2: The provisions of the Electronic Communications Act (“the ECA”) on the Universal Service and Access Fund separate the management of the Fund from the determination of under-served areas. The definition of needy persons is also separated from the management of the Fund. Is this the best mechanism to promote effective use of the Fund? What measures can be developed to foster cooperation?

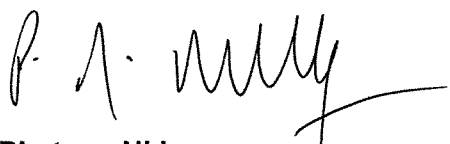
- 8.3 Broadband Infraco supports the continued separation of the management of the Fund from the determination of under-served areas, as well as the definition of needy persons. The separation of these functions is an effective system of checks and balances and would avoid any potential conflicts of interest. There must, nevertheless be regular consultations between entities responsible for these functions to ensure a harmonious implementation of national policies.
- 8.4 In our view, the mechanism to promote effective use of the USAF is for the Agency to publish both a National Universal Service and Access Strategy that speaks to how the Agency wants to partner with operators to meet broadband roll-out requirements and provide access to services in under-served areas.
- 8.5 The Agency should also publish a Funding Manual in terms of section 88 of the (“ECA”) which explains how licensees should apply for funds to roll-out broadband infrastructure.
- 8.6 As a means of increasing transparency and accountability with its stakeholders, the Agency should hold annual workshops with licensees to explain how:
- 8.6.1 it has spent funds from the USAF;
 - 8.6.2 it intends to spend its projected expenditure for the financial year;
 - 8.6.3 it wants infrastructure providers that it provides USAF funding for to work together so as to coordinate network roll-out and avoid duplication of infrastructure;
 - 8.6.4 the beneficiaries of USAF funding are going to be integrated into the ICT value chain; and
- 8.7 it intends implementing its National Strategy for the upcoming financial year.

9. CONCLUSION

- 9.1 Broadband Infraco welcomes the broad scope of issues addressed in the Green Paper. It is of utmost importance that the key components of the Green Paper and White Paper are in place to guide future policy, legislation and regulation making processes governing the ICT sector. Our past has taught us that incumbent operators and licensees with large market shares dominate their respective markets and stifle competition. Future policies, legislation and regulations need to empower ICASA to enable it execute its consumer protection mandate more effectively.
- 9.2 We also appreciate the linkage between the Green Paper and other fundamental national policy instruments, such as the National Development Plan and the National Broadband Policy. Alignment of policy instruments is critical for regulatory certainty to encourage much needed private sector investment in the sector.
- 9.3 One critical question that is not raised in the Green Paper is Government owning the National Broadband Network ("NBN") to ensure security of transmission of data and preference of public oriented use, including national security and disaster management. Spectrum is discussed in the context of national security but not the National Broadband Network. It is essential that the National Broadband Network be given a similar profile as radio frequency spectrum because the NBN is an economic enabler too.

We look forward to participating further in the DoC's ongoing consultative processes regarding ICT sector policy formulation.

Yours faithfully,



Phatang Nkhereanye
Senior Manager, Regulatory Affairs