

FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

(Incorporating Fish Hoek, Clovelly and Sun Valley)

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**TO: THE DIRECTOR -GENERAL, DEPARTMENT OF TELECOMMUNICATIONS
AND POSTAL SERVICES**

**FOR ATTENTION: MS. M MASEMOLA, THE ACTING DEPUTY DIRECTOR-
GENERAL, ICT POLICY AND STRATEGY DEVELOPMENT,
ecabill@dtps.gov.za**

**SUBJECT: COMMENTS ON THE ELECTRONIC COMMUNICATIONS
AMENDMENT DRAFT BILL ¹**

DUE: 31 JANUARY 2019

1. DISCUSSION

The Department of Telecommunications and Postal Services has published the Electronic Communications Amendment Draft Bill and is asking for comments. ² We agree that something must be done. Communication prices must fall and data bundles should not expire monthly.

We welcome the long-awaited digital dividend from opening up radio-spectrum due to finally switching from analogue to digital television. However, for all operators to surrender their spectrum by the end of their current licence periods and from which operators would then lease spectrum back at wholesale rates from a monopoly wireless open access network (WOAN) is a major concern. We think this will stop all infrastructure investments, especially in under-served areas, and not deliver the efficiencies envisaged. If Government were paying for the infrastructure, which they are not, they'd want one service. However, this is not how it works in the private sector where competition drives lower costs.

Chapter 4's stipulation of the rights and obligations of licensees, landowners, municipalities, landlords, tenants and customers regarding how licensees deploy their networks and facilities on public and private land in respect of approvals for rights of way and the granting of wayleaves is a welcome innovation. ³

¹ <https://www.parliament.gov.za/storage/app/media/Docs/bill/43da56f3-dcad-4448-bfe3-ff15f061f1f6.pdf>
and <http://pmg-assets.s3-website-eu-west-1.amazonaws.com/ECABill.pdf>

² <https://pmg.org.za/call-for-comment/622/>

³ <https://www.cliffedekkerhofmeyr.com/en/news/publications/2018/Dispute/dispute-resolution-alert-21-february-the-electronic-communications-amendment-bill-too-soon-to-call-.html>

Single trenching of fibre-optic ducting will deliver efficiencies in avoiding duplication and disruption of public roads, but shared spectrum coverage will not. With terminations to other providers, cellphone companies already effectively share cellphone towers. So-called duplication of towers is demand driven due to high frequency usages and thus, represents an increased return on investment from this additional infrastructure. This “duplication” is necessary for quality of service and results in fewer dropped calls when towers hand-off to other towers.

Global WOAN History ⁴

WOAN is a failed model with several recent examples.

Kenya’s WOAN actually delayed implementation of its 4G network and didn’t stop wasteful duplication. Its partners abandoned the project.

Mexico’s WOAN was to establish a non-discriminatory wholesale provider that would charge “competitive” rates (although competitive in a monopoly environment is a contradiction of terms) and resulted in “outsourcing” to a multi-national company that could do the job.

The Russian Yota’s goals were to reduce duplication and assume control of additional spectrum, like is proposed here, but failed in this more autocratic society.

Rwanda’s WOAN, outsourced to Korean Telecom, also failed due to unreliability issues (monopolies are just not accountable) and it is more expensive.

In our case, “effective participation” is not defined in this bill. ⁵

Our Government’s Telecoms History

Two decades ago, Telkom was given a monopoly on landline services and a mandate to expand service to the poor. Telkom failed miserably in that objective.

Sentech MyWireless broadband 2004 – 2009: another failure ⁶

2006: The communications ministry announced that Sentech will form the core of South Africa’s wireless broadband infrastructure network. This plan never materialised.

2007: State-owned Broadband Infraco was founded to improve market efficiency in the connectivity market. The company was loss making since it started, and the state is now trying to offload it.

Switch-off analogue TV in 2011 & 2013 & 2015 – not done ⁷

⁴ <http://www.freemarketfoundation.com/Article-View/case-studies-on-wireless-open-access-networks->

⁵ <http://www.webberwentzel.com/wwb/content/en/ww-newsletters?oid=66411&sn=Newsletter-detail&pid=32713>

⁶ <https://mybroadband.co.za/news/columns/181322-anc-government-fail-fail-fail-then-try-the-same-thing-again.html>

⁷ <https://mybroadband.co.za/news/columns/121420-how-anc-government-failed-spectacularly.html>

Looking more closely at monopolies, for example our Telkom fixed line operator monopoly, they feel no pressure to keep prices low (affects profits) or improve services, which are a cost to them. They are reluctant to invest in infrastructure capacity or new technologies (costs). With quality of service added to the mix, investments will stop.⁸

Conclusion

The proposed wireless open access network (WOAN) is just another monopoly. The valuable LTE spectrum, which could have been used by Vodacom, MTN, Cell C, and Telkom to make broadband faster and cheaper, will once again be wasted due to the ANC's 1993 belief that a single network will be the best way to serve the people.

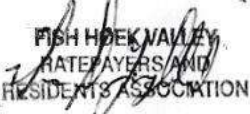
A competitive telecommunications market is proven to be the best way to provide services to people. The Government just needs to regulate the price.

Monopolies are price setters. Look at Eskom trying to pass along its high costs for corruption and failure to plan.

2. RECOMMENDATIONS

Therefore, it is recommended for the reasons stated in this report, that:

- Terms and compensation payable for access across public and private land need to be defined;
- Rapid Deployment National Coordinating Centre and a Rapid Deployment Steering Committee need to be defined regarding their mandates, legal authority and how approval processes will be expedited to justify their names of "Rapid";
- That the WOAN monopoly concept be scrapped. Failing that, "effective participation" needs to be defined.

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DATE	18 January 2019

Other comments: <https://www.ellipsis.co.za/electronic-communications-amendment-bill-2018/>

⁸ <https://www.dailymaverick.co.za/opinionista/2018-07-04-why-a-wireless-open-access-network-wont-work/>