
GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

NO. 1057

04 NOVEMBER 2015

**ELECTRONIC COMMUNICATIONS ACT, 2005
(ACT NO. 36 OF 2005)****PROPOSED POLICY DIRECTION TO THE INDEPENDENT
COMMUNICATIONS AUTHORITY OF SOUTH AFRICA ON
EFFECTIVE COMPETITION IN BROADBAND MARKETS AND
THE REDUCTION OF DATA COSTS**

1. The Minister of Telecommunications and Postal Services intends to issue the proposed Policy Direction in the Schedule to the Independent Communications Authority of South Africa in terms of section 3(2) of the Electronic Communications Act, 2005 (Act No. 36 of 2005).

2. Interested persons are invited to provide written comments, views and opinions on the proposed Policy Direction, within 30 working days of the date of publication, addressed to –

The Acting Director-General, Department of Telecommunications and Postal Services For attention: Ms. C Lesufi, The Director, Telecommunications Policy

First Floor, Block A3, iParioli Office Park, 1166 Park Street, Hatfield, Pretoria
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Private Bag X860, Pretoria, 0001

data@dtps.gov.za; Tel: (012) 427 8512/8070
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3. Comments received after the closing date may be disregarded.



Dr Siyabonga Cyprian Cwele, MP
Minister of Telecommunications and Postal Services

16/10/2015

SCHEDULE

POLICY DIRECTION ON EFFECTIVE COMPETITION IN BROADBAND MARKETS AND THE REDUCTION OF DATA COSTS

1. Background

The National Development Plan, 2030 (NDP) states that -
“By 2030, ICT will underpin the development of a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous. A seamless information infrastructure will be universally available and accessible and will meet the needs of citizens, business and the public sector, providing access to the creation and consumption of a wide range of converged services required for effective economic and social participation – at a cost and quality at least equal to South Africa's main peers and competitors ... ICT will continue to reduce spatial exclusion, enabling seamless participation by the majority in the global ICT system, not simply as users but as content developers and application innovators”.

The NDP notes that *“The high domestic cost of broadband internet connectivity is a major hindrance”* to amongst other things, scientific and technological advancement.

The goals identified in the NDP include that of universal access and availability of a wide range of converged services at a *“cost and quality at least equal to South Africa's main peers and competitors”*.

The NDP states that *“In future, the State's role in the ICT sector will be to facilitate competition and private investment and to ensure effective regulation where market failure is apparent.”*

In the National Broadband Policy (South Africa Connect) adopted in 2013, the vision for broadband is that by 2020, 100% of SA citizens will have access to broadband services at 2,5% or less of the population's average monthly income.

SA Connect states that the high prices charged for communications services are identified as one of the primary factors hampering South Africa's competitiveness. It further emphasizes that access to broadband must be affordable to lead to economic growth.

South Africa remains one of the most expensive countries in the African Broadband Price Index (*Research ICT Africa Broadband Policy Brief No. 3, June 2014*).

The Deputy Minister in her budget vote speech of 21 May 2015 noted that the cost of ICTs in South Africa is too high.

In order to realise the policy intent of Government as derived from both the NDP and SA Connect to make broadband more affordable for end users, regulatory intervention is necessary in the broadband market.

2. Policy Direction

In terms of section 67(4) of the Electronic Communications Act, 2005 (Act No. 36 of 2005) the Authority must, following an inquiry, prescribe regulations defining the relevant markets and market segments and impose appropriate and sufficient pro-competitive licence conditions on licensees where there is ineffective competition, and if any licensee has significant market power in such markets or market segments.

It is necessary for the Authority to prescribe regulations defining the broadband markets, and where there is ineffective competition,

impose pro-competitive conditions on licensees with significant market power in such broadband markets.

The Authority should ensure that effective competition exists in the broadband markets since effective competition contributes to the reduction of data prices.

The Authority is hereby directed, in terms of section 3(2) of the Electronic Communications Act to commence an inquiry and prescribe regulations as contemplated in 67(4) of the Electronic Communications Act to ensure effective competition in broadband markets.