



NATIONAL OFFICE
61 Katherine Street, Sandton, 2196
P.O. Box 652807, Benmore, 2010
www.busa.org.za
+27 11 784 8000

PARLIAMENTARY OFFICE
9 Church Square, 1st Floor Graaffs
Trust Building, Cape Town, CBD

Hon. J.L. Mahlangu (MP)

Chairperson: Portfolio Committee on Telecommunications and Postal Services
National Assembly

BY EMAIL: hsalie@parliament.gov.za

20 November 2018

ELECTRONIC COMMUNICATIONS AMENDMENT BILL

Introduction

Business Unity South Africa ('BUSBA') welcomes the opportunity to submit written comments to the Portfolio Committee on Telecommunications and Postal Services on the Electronic Communications Amendment Bill. BUSBA is a confederation of business organisations, including chambers of commerce and industry, professional associations, corporate associations, and unisectoral organisations. It represents a cross-section of business, large and small, on macro-economic and cross-cutting policies and issues which affect business in all three spheres of government and at the international level. BUSBA's function is to ensure business plays a constructive role in economic growth, development and transformation, and to ensure an environment in which business can thrive, expand and be competitive. As the principal representative of business in South Africa, BUSBA conveys the views of its members in various national structures and bodies, both statutory and non-statutory.

Key comments

Government's objectives in the telecoms sector are to increase broadband coverage, promote affordable broadband and innovation and transform the sector. We fully support these objectives and they can and will be met through new investment by operators - new network investment is desperately needed in South Africa and investment generally is emphasised by the President as a key objective of the Government.

- Network investment is the catalyst that will lead to the rapid adoption of new and more efficient network technologies and the digitalisation of the country.

REGISTRATION NUMBER: 2014/042417/08

PRESIDENT: Siphon M Pityana **VICE PRESIDENT:** Martin Kingston **CEO:** Tanya Cohen **NEDLAC CONVENOR:** Kaizer Moyane
DIRECTORS: Busi Mavuso, Cas Coovadia, Christopher Campbell, Deidre Penfold, Gwarega Mangozhe, Joe Mwase, Maria Ramos, Roger Baxter, Stavros Nicolaou, Vusi Khumalo

- This will result in dramatically lower unit costs and, through greater competition, will lead to lower and more affordable retail prices.
- It will provide greater network coverage, access, and a higher quality of service for consumers, government and national services (i.e. education and healthcare), and businesses.
- Increased access and use of digital services will stimulate investment, jobs, economic development within the country, and international competitiveness.

The assignment of high demand spectrum to the operators through an auction process can generate much-needed revenues for Government, which will depend on the allocation of spectrum made available and the terms and conditions applied.

Recommendations to the Committee

It is BUSA's view that the Bill substantially increases uncertainty for telecoms operators, will reduce benefits from innovation and investment and chill investment at exactly the time when significant new investment is needed in the telecoms sector to deliver the services and reach that South Africans require at affordable prices.

If the Bill is enacted in its current form, investment incentives will be substantially diminished.

Government is advised to pause and carefully consider the broader socio-economic implications of the Bill. There is no pressing need for the Bill and it should not be rushed through Parliament in its current form. Most of the policy objectives can be achieved under the existing Electronic Communications Act ("EC Act").

- The Policy Direction, if allowed to proceed under the existing EC Act with the fine-tuning that we suggest, can achieve speedy award and deployment of high demand spectrum, accelerate rollout of 4G/LTE networks, establish the WOAN early, improve quality and reach of networks, reduce the cost to communicate and further promote competition in the mobile sector.

- The market review process under the existing EC Act, and recently advanced by the ICASA Priority Markets review, is sufficient to confirm a well-functioning mobile market and address concerns on the cost of communication.

BUSA proposes that Parliament suspends the Bill considering its far-reaching implications for the sector and consumers, and we recommend that the Policy Direction process, with the fine-tuning that we suggest, continues as quickly as possible – this will promote an investor-friendly environment without detracting from the transformation and universal access objectives, and enable the efficient roll-out of much needed infrastructure and new technologies, for the benefit of consumers and the whole South African economy.

Furthermore, BUSA will welcome the opportunity to participate in oral hearings that have been scheduled by the Committee during the month of November to discuss the bill. BUSA intends to use the platform to share more insights into the challenges presented by the Bill to the business and investment community.

Yours Sincerely,



Olivier Serrão

DIRECTOR: ECONOMIC & TRADE POLICY

Olivier.serrao@busa.org.za