

G:GENESIS

- Fifteen Year Telecommunications Policy Review
- James Hodge

Approach to Policy Review

- Focus on primary objectives
 - Access: availability and affordability
 - Cost: service cost and quality/range
- Periodisation
 - 1996-2001: Telecommunications Act
 - 2001-2005: Telecoms Amendment Act
 - 2005-present: Electronic Communications Act
- Logical approach
 - Key policy objectives and context
 - Policy approach/framework
 - Policy tool and implementation
 - Policy outcomes

Period 1: 1996-2001

Context and objectives

- Massive access deficit (availability) to address
- Recapitalisation of incumbent Telkom
- Mobile not initially seen as mass technology
- Considered access-cost trade-off

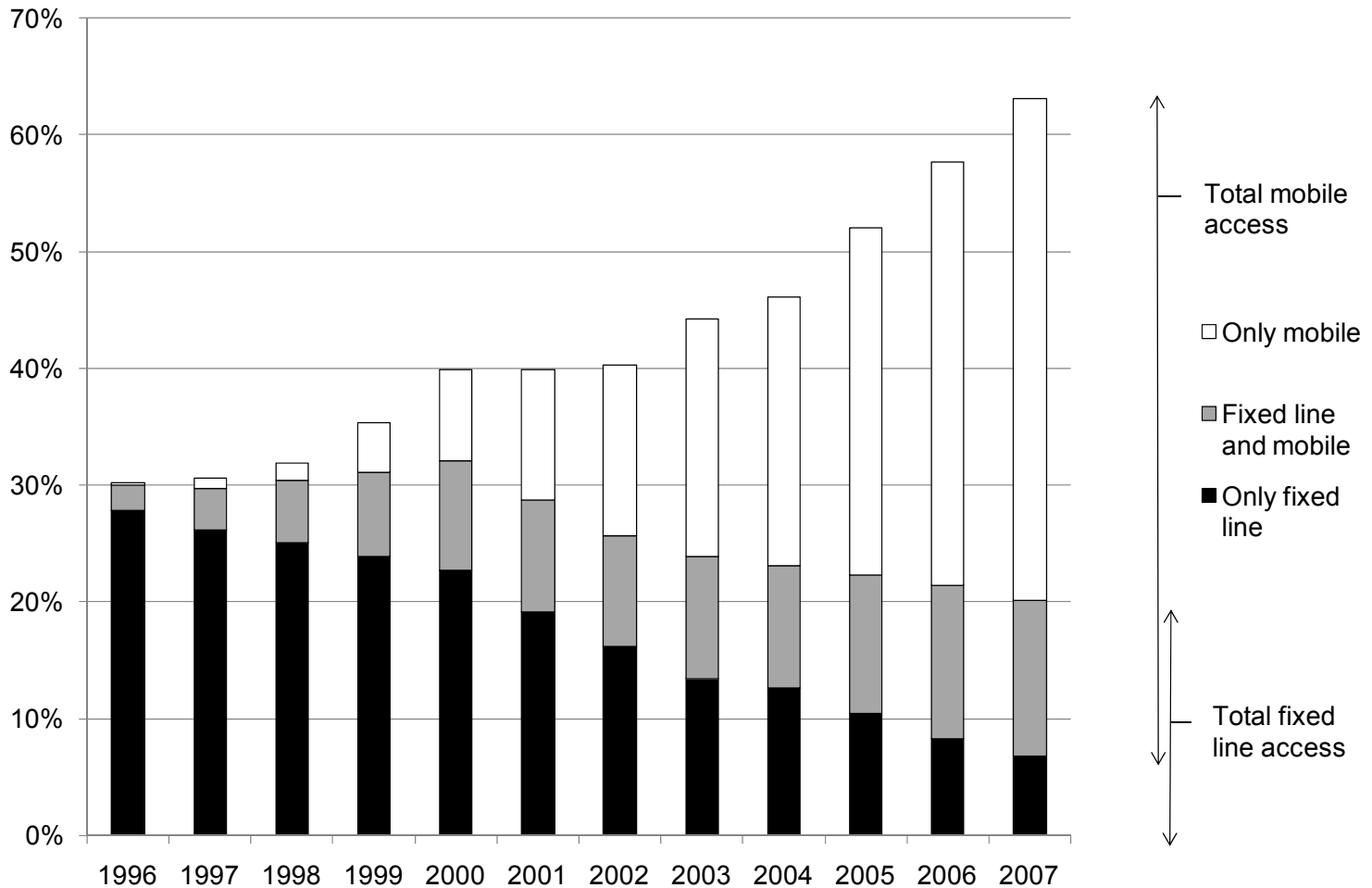
Approach

- Large access investment obligations to Telkom coupled with strategic investor/exclusivity
- Light touch price regulation
- Mobile given population coverage and CSTs

Outcomes

- Mobile success – exploiting sunk infrastructure
- Telkom rollout eventually undone, also telecentres
- Price competitiveness not sought or achieved

Performance



Period 2: 2001-2005

- Context and objectives
 - Access shift to affordability/Internet
 - Address infrastructure in more targeted nodes
 - Stronger emphasis on cost-competitiveness
- Approach
 - Limit entry to get infrastructure competition
 - Use of USALs and obligations to plug specific investment gaps – not universal service fund
 - Move to tighten price regulation
- Outcomes
 - Mobile success not really underpinned by policy
 - Access more affordable, CST accident, but high call costs – obligations largely irrelevant
 - Fixed line
 - Licencing delays plus failure to put regulatory framework in place see 'lost period'

Period 3: 2006 - present

- Context and objectives
 - Shift in emphasis to broadband (access, infra.)
 - Price competitiveness acute problem (fixed line)
 - Lack of regulation or competition
 - Move to technological neutrality
- Approach
 - ECA to introduce tech. neutrality and competition
 - Programme for wholesale regulation
 - State investment decisions – infraco & Sentech
- Outcomes
 - Convergence sees big 2 mobile expand but Neotel
 - yet to have impact
 - Regulatory building blocks for entry still not in place
 - Restrictions on entry may well remain

Some observations

- Major inroads in access not necessarily linked to active access policies
- Key policy framework debate is the extent of the access-cost trade-off
 - Will new entrants invest in less attractive locations and how long will it take? Complementary policies?
- Agency failure restricts policy options
 - USAASA and subsidisation options
 - ICASA and price reduction options
- Avoidable delays in licencing set back policy
 - Cell C, Neotel, current licence conversion
- Failure to get underpinning regulation in place in time limits impact of policy
 - wholesale cost-based regulation the most critical