

Vodacom calls for lower licence prices

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5 Aug 2016

THE Independent Communications Authority of SA (Icasa) should look at reducing its reserve pricing model for smaller spectrum blocks to enable small operators to participate in the radio frequency licensing process, says Vodacom group CEO Shameel Joosub.



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Icasa is auctioning the radio frequency spectrum licences within the 700MHz, 800MHz and 2.6GHz bands, with the minimum price set at R3bn. The spectrum is needed for mobile broadband wireless access. The auction could raise more than R10bn for Treasury.

However, the process has received criticism from Cell C and Telecommunications and Postal Services Minister Siyabonga Cwele, who has threatened legal action against the regulator. Cell C has said the price is too high because the spectrum lots are not equally valuable.

The company's chief legal officer, Graham Mackinnon, said recently there were two "very attractive" spectrum lots relative to other lots that, on an auction, would go to the bidders with the deepest pockets.

Joosub said on Tuesday that the company had a valid point with regards to the pricing for smaller blocks. But the principle behind the document was sound, as it allocated spectrum, raised money for the Treasury, encouraged investment through

obligations, and would ensure the 2020 targets were met, he said. "In addition, it also reserves a block for open access."

Joosub said it was "unfortunate" there was a dispute between the minister and the regulator, as every delay put the 2020 universal broadband access targets in jeopardy.

MTN and Vodacom have called on the regulator to provide further clarity, especially on the licence conditions. Icasa has placed conditions on new licensees, which are required to make the spectrum available to three mobile virtual network operators (MVNOs).

The MVNOs, which piggyback on networks such as Cell C, must be more than 51% black-owned. At the same time, Icasa has also stipulated that established mobile network operators, such as Vodacom and MTN, should have 30% black ownership at equity level. Icasa has also set minimum speeds that licensees should provide to 100% of the population by 2020.

MTN SA CEO Mteto Nyati is seeking clarity on the requirement for 100% coverage and the 30% black ownership. The company believes it meets the equity requirements.

"MTN believes that the mobile virtual operators that are 51% owned are instrumental to the transformative agenda of the country," he said.

Source: Business Day

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