



Presentation to the Workshop on Regulatory frameworks for core economic sectors

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Structure of presentation

- Overview
- How is communications regulated
- Characteristics of all communications services
- Principle legislation
- Broadcasting Sector
- Electronic Communications Sector
- Postal Services Sector

Summary

- The characteristic features of the sector:
 - Network industries with upstream and downstream market power
- Objective of regulation
 - Enhance consumer services, with introducing competition as a key tool
- Challenges faced by regulator
 - State ownership of key assets
 - Resource-intensive processes to address competition matters

How is the Sector regulated?

- The Independent Communications Authority of South Africa's mandate covers:
 - Broadcasting
 - Postal Matters
 - Electronic Communications
- Created by statute in 2000 to harmonise regulation within the communications sphere by merging the following institutions:
 - IBA
 - SATRA
 - Absorption of postal regulation function from the DOC

Objective of regulation

- All sectors are network industries
- Legacy of monopoly licensing viewed as less effective in serving interests of citizens
- Introduction of “competition” considerations in legislation from 1998 into different legislation
- Major regulatory challenge:
 - Inherent (wholesale market) challenges in each sector

Legislation

- Broadcasting Act (Act No. 4 of 1999), amongst others to:
 - Establish a strong and committed public broadcasting service
 - Ensure efficient use of the broadcasting frequency spectrum
- Electronic Communications Act (No. 36 of 2005)
 - Promote competition within the ICT sector
 - Ensure the provision of a variety of quality electronic communications services at reasonable prices;
- Postal Services Act (Act No. 124 of 1998)
 - Promote the universal and affordable provision of postal services
 - Make progress towards the universal provision of postal services

Structure of the Broadcasting Sector

- Broadcasting (Television services)
 - Public broadcaster
 - 1 Free-to-Air competitor (Etv)
 - Monopoly licensing legacy of pay-tv services (Multichoice)
- Radio services
 - Public broadcaster
 - Regional and local/community radio stations

Challenges in Broadcasting

- How to regulate the public sector:
 - Funding model of public broadcaster
 - State ownership of signal distribution infrastructure
- Competition matters – linked to state ownership
- Spectrum needs
 - Converging services require increased spectrum
 - Currently introducing Digital Terrestrial Television to improve efficiency and effectiveness of spectrum usage

Structure of Electronic Communications

- Legacy Monopoly licensing regime for:
 - Mobile & fixed line services
- Mobile:
 - MTN & Vodacom have dominant position (market share)
 - Cell C & Virgin Mobile have <20% of the market
- Fixed line
 - Telkom is incumbent dominant player
 - Neotel new entrant ECA (2005) introduced regulatory powers to force competitive outcomes

Challenges in Electronic Communications

- Monopoly licensing legacy
- State-ownership of key assets
- Resource-intensive processes to address competition matters

Structure of Postal Services

- Monopoly licence for traditional post (post <1kg in weight)
 - Granted to state-owned company
- Licensed courier services for all other services

Challenges in the Postal Services Sector

- Universal Service matters
- Dominant (global) players in the courier market