SUBMISSION

INQUIRY INTO NEW I-ECNS AND I-ECS LICENCES

(Government Gazette No. 53719, 25 November 2025)

SUBMITTED BY:

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1. EXECUTIVE SUMMARY

Amatole Telecommunications Services (Pty) Ltd, trading as Easttel ("Easttel"), welcomes the opportunity to submit on ICASA's Inquiry into issuing new Individual Electronic Communications Network Service ("I-ECNS") and Individual Electronic Communications Service ("I-ECS") licences (Government Gazette No. 53719, 25 November 2025). Easttel, a former Under-Serviced Area Licensee (2005) converted to individual licensing (2009), has operated continuously for two decades. As one of the few surviving smaller entrants competing against entrenched incumbents, we offer our unique operational evidence and understanding of the Electronic Communications Act 36 of 2005 ("ECA"), ICASA's framework, and international best practice.

1.1 Central Finding

1.1.1 Transfer-only regime has failed as a competition tool

No new I-ECNS/I-ECS licences have been issued for over a decade. Section 13 ECA transfers remain the only entry route, creating artificial scarcity, secondary-market prices often exceeding R1 million per licence pair (plus ICASA transfer fees of R82,000 per licence), excessively prolonged approval timelines, and

speculative hoarding. This contradicts the ECA's section 2 objects to promote competition and efficient infrastructure use.

1.1.2 Licence numbers vs effective competition

As of 31 October 2025, 928 individual licences exist (470 I-ECNS, 458 I-ECS). Yet key markets remain highly concentrated. Mobile, fixed broadband, and wholesale transit dominated by a few incumbents. Fewer than 2% of former USALs/converted licensees remain active, with most licences being dormant due to structural barriers.

1.1.3 Structural wholesale barriers neutralise new entrants

Unregulated transit voice rates enable sudden cost shocks (e.g., a 50% increase on short notice, erasing 30% of Easttel's net income). Absent MVNO regulations allow MNOs to create their own rules, blocking viable models. Non-reciprocal interconnection/SMS terms grant dominants unilateral blocking powers without symmetric protections for smaller licensees. Disproportionate regulatory burdens hit small operators hardest.

1.1.4 Universal access and service ("UAS") is stalled by concentration

Smaller, community-oriented licensees can sustainably serve neglected rural, peri-urban, and township markets. Easttel's partnership with Zenzeleni Networks demonstrates this. Community-driven models deliver affordable broadband to thousands in the Eastern Cape's, Wild Coast, at prices significantly below incumbents, advancing UAS through local ownership, sustainability and direct participation.

1.2 Considerations

All recommendations, in our view, lie within ICASA's existing ECA powers (sections 2, 4, 5–13, 37–41, 44, 67, 73–78):

1.2.1 We strongly support the issuing of new I-ECNS and I-ECS licences via Invitation to Apply (ITA), per Ministerial direction and section 5 ECA, to eliminate artificial scarcity and reduce secondary-market rents.

1.2.2 ICASA should concurrently consider targeted pro-competitive reforms:

1.2.1.1 Regulate wholesale transit voice under section 67 ECA (cost-oriented pricing, 90 days' notice, approval for material increases).

1.2.1.2 Finalise MVNO regulations (sections 43 & 67 ECA). Mandate FRAND ("Fair, Reasonable, And Non-Discriminatory") access, reference offers, cost-based rates, binding dispute resolution.

1.2.1.3 Amend Interconnection Regulations for strict reciprocity, prohibit/limit minimum volume floors, ensure proportionate anti-fraud safeguards.

1.2.1.4 Strengthen section 44 infrastructure-sharing and use spectrum set-asides/caps for new entrants.

1.2.1.5 ICASA should design proportionate, standardised universal service and access obligations (USAOs) under section 8(4) ECA, with scalable targets, monitoring, and incentives (e.g., fee reductions/spectrum priority for over-performance).

1.2.1.6 ICASA should invest in capacity and digital systems (e-licensing, automated reporting) to efficiently manage more licensees. Capacity constraints cannot justify maintaining an anti-competitive transfer-only regime.

1.3 Outcome Recommendations

We respectfully urge ICASA to give serious consideration to re-opening licensing whilst implementing the targeted structural reforms identified in this submission. Should the Authority adopt such an integrated approach, South Africa could achieve meaningful progress towards a more competitive, innovative, and inclusive communications sector, with attendant benefits including improved affordability, enhanced rural coverage, and

better alignment with SA Connect, digital economy objectives, and the constitutional imperatives of equality and access to information.

The historical experience suggests that re-opening licensing without concurrent wholesale market reforms would be unlikely to generate the intended competitive outcomes. We respectfully note that ICASA possesses the necessary statutory powers under the ECA to implement comprehensive reform. The critical consideration is whether the Authority determines that the evidence and analysis presented warrant integrated regulatory intervention.

1.4 Context

For the avoidance of doubt, we emphasise that the regulatory challenges and structural barriers identified in this submission are drawn from Easttel's historical experience as a small, vulnerable entrant, not from our current commercial needs. When Easttel entered the market as a USAL in 2005, we did so without any meaningful regulatory "guard rails" against entrenched incumbents. The case studies we present, including abrupt wholesale transit price increases, refusal of MVNO arrangements, asymmetric interconnection terms and disproportionate regulatory actions, reflect that earlier period, when we lacked the scale and bargaining abilities to protect ourselves.

Easttel's position today is fundamentally different. After 21 years of continuous operation, we have established a robust, growing niche as a wholesale provider of voice services to wholesalers and resellers nationally, with a sustainable business model and the operational and financial resilience to navigate the current framework. The majority of the safeguards we propose, particularly in relation to transit voice regulation, interconnection reciprocity, proportionate regulatory burdens and infrastructure sharing, would not confer any material, immediate advantage on Easttel's existing wholesale focused operations.

Our support for formal MVNO regulation is likewise not driven by a current commercial dependency. The present MVNO market is dominated by large, sophisticated entities that are generally able to negotiate effectively with MNOs. The beneficiaries of a clear, FRAND-based MVNO framework will be future smaller entrants who, unlike today's large MVNOs and unlike Easttel in its current form, lack the leverage to secure fair access on their own.

In these circumstances, the reforms we advocate cannot reasonably be characterised as self-serving. They are advanced as evidence-based, sector-wide measures to ensure that the next generation of entrants do not face the same avoidable structural barriers that Easttel confronted in its early years, and to give practical effect to the pro-competitive and universal-access objects of the ECA.

Perhaps it is prudent to recognise that without the assistance and support of Telkom Wholesale (Voice Interconnect), Vodacom (MVNO Support) and Internet Solutions (Primary Data Backhaul), we would have failed miserably.

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2. INTRODUCTION

Amatole Telecommunications Services (Pty) Ltd, trading as Easttel ("Easttel"), welcomes the opportunity to provide input on ICASA's Inquiry into the issuing of new Individual Electronic Communications Network Service ("I-ECNS") and Individual Electronic Communications Service ("I-ECS") licences, as published in Government Gazette No. 53719 of 25 November 2025 and pursuant to the Ministerial policy direction in Government Gazette No. 53215 of 22 August 2025.

Easttel was licensed in 2005 as an Under-Serviced Area Licensee ("USAL") under the Telecommunications Act 103 of 1996 and converted in 2009 to an individual Electronic Communications Service ("I-ECS") licence under the Electronic Communications Act 36 of 2005 ("ECA"). We have operated continuously for two decades. Our entry into a market with no protective guardrails against incumbents, and our subsequent survival as one of the few former USALs still operating, give us a practical operational perspective that complements broader policy and legal analysis.

Our actual experience on the ground, including abrupt cost increases, interconnection refusals that blocked our viable MVNO business models, and disproportionate regulatory actions, allows us to contribute factual evidence on the structural barriers faced by smaller operators in the South African market. We recognise that since 2005 there have been many reforms aimed at "levelling the playing field", but enforcement of violations remains inefficient and often ineffective in protecting small and medium-sized licensees.

This submission

- Responds to each section of ICASA's questionnaire (Sections 1–6); and
- Offers a cohesive legal, economic and policy perspective on the evolution of South Africa's licensing framework, grounded in:
    - The ECA and ICASA's regulations;
    - Competition-law principles, and;

- International best practice (including Nigeria, Kenya and the European Union).

In summary, we advocate for a more open, competitive licensing framework that lowers entry barriers while maintaining appropriate safeguards. Critically, we identify specific regulatory reforms required to enable new entrants to compete effectively, particularly in voice, SMS and data services. These include:

- Development and implementation of MVNO regulations;
- Regulation of transit voice traffic rates;
- Prohibition (or strict limitation) of minimum volume floors in interconnection agreements, and;
- A comprehensive review and amendment of the Regulations on Interconnection ("ROI") to foster competition rather than entrench incumbency, ensuring balanced, reciprocal interconnection agreements.

Drawing on two decades of continuous operation as one of the few surviving former USAL holders converted to individual I-ECS licences, Easttel offers unique practical insights into the barriers faced by smaller operators in South Africa's telecommunications landscape.

3. LEGAL AND REGULATORY FRAMEWORK

Before addressing the specific questions, it is important to note that this inquiry, in our view, is within the existing legal framework.

3.1 Electronic Communications Act 36 of 2005

Key provisions of the ECA relevant to this inquiry include:

3.1.1 Section 2 (Objects of the Act)

The ECA's objects include, inter alia, to:

3.1.1.1 Promote competition within the ICT sector (s 2(f));

3.1.1.2 Promote the interests of consumers with regard to price, quality and variety of services (s 2(n));

3.1.1.3 Encourage investment and innovation in the communications sector (s 2(c)), and;

3.1.1.4 Ensure efficient use of the radio frequency spectrum and communications infrastructure (s 2(d), (e)).

3.1.2 Sections 5–13 (Licensing framework)

These sections establish the individual and class licensing regime, distinguish between ECNS and ECS, and empower ICASA to grant, renew, amend, suspend and revoke licences, and to approve transfers of individual licences or changes of control (s 13).

3.1.3 Section 8(4) (Universal service and access obligations)

Empowers ICASA to impose universal service and access obligations ("USAOs") on licensees by regulation or licence condition.

3.1.4 Sections 37–41 (Interconnection and facilities leasing)

Require licensees to interconnect on request and empower ICASA to prescribe interconnection principles and dispute-resolution procedures.

3.1.5 Section 44 (Infrastructure sharing)

Provides for facilities leasing and infrastructure sharing, a key tool to reduce duplication and barriers to entry.

3.1.6 Section 67 (Pro-competitive conditions)

Empowers ICASA to impose pro-competitive licence conditions, including price controls, on licensees with significant market power ("SMP") in defined markets.

3.1.7 Sections 73–78 (Regulation-making powers)

Confer general powers on ICASA to make regulations necessary to achieve the ECA's objects.

3.2 Existing ICASA Regulations

3.2.1 ICASA has exercised these powers through, inter alia:

3.2.1.1 **Interconnection Regulations**, 2010 (GN R57 in Government Gazette 32939 of 12 February 2010);

3.2.1.2 **Facilities Leasing Regulations**, 2010 (GN R301 in Government Gazette 33088 of 31 March 2010, as amended);

3.2.1.3 **The South African Numbering Plan Regulations, 2012** (GN R9887 in Government Gazette 35126 of 9 March 2012, as amended by GN 40294 of 14 October 2016);

3.2.1.4 **Radio Frequency Spectrum Regulations, 2015** (GN R855 in Government Gazette 39238 of 9 October 2015, replacing the Radio Frequency Spectrum Regulations, 2005);

3.2.1.5 **Regulations in respect of Prescribed Annual Fees** payable by Holders of Individual Licences, 2011 (GN R128 in Government Gazette 34054 of 25 February 2011, as amended by subsequent notices including GN R363 of 2014 and GN R1563 of 2020); and

3.2.1.6 **Call Termination Regulations**, 2014 (GN R74 in Government Gazette 37325 of 30 January 2014, as amended). The recommendations in this submission fall squarely within this statutory and regulatory framework. We do not propose any measures that would require primary legislative amendment.

ICASA therefore has the necessary authority to resume issuing new I-ECNS and I-ECS licences under the existing ECA framework, pursuant to the Ministerial policy direction, and exercise its existing powers under sections 37–41, 44 and 67 of the ECA to address structural barriers in interconnection, transit and wholesale access that currently prevent smaller licensees from competing effectively.

4. EFFECTIVENESS OF THE CURRENT LICENCE TRANSFER REGIME (SECTION 1 OF QUESTIONNAIRE)

4.1 (Q1.1) Competition impact of the licence transfer framework

4.1.1 New I-ECNS or I-ECS licences have not been issued in over a decade. Prospective entrants have had to acquire licences through transfers of ownership/control from existing licensees in terms of section 13 of the ECA. This has led to a situation where some licence holders treat licences as assets for trade rather than as instruments to provide services.

4.1.2 ICASA has noted reports of high prices being charged for such licence sales, creating barriers to entry for small or new operators. Since 2008/09, 171 transfers of individual licences have been approved (an average of approximately 10 per year). The majority of individual licences (928 in total, combining I-ECNS and I-ECS) remain under the control of a limited number of firms, and the telecoms market is highly concentrated in practice.

4.1.3 The current framework for sale and transfer of I-ECNS/I-ECS licences appears to hinder competition by creating artificial scarcity and a costly barrier to entry.

4.1.4 No new individual licences can be obtained directly without a Ministerial policy direction and an ICASA invitation to apply ("ITA") The only route for new entrants is to buy an existing licence from a willing seller.

4.1.5 This has resulted in a secondary market where licences are treated as commodities. Incumbents or intermediaries can demand high purchase prices, often well over R1 million for an I-ECNS/I-ECS pair.

4.1.6 Such high upfront costs, on top of ICASA's transfer application fee of R82,111 per licence, legal fees and the lengthy transfer approval process (often in excess of 12 months), discourage new, especially small, entrants and effectively shield incumbent operators from fresh competition.

4.1.7 Moreover, some entities that obtained licences in the 2009–2011 liberalisation wave have not actively used them to provide services, instead holding them as speculative assets to sell when a buyer emerges. This behaviour undermines the policy goal of broadening service provision: licences that could be used to serve niche markets or underserved areas remain idle until sold at a profit. As the Internet Service Providers' Association (ISPA) has noted, the current regime has become "a game for the rich", where smaller South African businesses, including historically disadvantaged group ("HDG") entrepreneurs, struggle to afford the steep licence resale prices and are thus excluded.

4.1.8 It is important to acknowledge that simply having more licensees on paper has not translated into a competitive market structure. South Africa has hundreds of licensed entities, yet key segments (national mobile and fixed networks) remain dominated by a few major operators. High fixed costs, economies of scale and network effects in telecommunications mean that new entrants face inherent challenges. However, the combination of high concentration and a locked licensing regime is problematic. The market has not been freely open to competition in any meaningful sense.

In other words, the current licensing framework, by relying solely on transfers, is not effectively promoting competition. On balance, it hinders competition by raising entry costs and allowing incumbents to extract rents from licence sales instead of facing new rivals. Reducing these barriers by opening up licence availability would enhance competition, as discussed further below.

4.2 (Q1.2) Need for regulatory intervention in licence transfers

4.2.1 We believe the Authority should consider intervening in the current sale/transfer market for licences, but primarily by addressing the root cause (scarcity of licences) rather than micromanaging private sale transactions.

4.2.2 The fundamental problem is that prospective entrants cannot simply apply for a new licence. Sellers therefore have undue market power to set prices. The most effective intervention would be for ICASA (with the requisite Ministerial policy

direction) to resume issuing new I-ECNS and I-ECS licences, increasing supply and thereby driving down the exorbitant prices on the secondary market. By opening the "front door" to licences, ICASA would reduce reliance on the "back door" of transfers.

4.2.3 Short of (or pending) issuing new licences, there are limited interventions ICASA could take to improve the transfer regime itself:

4.2.1.1 **Transparency and efficiency:** Maintain a public register of licences available for transfer and streamline approval timelines. Currently, the approval timeframe is a significant delay for business plans. Improving ICASA's turnaround time for transfer applications would make the secondary process less onerous.

4.2.1.2 **Fee structure:** Consider reducing transfer fees or introducing a tiered fee structure. While the R82,111 per-licence fee is not the primary cost driver, a lower or tiered fee (e.g. reduced for HDG or SMME buyers) could marginally assist smaller transactions and support transformation.

Ultimately, such secondary-market interventions address symptoms rather than underlying structural deficiencies. They may slightly improve the ease of transfers, but they do not fully solve the competition problem. The clearest intervention is to break the bottleneck by inviting new licence applications.

4.3 (Q1.3) Other considerations to improve the framework

To promote competition and make the licensing framework more effective and efficient, additional measures should be considered:

4.3.1 **"Use it or lose it" policy:** ICASA could enforce or introduce regulations whereby, if an individual licence is not utilised to provide services within a reasonable period, or remains dormant, the Authority may amend or revoke the licence. This would deter entities from passively holding licences for resale value and is consistent with ICASA's powers under sections 8 and 15 of the ECA.

4.3.2 **Periodic market reviews:** ICASA should regularly review the state of competition in ECNS/ECS markets under section 67 of the ECA. If concentration remains high and transfer activity remains low (or excessively costly), this should trigger a policy response, including consideration of new ITAs.

4.3.3 **Facilitated trading platform:** ICASA might consider creating a facilitated marketplace or bulletin board for licence transfers to improve price discovery and reduce information asymmetry, while making clear that such trading is a secondary, not primary, route to market entry.

4.3.4 **Strengthening class licence utilisation:** Encourage smaller operators to make greater use of Class ECS/ECNS licences where feasible, ensuring that class licensees can interconnect and obtain number ranges on fair terms.

4.3.5 **Fair competition oversight:** ICASA, in collaboration with the Competition Commission, should ensure that incumbents do not engage in anti-competitive practices that exploit licence scarcity (e.g. coordinated hoarding or exclusionary conduct).

In conclusion, the current sale/transfer framework has inherent limitations in fostering a dynamic, competitive telecoms sector. The most impactful reform is to ease the issuance of new licences directly.

5. DEMAND FOR AND JUSTIFICATION OF NEW LICENCES (SECTION 2 OF QUESTIONNAIRE)

ICASA's inquiry seeks to understand whether there is sufficient market demand and opportunity to justify issuing new I-ECNS and I-ECS licences. As of 31 October 2025, the Authority's records show 470 I-ECNS and 458 I-ECS licences issued (928 total). Despite this, the inability to apply for new individual licences since approximately 2010 suggests that interested parties must either buy an existing licence or forego entering.

5.1 (Q2.1) Market opportunities: can South Africa absorb new entrants?

Yes. There are compelling market opportunities and unmet needs that justify the issuance of new I-ECNS and I-ECS licences. South Africa's communications sector, while mature in some areas, still exhibits gaps in coverage, service quality and competition that additional entrants could help address:

5.1.1 **Persistent digital divide:** Connectivity in rural and underserviced areas remains inadequate. Large operators naturally focus on high-density, higher-income markets. Smaller or niche players can viably serve rural towns, peri-urban settlements and townships with tailored solutions.

5.1.2 **Enterprise and specialised services:** There is growing demand from businesses and industries for specialised connectivity (industrial IoT, private LTE/5G networks, mission-critical communications). New I-ECNS licensees could emerge to serve these vertical markets.

5.1.3 **Infrastructure investment appetite:** Evidence suggests there are investors and entities actively seeking to deploy network infrastructure in South Africa if given the opportunity. The existence of a robust secondary market for licences is itself evidence of suppressed demand.

5.1.4 **Secondary market signals:** Parties are willing to pay over R1 million and wait many months to obtain a licence via transfer. This is a strong indicator that there is demand for direct licensing.

5.1.5 **Innovation and new technologies:** Technology evolution constantly creates new market opportunities – 5G networks, LEO satellite constellations, open-access network models and neutral hosts. New entrants are often the first to adopt and commercialise such innovations.

From a demand and market-opportunity perspective, issuing new licences is justified. It would enable willing investors to meet unmet needs and introduce competitive dynamics that ultimately benefit consumers.

5.2 Prospective entrants and appropriate technologies (Q2.2)

We are aware of several categories of players who have considered entering or expanding in the South African telecoms market:

5.2.1 **International operators:** A notable example is SpaceX (Starlink), which has expressed interest in offering satellite broadband services directly to South African end-users. Under the current regime, such companies must hold I-ECNS and I-ECS licences and meet empowerment requirements. A clear, open licensing process would provide regulatory certainty.

5.2.2 **Regional African operators:** Telecoms groups from other African countries might consider South Africa if licences are available, bringing capital, expertise and competitive pressure.

5.2.3 **Local ISPs and WISPs:** Many South African ISPs and wireless ISPs operate under class licences or as downstream resellers. Some aspire to upgrade to individual licences to expand their footprint nationally or regionally.

5.2.4 **Community networks and SMMEs:** The community networks movement (e.g. Zenzeleni) could formalise into licensed operators serving localities, combining social objectives with commercial sustainability.

5.2.5 **Appropriate technologies and spectrum:** For new I-ECNS licensees, the choice of technology will depend on their target market, including:

5.2.5.1 Mobile networks (LTE/5G, potentially with Open RAN);

5.2.5.2 Fixed wireless and Wi-Fi ISPs (Wi-Fi 6/6E, mmWave);

5.2.5.3 Fibre-optic networks (GPON, FTTH, FTTB); and

5.2.5.4 Satellite/HAPS technologies.

New licence holders are likely to adopt innovative network architectures, relying on infrastructure sharing and modern technologies such as software-defined networking to keep costs lean.

5.3 (Q2.3 & Q2.4) Experience with obtaining or selling licences

5.3.1 Easttel obtained its I-ECS licence directly from ICASA in 2009, during the conversion and early licensing period. We did not acquire our licence through the secondary market. Our experience therefore reflects the benefits of direct licensing. We were able to plan and invest in our operations without the uncertainty of negotiating with third-party licence holders or paying speculative premiums.

5.3.2 Over our 21 years of operation, we have been approached by parties interested in acquiring our licence. These approaches have generally come from entities seeking to enter the market but frustrated by the closed licensing environment. We have declined such offers as our licence remains integral to our ongoing operations and strategic plans. This experience confirms that there is genuine demand from would-be entrants who cannot obtain licences directly from ICASA.

5.3.3 Industry feedback more broadly indicates that obtaining a licence via purchase/transfer is a cumbersome and costly experience, especially for smaller companies. The high cost and slow process make acquiring a licence daunting. Those who obtained licences directly from ICASA in 2009 generally did so at low cost, creating a somewhat uneven playing field where early recipients obtained licences virtually free, while later entrants face a million-rand price tag.

5.4 (Q2.5) Current usage of individual licences

As an I-ECS licensee that is not intending to sell its licence, we provide the following description of our infrastructure and services:

5.4.1 **Infrastructure -** Easttel operates a Voice over IP (VoIP) telecommunications network providing voice transit and termination services. Our infrastructure (located in Midrand and Rondebosch, South Africa and Munich, Germany) includes softswitches, session border controllers (SBCs), media gateways and domestic and international interconnects.

5.4.2 Services provided - We provide wholesale voice transit and termination services, primarily to resellers (ICASA licence-exempt) and other telecommunications service providers (carrier-of-carriers model). Our services include:

5.4.2.1 Domestic and International voice termination for Reseller and I-ECS Operators;

5.4.2.2 National Fibre Backhaul (Layer 3 – Managed Services) to Licensed WISP's;

5.4.2.3 Managed VSat services;

5.4.2.4 Packaged FTTH/FTTB (layer 3) for Resellers;

5.4.2.5 Management and support of wireless networks in rural areas and small towns.

5.4.3 Customer base - Our services are provided primarily to wholesalers, resellers and Class Licensed WISP's and I-ECS licensees. We do not serve the mass consumer market directly. Our ethos is not to compete with our reseller customer base at a retail level, but to rather provide strong support services to our customers, together with a solid network, focused on uptime and quality of service.

5.4.4 Rural telecoms - Easttel serves as the operational and technical partner for Zenzeleni Broadband in Mankosi and Zithulele (OR Tambo District, Eastern Cape Wild Coast). Collaborating closely with the Zenzeleni team, including the University of the Western Cape, Ellipsis Regulatory Solutions and local management, we deliver affordable, community-driven solutions. The model emphasises commercial self-sustainability while enabling community benefits. Residents gain access to broadband services, and community members receive training across all facets of telecoms/ISP operations. Guided by direct community input, our approach prioritises true affordability, starting at zero cost where needed – for example, through community computer labs offering free access for students with teacher support.

Our operational model demonstrates that individual licences support diverse approaches beyond the dominant consumer-facing mobile and broadband services. The wholesale and transit market to smaller operators remains an essential ecosystem component, and new licensees can similarly establish viable niche services.

5.5 (Q2.6) Additional points on demand for licences

Additional considerations for ICASA regarding the demand for new licences:

5.5.1 **Competitive dynamics:** The demand is not merely for licences in isolation, but for the opportunity to compete. If ICASA signals that new entrants are welcome, we anticipate an increase in competitive enthusiasm and investment.

5.5.2 **Alignment with policy goals:** South Africa's national policy goals (SA Connect, digital economy masterplans) emphasise universal internet access and digital growth. More licensees, properly regulated, can contribute to these goals.

5.5.3 **Spectrum and numbering considerations:** New licensees will demand access to radio frequency spectrum and numbering resources. The licensing of new I-ECNS/I-ECS licensees should be coordinated with spectrum management and numbering plan administration, including consideration of set-asides or caps to ensure space for new entrants.

6. COMPETITION IMPACT OF NEW LICENCES (SECTION 3 OF QUESTIONNAIRE)

6.1 (Q3.1) Will new licences promote competition?

6.1.1 Yes. New I-ECNS and I-ECS licences would promote competition, particularly in niche, wholesale and underserved markets, provided they are accompanied by pro-competitive safeguards. Increased licensee numbers alone are insufficient without addressing structural barriers that have historically constrained smaller operators.

6.1.2 From a competition-law perspective, the current licensing freeze combined with a transfer-only regime creates a classic barrier to entry and would-be new entrants face high, non-recoverable upfront costs (licence acquisition premiums and transfer fees) before they can even begin to invest in network infrastructure. This is compounded by economies of scale and network effects in mobile and fixed

markets, which already favour incumbents. The result is a market structure in which a small number of vertically integrated operators hold significant market power in multiple relevant markets, while smaller licensees are confined to narrow niches or remain dormant.

6.1.3 Issuing new licences is therefore a necessary, but not sufficient, condition for effective competition. Without concurrent reforms to interconnection, transit and MVNO access, new licensees will remain structurally constrained.

6.2 (Q3.2) Barriers faced by new entrants

Drawing on two decades of continuous operation as one of the few surviving former USAL holders converted to individual I-ECNS and I-ECS licences, Easttel offers practical insights into the barriers faced by smaller operators in South Africa's highly concentrated market. Our experience, including abrupt wholesale cost increases, interconnection refusals that blocked viable business models, disproportionate regulatory actions and persistent contractual imbalances – illustrates challenges that remain systemic today and would confront any new licensees absent targeted pro-competitive reforms.

6.2.1 Interconnection and voice/SMS services barriers

6.2.1.1 Unregulated transit voice traffic rates

a. Easttel's operational history illustrates the acute vulnerability created by unregulated transit rates. In our early years we routed voice transit traffic via Openserve. With only seven days' notice, transit fees were increased from 6c to 9c per minute during the peak December trading period – a 50% rise that eroded approximately 30% of our net voice income overnight. We attempted to negotiate a longer notice period for the increase, however this was rejected.

b. This practice allows incumbents to impose sudden, material cost increases on smaller operators who lack the traffic scale for direct interconnection with all networks. New I-ECS licensees seeking to provide voice services would face identical risks, rendering sustainable entry extremely difficult without regulated,

cost-oriented transit rates and reasonable notice/approval requirements for changes.

c. While ICASA has regulated wholesale call termination rates for dominant operators, wholesale transit remains outside the current pro-competitive framework. This is a regulatory lacuna that undermines the ECA's competition objectives.

6.2.2 Absence of MVNO regulations

6.2.2.1 Similarly, Easttel successfully launched an MVNO service in partnership with Vodacom, achieving rapid subscriber growth with thousands of SIM cards sold. However, Cell-C refused interconnection, asserting geographical restrictions that contradicted the policy intent for USAL licensees and the supportive stance of other operators. Absent regulatory intervention and mandated access obligations, this refusal terminated the service abruptly and forced abandonment of our mobile retail ambitions.

6.2.2.2 This experience underscores the urgent need for comprehensive MVNO regulations that mandate good-faith access, reference offers, regulated wholesale rates or rate-setting methodologies, and effective dispute resolution – essential for new individual licensees wishing to bundle virtual mobile services with fixed or wireless offerings.

6.2.2.3 Internationally, regulators have addressed this through explicit MVNO frameworks (e.g. Nigeria's NCC MVNO Licensing Framework; Ofcom's approach in the UK). South Africa lags behind in this respect.

6.2.3 Lack of reciprocity in interconnection agreements

6.2.3.1 Even ICASA-approved standard interconnection offers from dominant operators frequently lack genuine reciprocity, creating significant barriers for smaller entrants. Clauses addressing irregular activities, including suspected fraud, bypass, or calling line identification (CLI) manipulation, typically grant the dominant party unilateral powers to detect issues, issue notices, block traffic, or suspend services, without providing symmetric mechanisms

enabling the smaller operator to enforce equivalent protections or challenge determinations.

6.2.3.2 Operational experience demonstrates that such asymmetric provisions create material risks of arbitrary action. During Easttel's operational history, we have investigated reports of bypass and CLI fraud submitted to us by one specific operator. Upon thorough investigation, every such report proved to be a false positive, with no actual fraudulent activity occurring. This pattern underscores two critical points - first, that fraud detection methodologies employed by operators are imperfect and generate substantial false-positive rates and second, that unilateral traffic blocking based on such determinations, without prior notification and opportunity for investigation, would have caused unjustified service disruption and commercial harm.

6.2.3.3 Whilst certain asymmetries may be operationally justified, for instance, where larger operators possess sophisticated fraud detection systems unavailable to smaller operators, the cumulative effect is contractual imbalance whereby incumbents effectively exercise quasi-regulatory authority properly reserved to ICASA. The dominant operator becomes judge, jury, and executioner in determining whether traffic is legitimate, whether practices comply with standards, and whether interconnection should continue, with the smaller operator having limited recourse beyond protracted regulatory disputes.

6.2.3.4 This structural imbalance deters competitive entry and persists despite regulatory approval of interconnection agreements, indicating that the current Interconnection Regulations do not sufficiently mandate procedural safeguards or substantive reciprocity. New I-ECNS and I-ECS licensees would remain vulnerable to these asymmetric terms absent explicit regulatory reforms ensuring balanced obligations, transparent criteria for traffic blocking or suspension, mandatory notification and investigation procedures prior to service interruption, and symmetric dispute resolution rights.

6.2.4 Barriers in SMS services

6.2.4.1 Similar asymmetries extend to SMS services, where the absence of regulated termination or transit rates for application-to-person (A2P) messaging, combined with heightened anti-fraud measures, creates additional hurdles for smaller I-ECS licensees. Dominant operators' interconnection terms increasingly include unilateral powers to block or filter high-volume SMS traffic suspected of fraud, phishing or spam, often without symmetric recourse for the smaller operator or clear, objective criteria.

6.2.4.2 While fraud mitigation is essential, these provisions disproportionately impact legitimate A2P services provided by new or niche licensees (e.g. business notifications, OTPs or value-added messaging), risking abrupt revenue loss and deterring innovation. The lack of mandated transparency, appeal mechanisms or regulated pricing for SMS transit further entrenches incumbent advantages. New individual licensees seeking to offer bundled or standalone messaging services would face comparable vulnerabilities, underscoring the need for the ROI review to encompass SMS interconnection explicitly and ensure proportionate, reciprocal safeguards.

6.2.5 Other competition concerns

6.2.5.1 Asymmetric and disproportionate regulatory actions have also hindered smaller operators. For example, abrupt revisions to spectrum administrative fees from nominal amounts specified in licences to hundreds of thousands of rands per base station highlighted the need for graduated obligations and fairer administrative processes for new and small entrants. In one instance, ICASA, accompanied by SAPS, disconnected our network over disputed fees amid ongoing discussions, which arose through the massive increase in spectrum fees. Urgent court relief was required by Easttel to resume services, highlighting the need for ICASA to build fair, efficient processes before expanding the licensee base.

6.2.5.2 Structural barriers ultimately forced Easttel to pivot from broader retail ambitions to a sustainable wholesale voice transit and termination model, demonstrating both the viability of niche services under individual licences and the competitive constraints that limit smaller operators' ability to serve end-users directly absent regulatory reform.

6.3 (Q3.3) Remedies to enable effective competition

The above experiences demonstrate that new licensees cannot compete effectively without urgent, targeted reforms. We recommend that ICASA, using its powers under sections 37–41, 44 and 67 of the ECA, implement the following priority regulatory measures:

6.3.1 Regulate transit voice traffic rates

6.3.1.1 Bring wholesale transit within the scope of pro-competitive regulation.

6.3.1.2 Require cost-oriented transit pricing for licensees with significant market power in the relevant wholesale transit market.

6.3.1.3 Mandate reasonable notice periods (e.g. at least 90 days) for material price changes and require ICASA approval for increases above prescribed thresholds.

6.3.2 Finalise and implement comprehensive MVNO regulations

6.3.2.1 Mandate access to MNO networks on fair, reasonable and non-discriminatory (FRAND) terms.

6.3.2.2 Require standardised reference offers, published and filed with ICASA.

6.3.2.3 Establish regulated wholesale rate-setting methodologies (e.g. cost-plus or benchmark-based).

6.3.2.4 Provide binding dispute-resolution timeframes (e.g. 60–90 days) for MVNO access disputes.

6.3.3 Mandate strict reciprocity in all interconnection agreements

6.3.3.1 Prohibit unilateral powers (e.g. in fraud detection, suspension or "irregular activities" clauses) that are not mirrored for both parties.

6.3.3.2 Require fully symmetric rights/obligations irrespective of operator size.

6.3.3.3 Empower ICASA to reject or mandate amendments to asymmetric provisions in submitted reference interconnection offers ("RIOs").

6.3.4 Extend ROI review to SMS interconnection

6.3.4.1 Include regulated SMS transit/termination frameworks with proportionate anti-fraud safeguards.

6.3.4.2 Ensure reciprocal blocking rights and transparent criteria for traffic suspension.

6.3.4.3 Provide appeal or review mechanisms where traffic is blocked or filtered.

6.3.5 Prohibit or limit minimum volume floors in interconnection agreements

6.3.5.1 Prohibit minimum volume commitments that are unrealistic for new entrants; or

6.3.5.2 Require proportionate ramp-up provisions for new licensees, allowing volumes to grow over time without punitive penalties.

6.3.6 Comprehensively review and amend the Regulations on Interconnection (ROI)

6.3.6.1 Align the ROI with the ECA's competition objectives and ICASA's pro-competitive powers under section 67.

6.3.6.2 Ensure that interconnection and wholesale access arrangements facilitate, rather than frustrate, entry and expansion by new licensees.

7. CONTRIBUTION OF NEW LICENCES TO UNIVERSAL ACCESS AND SERVICE (SECTION 4 OF QUESTIONNAIRE)

A key consideration is whether new I-ECNS and I-ECS licensees would positively impact universal service and universal access ("UAS") objectives in South Africa. ICASA's inquiry notes that currently there are no specific regulations solely dedicated to universal service

obligations - rather, USAOs are included on an ad hoc basis in certain licences. Section 8(4) of the ECA empowers ICASA to impose universal service and access obligations on licensees by regulation or by licence conditions.

7.1 (Q4.1) Will new licensees contribute to universal access and service?

Yes. Properly introduced new I-ECNS and I-ECS licensees can make meaningful contributions to UAS. Mechanisms include:

7.1.1 Serving underserved areas: Many potential new entrants would target markets currently underserved by existing operators. New entrants, especially smaller and agile ones, can sustainably operate in niches that incumbents neglect.

7.1.2 Affordable service models: New entrants can introduce more affordable offerings targeted at low-income users, promoting universal service through improved affordability (e.g. community Wi-Fi, low-cost voice bundles, zero-rated educational content).

7.1.3 Infrastructure expansion: Each new network operator likely means new infrastructure investments – towers, fibre routes, distribution networks – thereby enhancing coverage and resilience.

7.1.4 Innovation in coverage technologies: New licensees may bring or accelerate innovative technologies for coverage – satellite connectivity, TV white space, mesh networks, open-access fibre.

7.1.5 Universal Service and Access Fund ("USAF") projects: New licensees will contribute to the USAF and could partner with USAASA/USAiF on pilot projects or innovative uses of funds, particularly in rural and peri-urban areas.

7.2 (Q4.2) Incorporating universal access and service obligations in new licences

ICASA has the authority under section 8(4) of the ECA to impose USAOs on licensees. For new licences, the Authority should integrate clear and fair USAO provisions:

7.2.1 Develop a standard USAO framework

Move away from ad hoc obligations towards a standardised USAO framework for new licensees, with clear coverage, service and affordability targets in underserviced areas.

7.2.2 Enforceable targets with monitoring

USAOs should have measurable targets and deadlines, with periodic reporting and compliance review. ICASA should publish periodic compliance reports to enhance transparency and accountability.

7.2.3 Incentive-based obligations

Pair obligations with incentives – for example, if a licensee exceeds USAO targets, reward it with reduced licence fees, USAF co-funding, or priority consideration in future spectrum assignments.

7.2.4 Technology-neutral approaches

Allow flexibility in technology so long as the result (coverage or access) is achieved. This encourages innovation and cost-effective solutions.

7.2.5 Proportional obligations

Obligations should be realistic and proportional to the entrant's capacity, scaling with the scope of the licence (national vs regional vs local) and the licensee's revenue/market share.

8. COST–BENEFIT ANALYSIS (SECTION 5 OF QUESTIONNAIRE)

Introducing new licensees is not without costs and potential downsides, which must be weighed against the benefits. ICASA's inquiry calls for an assessment of benefits versus

costs, including the cost to the Authority of monitoring/enforcing compliance and the potential burden on the environment from additional network infrastructure.

8.1 (Q5.1) Potential negative consequences of infrastructure rollout

The rollout of new network infrastructure by additional licensees can have certain negative impacts:

8.1.1 Environmental impact

Tower proliferation, increased energy consumption and electronic waste. These can be mitigated through infrastructure-sharing mandates (section 44 ECA), environmental regulations and incentives for energy-efficient technologies.

8.1.2 Community disruption

Infrastructure deployment can cause short-term disruptions (construction, trenching). Coordination mechanisms (e.g. municipal wayleave frameworks, shared ducts) can minimise repeated disruptions.

8.1.3 Duplication of infrastructure

There is a risk of redundant over-build in lucrative areas while poor areas remain neglected. USAOs and infrastructure-sharing obligations can address this by directing investment and encouraging shared use of existing facilities.

8.1.4 Strain on ICASA's monitoring capacity

More licensees require more oversight. This can be addressed through investment in ICASA's systems and capacity, including e-licensing, digital reporting and automated monitoring tools.

8.1.5 Regulatory compliance and fraud risk

8.1.5.1 With more operators, ensuring consistent compliance across all networks requires vigilance.

8.1.5.2 New entrants may be targeted by fraudsters or may inadvertently become conduits for interconnect fraud if compliance monitoring is insufficient.

8.1.5.3 ICASA should ensure that new licensees meet baseline compliance standards and that monitoring systems can detect anomalous traffic patterns.

8.2 Benefits of new licensees (Q5.2)

New I-ECNS/I-ECS licensees can offer substantial benefits over the status quo:

8.2.1 **Expanded service coverage** - New entrants will extend networks into areas not fully served by incumbents, improving geographic coverage and redundancy.

8.2.2 **Improved affordability and consumer choice** - More competition generally leads to lower prices, better value and greater service diversity.

8.2.3 **Technological innovation** - New entrants often act as innovators or early adopters to differentiate themselves, accelerating the deployment of new technologies and business models.

8.2.4 **Economic growth and job creation** - New investment, capital injection and employment creation in the ICT sector and related value chains.

8.2.5 **Market transformation and inclusion** - New entrants can be HDG-owned companies or women-led enterprises, supporting transformation goals and broad-based black economic empowerment.

8.2.6 **Resilience and redundancy** - Additional networks improve overall network resilience, with multiple fibre routes and diverse infrastructure reducing single-point-of-failure risks.

On balance, the cost–benefit assessment strongly favours issuing new licences, provided that the process is managed well to mitigate the costs outlined above.

9 ADDITIONAL COMMENTS AND RECOMMENDATIONS (SECTION 6 OF QUESTIONNAIRE)

9.1 ICASA's internal capacity and digital systems

9.1.1 We acknowledge that increasing the number of licensees will place greater demands on ICASA's resources. However, constraints in ICASA's internal systems

or capacity should not be used as a reason to limit competition or delay issuing new licences, particularly given the Authority's statutory obligation under section 2 of the ECA to promote competition and ensure efficient use of communications infrastructure.

9.1.2 The solution lies in strengthening ICASA's capacity and modernising its tools. ICASA should invest in robust IT infrastructure and digital platforms for licence administration. Many regulators worldwide have adopted online portals for managing licence applications, renewals, fee payments and compliance reporting. We recommend that ICASA implement an e-licensing system where:

9.1.2.1 Applications for new licences can be submitted online;

9.1.2.2 Licensee details are stored in a central database; and

9.1.2.3 Licensees can file annual reports and compliance information through a web interface.

9.1.3 Modern digital tools, including automated compliance monitoring and AI-assisted fraud detection, can help regulators manage larger licensee pools efficiently.

9.1.4 The regulatory workload is not an insurmountable obstacle. Many countries have far more licensees than South Africa and manage adequately because of streamlined processes. Nigeria's NCC oversees hundreds of licensees through a structured system and recently licensed more than 25 MVNOs in one process. Kenya's Communications Authority manages a tiered unified licensing framework with dozens of network facilities providers across three tiers. South Africa can do the same with the right tools and support.

9.2 International benchmarking

To put South Africa's situation in perspective, it is critical to look at international best practices in telecoms licensing and competition:

9.2.1 **Nigeria (NCC)**

9.2.1.1 Moved to a unified licensing regime around 2006 with continuous acceptance of applications.

9.2.1.2 Nigeria has hundreds of licensed operators (including over 170 ISPs) and has recently licensed a large number of MVNOs under a dedicated MVNO framework.

9.2.1.3 The NCC manages this through robust application requirements and enforcement, but without freezing new licences.

9.2.2 **Kenya (Communications Authority)**

9.2.2.1 Adopted a Unified Licensing Framework in 2008 with technology-neutral licences segmented by scope (Tier 1 national, Tier 2 regional, Tier 3 local)

9.2.2.2 Kenya has multiple licensed network operators across these tiers, enabling regional and local players to operate alongside national incumbents.

9.2.3 **European Union**

9.2.3.1 Uses a general authorisation regime under the European Electronic Communications Code (Directive (EU) 2018/1972), where companies do not need individual licences for most services, but are required to notify the regulator and comply with standard conditions.

9.2.3.2 This significantly reduces administrative barriers to entry and focuses regulatory effort on SMP regulation and wholesale access.

9.2.4 **Key lesson -** Successful regimes encourage open entry, enforce pro-competitive rules (sharing, fair interconnection, wholesale access), and invest in regulatory capacity. The global trend has been to reduce licensing barriers and focus on structural remedies, not to maintain restrictive licensing freezes.

9.3 Summary of key regulatory reforms required

We summarise the critical regulatory reforms that must accompany the issuance of new licences to ensure their competitive effectiveness:

9.3.1 **Finalise MVNO regulations** with mandatory access terms and regulated wholesale rate-setting methodologies.

9.3.2 **Regulate transit voice traffic rates** to prevent incumbent exploitation of the transit function, with cost-oriented pricing and notice/approval safeguards.

9.3.3 **Prohibit minimum volume floors** in interconnection agreements or require proportionate ramp-up provisions for new entrants.

9.3.4 **Comprehensively review and amend the ROI** to promote competition and enable market entry, including SMS interconnection and reciprocity.

9.3.5 **Mandate infrastructure sharing**, including national roaming and facilities leasing, on FRAND terms for new mobile entrants.

9.3.6 **Reserve appropriate spectrum** for new entrants through set-asides or caps, and facilitate secondary trading under clear rules.

9.3.7 **Implement asymmetric regulatory** relief for new entrants below defined revenue or subscriber thresholds (e.g. lighter reporting, phased USAOs).

9.3.8 **Upgrade ICASA's digital systems** to manage an expanded licensee base efficiently.

10 CONCLUSION

In this submission, we have addressed all sections of ICASA's inquiry and provided a comprehensive argument for evolving South Africa's regulatory framework to support the issuance of new I-ECNS and I-ECS licences.

10.1 Our key conclusions are:

10.1.1 **The current dependence on licence transfers is hindering competition**.

High trade prices and scarce availability have created artificial barriers to entry. Opening up new licences via a transparent ITA will inject needed competition and reduce speculative licence hoarding.

10.1.2 **South Africa's telecoms market can absorb new entrants.**

Particularly in fixed broadband, niche services, wholesale markets and underserved areas, there is demonstrable demand and capacity for new players.

10.1.3 **New entrants will improve competition but face structural barriers.**

Without regulatory reform, particularly in interconnection, transit and MVNO access, new licensees will struggle to compete effectively in voice and messaging services.

10.1.4 **Universal access stands to benefit from new licensees with appropriate, proportionate obligations.**

Properly designed USAOs under section 8(4) ECA can harness new entrants' capabilities to advance SA Connect and related policy goals.

10.1.5 **The benefits of issuing new licences significantly outweigh the costs.**

Potential negatives can be mitigated through infrastructure sharing, coordination, USAOs and capacity-building within ICASA.

10.1.6 **ICASA's internal capacity should be enhanced in parallel with market liberalisation, not used as a barrier to competition.**

E-licensing, digital compliance and automated monitoring can enable ICASA to manage a larger, more diverse licensee base.

This inquiry is a timely and pivotal opportunity. The issuing of new licences, accompanied by the essential regulatory reforms in interconnection and wholesale access, the new licensees will require a level playing field to contribute positively to the South African Telecom market. Essential regulatory reforms outlined in our submission, would create the "guard rails" necessary for meaningful competition and sustainable service delivery. We trust that our submission, grounded in two decades of operational experience navigating a market without adequate regulatory protections, offers ICASA practical evidence upon which to base a transformative, rather than a merely incremental intervention.

We appreciate the Authority's careful consideration of these inputs and remain available to provide any further data or clarification needed.

For and on behalf of AMATOLE TELECOMMUNICATIONS SERVICES (PTY) LTD ("EASTTEL")

Mark Gray

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Dated: 27th January 2026

/ENDS