



Institute for Technology and
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To whom it may concern,

We are writing in response to the invitation to comment in the Government Gazette 45496 of 16 November 2021 on the **second Information Memorandum in relation to the radio frequency spectrum licences for International Mobile Telecommunication (IMT) Spectrum bands**.

The Institute for Technology and Network Economics (ITNE) is an independent research organisation and we are writing in our capacity as principal ITNE researchers and solely to further the public interest.

We welcome ICASA's attention to this important matter. Since several excellent and extensive comments in response to the memorandum of 1 October 2021 have been submitted, we shall restrict ourselves to a single issue.

It is a serious concern that a state-directed WOAN operating with objectives other than long-run commercial viability is might not contribute to a more competitive market. While it has been envisaged that the policy-based WOAN could be privately-owned, it is far from clear where investment would come from, unless it is backed by government-underwritten financial and/or other incentives. At worst, a WOAN may undermine existing competitive interactions and lead to a less-competitive industry and poorer long-run outcomes for South African consumers. Cemented WOAN arrangements could, for example, server as a deterrent to market entry for an entirely new operator.

The WOAN design appears to serve little other purpose than to provide Telkom with a possibly cheaper roaming option than its current arrangement with Vodacom. This is an object that could be achieved through ICASA regulating some kind of national roaming rate – something already recommended in the recent Competition Commission review. However, this option requires considerable caution, as mandatory national roaming is highly deleterious to investment (dynamic efficiency). Nonetheless, a lower-risk non-structural option can be introduced more quickly and likely will have less distorting impact than the WOAN as currently proposed.

Our manuscript *Effective competition and ineffective mobile industry regulation in South Africa* is available at <https://ssrn.com/abstract=3971504> while undergoing final review at a leading policy journal. This manuscript contains a more extensive discussion of the WOAN as well as other issues around the 2021 proposed and failed auction.

Thank you for the opportunity to comment.

Yours, faithfully.

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