MAZIV Group

Response to the notice of intention to conduct an inquiry into new Individual Electronic Communications Network Service (I-ECNS) and Individual Electronic Communications Service licences, Government Gazette No. 53719

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Introduction

MAZIV Group (Maziv) is a holder of Individual Electronic Communications Network Service (I-ECNS) and Individual Electronic Communications Service (I-ECS) Licences providing enterprise and consumer fibre connectivity across South Africa. Maziv recently completed the transfer of control process, transferring its licences from Dark Fiber Africa (DFA) to Maziv Group and thus, we look forward to sharing our insights from the process as well as our views on competition within the ICT sector.

The Authority's Inquiry is timely, coming at a time when local and international communications services providers are exploring growth and expansion opportunities. We are also witnessing a number of consolidations in the ICT sector which we believe the Authority should prepare itself to deal with this transformative factor in our sector. The Authority is also contending with how to address competition issues, i.e. concentration within the telecommunications sector and high barrier of entry of new entrants. Moreover, the Authority must achieve this market objectives while balancing the objects of the Electronic Communications Act, historical context of South Africa, such that decisions must also be inclusive and transformative for the industry.

We welcome the Authority's Inquiry and look forward to participating in this consultative process.

Section 1: Transfer of individual I-ECNS and I-ECS licences framework

Question 1.1: What are your views on the current licensing framework in relation to the sale and transfer of I-ECNS and I-ECS licences (section 13 of the ECA)? In particular, does the current licensing framework hinder or promote competition? In providing your response, please provide reasons supported by evidence or case studies, where applicable.

Maziv supports the current licensing framework that allows for transfer of I-ECNS and I-ECS Licences with the prior written permission of the Authority. The requirements as set out in section 13 (a) and (b) of the Electronic Communications Act, Act 36 of 2005, to set a limit on, or restrict, the ownership and control of an individual licence are still relevant in today's Information, Communications and Technology (ICT) sector. Promotion of the ownership and control of electronic communications services by historically disadvantaged groups encourages economic inclusivity.

Section 13 of the ECA is robust because it creates a balance between economic imperatives, such as competition, and social objectives, such as (digital) inclusion and local ownership, especially of Historically Disadvantaged Groups (HDGs). The decision to change ownership or control of licences must consider other relevant issues, to ensure that it does not reinforce inequality and does in fact address access, affordability and availability. The license transfer process must however guard against creating unlevel playing field amongst similarly licensed players.

Maziv has observed that the current licence transfer process is too slow and in certain cases it may take more than a year to complete this process. This slows down implementation, particularly in instances where parties have received mergers approvals, and this usually has dire negative consequences for the merging parties. Maziv urges the Authority to improve on the acceleration of the timelines to finalize the transfer of control applications.

The Authority should also guard against creating regulatory compliance burden by imposing onerous obligations when approving transfer of control applications. This usually create unlevel playing field where competitive advantages are unintentionally conferred to other licensees.

Question 1.2: In your view, should the Authority intervene in the current sale and transfer market to facilitate the purchase of existing licences? If yes, to what extent should the Authority intervene? Please motivate your response by providing reasons and any supporting evidence or data.

The Authority should not intervene in the current sale and transfer market. The sale and transfer market should be market led and commercially driven by licensees and potential licensees. The role of the

Authority, together with other regulatory authorities, should be to regulate the transfer application process based on applicable laws or regulations and doing so within the reasonable timelines.

The Authority should also be cognisant that consolidation in the ICT sector is inevitable and will continue to take place based on many factors including, access to capital, macro-economic issues, etc.

Question 1.3: What other considerations or interventions would be useful for the Authority to consider regarding the effectiveness and efficiency of the current sale and transfer licensing framework so as to promote competition?

The Authority should consider reviewing its internal transfer of control application process to allow for speed and timely finalisation of the process. The current delays in the process affect the market dynamics and competitive landscape.

Section 2: The demand for new I-ECNS licences

Question 2.1: In your view, are there sufficient market opportunities to justify issuing new I-ECNS and I-ECS licences? Please motivate your response.

The question as to whether there are sufficient opportunities to justify issuing a new I-ECNS and I-ECS requires a market study to identify opportunities, sustainability and to provide scientific evidence on how many players can the South African ICT sector accommodate. In the absence of such a study, the Authority must focus on enforcing current obligations to explore rural and underserved communities' coverage by existing licensees using different technologies.

The Authority must also consider funding models for rural and underserved communities infrastructure deployment. For example, in the early 2000s some markets in South America set up a fund, like South Africa's Universal Access and Services Fund (USAAS), that provide subsidies for the deployment of telecommunications infrastructure in rural and underserviced communities. A committee was set up to manage the allocation of subsidies, identify priority areas and issue permits to operators to deploy in those areas.

South Africa's USAAS is funded by licensees and one of its intended uses has always been to 'finance construction or extension of electronic communications and networks in under-serviced areas'. The Authority is urged review the use of this fund for its intended purpose.

Question 2.2: Have you, or are you aware of any licensee or interested party who has, considered or is considering launching or expanding network infrastructure or providing services in South Africa? What technologies, network architecture and/or spectrum frequencies do you think would be appropriate for any new I-ECNS licensees? Please provide examples or evidence where possible.

Maziv has plans to expand its rollout in South Africa using fibre technology.

Question 2.3: If you are an existing licensee, did you acquire your I-ECNS and or I-ECS licences through the sale and transfer market (i.e. bought from another licensee) or did you obtain them directly from the Authority (not through transfer or change of ownership)? If acquired from the secondary market, please provide details on your experience.

Maziv's licence was acquired through a transfer from one of its subsidiaries, Dark Fibre Africa (DFA) and the transfer of control application was made in 2021.

Following engagements with the Authority the DFA submitted a revised its application, surrendering its RFS licence to the Authority in March 2022 and submitting a consolidated application in April 2022. The process was recently concluded with the transfer of the licence from DFA to Maziv in November 2025.

Question 2.4: If you have/had I-ECNS and/or I-ECS licences, have you been approached or have you received unsolicited or solicited interest from an interested buyer to acquire your licence? Please elaborate and provide as much information as possible, if applicable.

No.

Question 2.5: If you have I-ECNS and/or I-ECS licences and are not intending to sell your licence(s) in the next 3 - 5 years, please describe the infrastructure used (mobile, fixed, satellite or combination). Provide a list of services that you currently provide and whether those are provided to private consumers and/or businesses/organisations (or both where appropriate)?

Maziv is a Fibre Network Operator (FNO) that provides enterprise, consumer connectivity, telecommunications construction and maintenance services, these include Fibre to Home (FTTH), Fibre to Business (FTTB), Fibre to Site (FTTS), amongst others.

Question 2.6: Are there any additional points that you think would be useful for the Authority to consider regarding the demand for I-ECNS and I-ECS licences?

No.

Section 3: Whether new I-ECNS licences will promote competition in the market for I-ECNS

Question 3.1: In your view, do you believe that new I-ECNS licences will promote or improve competition in the market? Please substantiate your answer.

No, South Africa seems to have a sizable number of the I-ECNS already. As noted by the Authority in section 2 of this Gazette, there are 470 I-ECNS licensees. Licensees must contend with high fixed costs, which can be a barrier to entry. The Authority further mentioned that purchase prices, transfer fees and package deals may affect and create a barrier for new entrants. However, even post completion of the change of ownership, licensees are faced with high infrastructure investments and operational costs.

Furthermore, as per the Authority's 2025 State of the ICT Sector Report, national 3G coverage is 99.79%; 4G coverage is 99.07%; and total broadband geographical coverage has reached 82.06%. The Authority highlights that several remote and underserved areas remain unconnected.[1] This indicates that existing network providers have made headway in terms of infrastructure deployment, but competition may be required at a service level, i.e., Mobile Virtual Network Operators (MVNOs). However, even competition at this level faces great challenges due to the device affordability, again, an outcome of the economic inequalities and other socio-economic challenges. The Department of Communications and Digital Technologies (DCDT)'s decision to waiver tax of specific smartphones is commendable and we are looking forward to seeing the impact to adoption in due time.

The above indicates that the existence of a new I-ECNS Licences may not necessarily promote or improve competitiveness. The existing licensees may need to invest more capital to address coverage and the Authority's role should be to create investor friendly environment and level the regulatory playfield.

Question 3.2: If you answered yes to Question 3.1 above, are there any competition issues or concerns that may hinder the effectiveness of such new I-ECNS licences in promoting or improve competition? Please provide evidence or examples.

N/A

[1] Independent Communications Authority of South Africa (ICASA). 2025. The State of the ICT Sector Report of South Africa.

Question 3.3: What regulatory measures, if any, should the Authority consider remedying the competition concerns you have identified in Question 3.2 above, or to ensure that any new IECNS licences compete effectively with the incumbents? Provide examples of the kinds of remedies you would expect to see.

N/A

Section 4: Potential contribution of new I-ECNS licences to universal access and service

Question 4.1: In your view, will new I-ECNS and I-ECS licences contribute to universal access and service within the current electronic communications network and services market? Please explain the mechanisms through which such contribution may occur. Provide any supporting data, case studies, or examples.

It is unlikely that a new I-CNS Licence contribute to universal access and service unless the Authority makes universal access and service as licence terms and conditions and are strictly monitored by the Authority for implementation. The Authority must consider the high costs associated with deploying new technologies and setting up new operations. New licensees will seek to recover costs, to ensure long term sustainability, and are likely to focus on commercially viable areas, and rural and underserviced areas may be incidentally covered and not made a priority focus.

Question 4.2: In your view, how should the Authority incorporate universal access and service obligations into the terms and conditions of new I-ECNS and I-ECS licences to ensure equitable access to communications services across South Africa?

The Authority could consider issuing licences specifically to address rural and underserviced communities. However, such models are not commercially viable nor sustainable. The Authority could consider including public interest obligations and other competition related terms and conditions but also strike a balance of overregulating the sector by issuing licences which are not standardized.

New licensees could also be required to connect and provide schools and other public institutions with technology hubs and labs to enable learning for schools and efficient delivery of e-government services for public institutions.

Section 5: benefits of new I-ECNS licences versus costs, including the cost to the authority of monitoring and enforcing compliance with such licences and the burden of the environment

Question 5.1: Are there any potential negative consequences associated with the rollout of infrastructure by the new I-ECNS licensees that the Authority should consider?

Infrastructure overbuilds result in wasted resources which is harmful to the environment. The impact on the environment is not exclusive to fibre or mobile networks, but satellites can also cause pollution due to the soot released during launch as well as when satellite or debris re-enter the earth.

New infrastructure deployment where it is not necessary can lead to duplication of infrastructure which can lead to consumers not reaping the benefits of competition. For instance, it has been estimated that 25% of fibre to the home infrastructure is being duplicated, specifically in urban areas, and this has been linked to lower adoption rates and returns for operators.[2] The overbuild issue can be an irritation for consumers as it is disruptive to residents and businesses.

The Authority, including the Competition Commission should pay particular attention to fibre overbuild challenges to allow resources to be directed to areas with no infrastructure.

Question 5.2 What new or additional benefits, if any, could new I-ECNS licences provide compared to existing licensees? Please provide examples or evidence of potential improvements such as service coverage, infrastructure rollout, technological innovation, competition, or other market and social benefits.

Non-Terrestrial Networks (NTNs) have been identified as a viable solution for rural and underserviced areas because of their ability to provide ubiquitous coverage. Licensing them with the focus being on meeting service coverage in such areas may address the digital divide challenge. However, an I-ECNS licence with only rural focus may not be commercially sustainable.

Section 6: Any other comments

Question 6.1: Do you have any additional comments regarding this Inquiry process that you would like the Authority to consider?

No.

[2] Staff Reporter. 2024. "25% of South African homes seeing fibre overbuild". Techcentral. https://techcentral.co.za/25-south-african-homes-fibre-overbuild/240360/