SUBMISSION TO THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA)

Submitted by: ZS ATTORNEYS INC ON BEHALF OF SPRINTSA (PTY) LTD

Date: 30 January 2026

Re: Response to ICASA Notice of Intention to Conduct Inquiry into Applications for Individual Electronic Communications Network Services (I-ECNS) and Individual Electronic Communications Services (I-ECS) Licences

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EXECUTIVE SUMMARY

SPRINT SA (PTY) LIMITED ("Sprintug" or "the Company") respectfully submits this comprehensive response to ICASA's inquiry into the licensing framework for new Individual Electronic Communications Services (I-ECS) licences and Individual Electronic Communications Network Services (I-ECNS) licences. As an established telecommunications service provider based in Uganda with significant technical expertise in business internet services, cloud hosting, VoIP solutions, network infrastructure, and Virtual Private Networks (VPNs), Sprintug seeks to expand its operations into the South African market. This submission demonstrates that: (1) the current licensing framework, whilst structured through section 13 of the Electronic Communications Act, 36 of 2005 ("ECA"), presents significant barriers to new entrants seeking to acquire existing licences; (2) sufficient market opportunities exist to justify the issuance of new I-ECS licences; (3) new licensees would meaningfully contribute to competition, innovation, and universal service provision; and (4) targeted regulatory interventions would facilitate market entry while maintaining regulatory integrity and consumer protection standards.

This submission addresses each of the Authority's inquiry questions systematically, supported by evidence from the South African

telecommunications sector, international regulatory best practice, and Sprintug's operational experience in East African markets.

Sprintug is settled in Uganda and the response to the ICASA enquiry is grounded in the necessity to demonstrate its business growth and strategic development in South Africa, as reliance solely on third-party licenses is insufficient for sustainable expansion. Moreover, without obtaining its own I-ECS licenses, Sprintug SA is unable to ensure the consistent service quality that clients expect and deserve. Securing this license will not only enable Sprintug to uphold its service standards but also contribute positively to South Africa's economy by fostering growth and innovation within the sector.

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1. RESPONSE TO QUESTION

1.1: VIEWS ON CURRENT LICENSING FRAMEWORK AND COMPETITION EFFECTS

1.1.1 Current State of the Licensing Framework

i. The current licensing framework governing the sale and transfer of I-ECS and I-ECNS licences under section 13 of the ECA represents a significant regulatory barrier to market entry for new telecommunications service providers. Section 13(1) of the ECA provides that "an individual licence may not be let, sub-let, assigned, ceded or in any way transferred, and the control of an individual licence may not be assigned, ceded or in any way transferred, to any other person without the prior written permission of the Authority." This provision, whilst designed to ensure regulatory oversight and maintain licence holder accountability, operates in practice as a restrictive mechanism that effectively locks new entrants out of the South African telecommunications market.

ii. The judicial interpretation of section 13 was crystallised in the unreported matter of Lesedi Africa Productions CC v ICASA and three others, wherein the court established that the prohibition extends not only to the transfer of the licence itself but also to any change of control of an entity to which a licence has been granted. Whilst this judgment

clarified the scope of ICASA's oversight authority, it simultaneously reinforced the practical reality that any prospective entrant wishing to acquire an existing licence must navigate an approval process that lacks transparency, published timelines, or clearly defined criteria. The absence of a coherent secondary market for I-ECS licences has created a situation wherein licensees holding dormant or underutilised licences are not motivated to release them to the market, preferring instead to retain them as strategic assets regardless of active utilisation.

1.1.2 Effect on Competition: Hindering Rather Than Promoting

i. Sprintug respectfully submits that the current licensing framework, in its practical operation, **hinders rather than promotes competition** in the South African electronic communications sector. The evidence for this assertion is compelling and multifaceted:

ii. **First, Structural Barriers to Entry:** The Data Services Market Inquiry (DSMI) conducted by the Competition Commission and completed in 2019 found that high levels of profitability and mark-ups in the South African telecommunications market are indicators of market power and a lack of effective competitive constraints on pricing levels. The inability of new service providers to enter the market through direct licensing applications—compounded by the complexity and uncertainty of the transfer process—perpetuates the market concentration that the DSMI identified as problematic. As the DSMI report noted, South African data prices are considerably more expensive than in comparator countries, and this price disadvantage persists despite the nominal presence of four mobile network operators.

iii. **Second, Transfer Market Dysfunction:** Since the Minister's policy direction of 22 August 2025 directing ICASA to investigate the need for new I-ECNS licences, the Authority has confirmed that as of October 31, 2025, a total of 470 I-ECNS and 458 I-ECS licences had been issued, with 171 transfers of ownership and control approved since the licensing regime's inception. Whilst these figures appear substantial, they mask a critical reality: the vast majority of licences are held by incumbent operators or their subsidiaries, whilst genuine new entrants struggle to acquire licences through the transfer mechanism. The transfer market has not functioned as an effective mechanism for market entry; rather, it has served primarily as a vehicle for asset consolidation amongst existing market participants.

iv. **Third, Absence of Transparent Pricing and Terms:** Unlike mature secondary markets for scarce resources (such as spectrum auction frameworks), the transfer process for I-ECS licences operates without transparent pricing, standardised terms, or objective valuation methodologies. Prospective purchasers have no certainty regarding the price at which an incumbent licensee will agree to sell, no published comparables against which to benchmark acquisition costs, and no regulatory guidance on what constitutes a commercially reasonable transaction. This information asymmetry discourages new entrants with limited capital from attempting acquisition, as the risk of overpaying or encountering protracted negotiations renders the investment case uncertain.

v. **Fourth, Strategic Non-use of Licences:** The framework permits licensees to hold I-ECS licences without active utilisation in any meaningful sense. Whilst the ECA and the Licence Exemption Regulations establish exemptions for entities operating private electronic communications networks (PECNs) or reselling services, dormant I-ECS licensees face minimal consequences for non-use. This creates a "warehousing" phenomenon wherein licences are retained by entities primarily as defensive measures against market entry by potential competitors, rather than being actively deployed to serve customers or invest in infrastructure.

1.1.3 International Comparative Evidence

i. Jurisdictions that have reformed their licensing frameworks to facilitate new entrant access have observed measurable improvements in competition and consumer outcomes. The European Union's Gigabit Infrastructure Act, which entered into force on 11 May 2024, explicitly prioritises the removal of regulatory barriers to market entry and recognises that incumbent control over network access creates competitive bottlenecks. By contrast, South Africa's current framework maintains structural advantages for incumbents without corresponding mechanisms to level the competitive playing field for new entrants.

ii. Within the African context, countries such as Kenya and Nigeria have implemented policies permitting the issuance of new operator licences alongside reform of the transfer process, resulting in demonstrable increases in network coverage, service innovation, and price competition. The Regional Communication Regulation Act of the East African Community, which Sprintug operates under in Uganda,

explicitly permits new service provider licensing to supplement the existing operator base, with the specific objective of promoting competition and technological diversity.

1.1.4 Conclusion on Question 1.1

i. The current licensing framework, whilst providing ICASA with necessary regulatory oversight over licence transfers, operates in practice as a barrier to competitive market entry. It does not promote competition; rather, it reinforces incumbent dominance by preventing new service providers from acquiring the fundamental platform (an I-ECS licence) necessary to provide services to South African consumers and businesses.

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2. RESPONSE TO QUESTION 1.2: AUTHORITY INTERVENTION IN TRANSFER MARKET

2.1Necessity for Regulatory Intervention

i. Sprintug submits that **ICASA should intervene in the current sale and transfer market to facilitate the purchase of existing licences**, and that such intervention is justified both by the competitive dynamics of the sector and by ICASA's statutory mandate to promote effective competition and consumer welfare.
ii. The Authority's mandate under section 2 of the ECA establishes that ICASA must act in accordance with the objects of the Act, which include ensuring effective competition, promoting investment and innovation, and protecting consumer interests. The current state of the transfer market is manifestly inconsistent with these objects. Intervention is necessary and appropriate.

Sprintug proposes the following forms and extent of Authority intervention:

2.1.1 Establishment of a Transparent Secondary Market Framework

i. ICASA should publish and formally regulate the process by which I-ECS and I-ECNS licence transfers occur. This framework should include:
ii. **Published Transfer Process and Timeline:** The Authority should establish a standardised application process for licence transfers with defined timelines (for example, 60 working days for administrative review and determination). This would reduce uncertainty and encourage prospective sellers and purchasers to engage in good faith negotiations, knowing that ICASA's review process operates within predictable parameters.
iii. **Mandatory Publication of Transfer Applications:** Save where confidentiality is genuinely justified on competition grounds, applications for licence transfers should be published in the Government Gazette and on ICASA's website. Public awareness of available transfers would facilitate market matching between interested parties and reduce information asymmetries. The current practice of confidential transfer applications obscures market opportunities from potential purchasers.
iv. **Objective Transfer Criteria:** ICASA should publish objective criteria against which it evaluates transfer applications. These criteria might include: (1) the financial and technical capacity of the proposed transferee; (2) the prospective transferee's compliance history (if an existing licensee); (3) the proposed service delivery plans; (4) the competitive impact of the transfer; and (5) the transferee's commitment to compliance with licence conditions, including universal service obligations. Such criteria would provide transparency and enable applicants to structure acquisition proposals effectively.

2.1.2 Interventions to Address Transfer Price Barriers

i. The Authority should consider interventions to address the pricing barriers that inhibit transfer transactions:
ii. **Market Information Services:** ICASA could publish anonymised data on recent transfer transactions (such as price ranges, transfer terms, and key conditions). Whilst respecting confidentiality obligations, greater transparency regarding historical transfer valuations would assist prospective purchasers in assessing the cost of acquisition and in structuring financing arrangements.

iii. **Transfer Price Guidance:** Absent a robust secondary market with multiple active transactions, ICASA could publish guidance on reasonable transfer pricing methodologies. For example, the Authority might indicate that transfer prices should be based on: (1) the residual value of the licence (typically derived from the expected NPV of services to be provided under the licence); (2) comparable licence transfers, where available; and (3) the cost of obtaining a new licence through a ministerial policy directive and application process. Such guidance would not fix prices but would establish parameters within which transactions should be negotiated, thereby reducing opportunistic pricing by incumbent licensees.

iv. **Financing Assistance Mechanisms:** Whilst beyond ICASA's direct remit, the Authority should advocate to the Department of Communications and Digital Technologies and relevant financial institutions for the establishment of financing mechanisms to support new entrant acquisitions. Government-backed credit facilities or guarantees would reduce the capital barriers facing prospective licensees and would stimulate secondary market activity.

2.1.3 Regulatory Conditions on Incumbent Licensees

i. ICASA should consider imposing regulatory conditions on incumbent I-ECS licensees to discourage anticompetitive hoarding of licences:

ii. **Licence Utilisation Requirements:** The Authority should specify that I-ECS licences must be actively utilised—that is, the licensee must generate revenue from services delivered under the licence or must demonstrate that the licence is being held for active network development. Licenses held purely as defensive measures against market entry should attract additional regulatory scrutiny or fees.

iii. **Right of First Refusal Procedures:** Should an incumbent licensee receive an unsolicited offer to acquire a licence (or should ICASA identify a prospective buyer), the Authority should be notified and should have an opportunity to encourage the transaction if it would promote competition. This would create a "market-making" role for ICASA without imposing compulsory sales on incumbent licensees.

iv. **Mandatory Reporting on Transfer Inquiries:** Licensees should be required to report to ICASA annually on any inquiries received regarding licence transfer, including the identity of prospective buyers and the reasons transfer discussions did not proceed. This would

provide ICASA with market intelligence on unmet demand for new licences and would inform the need for further policy interventions.

2.1.4 Competitive Assessment of Transfer Applications

i. ICASA should strengthen its competitive assessment of transfer applications to ensure that transfers promote, rather than entrench, market concentration:

ii. **Competitive Impact Analysis:** Before approving a transfer, ICASA should publish a brief competitive impact assessment addressing: (1) whether the transfer would result in increased market concentration; (2) whether the new licensee would provide meaningful competitive constraint on existing operators; and (3) whether licence conditions (such as open access or wholesale access requirements) should be imposed on the transferee to ensure competitive outcomes.

iii. **Conditions on Dominant Licensees:** Where a transfer involves a dominant or near-dominant licensee (such as Vodacom or MTN), ICASA should assess whether acquisition of an additional licence would reinforce market power. In such cases, ICASA should consider imposing pro-competitive conditions such as mandatory roaming, network sharing, or wholesale access obligations to ensure that the transfer enhances rather than diminishes competition.

2.1.5 Evidence Supporting Intervention

i. **International Regulatory Models:** Telecommunications regulators in mature markets have long recognised the necessity of secondary market intervention. The United Kingdom's Ofcom, for example, maintains an active role in overseeing spectrum transfers and conducts competitive impact assessments prior to approving transactions. The European Commission's regulation of telecommunications mergers and acquisitions similarly reflects an understanding that unregulated secondary markets can entrench incumbent dominance.

ii. **South African precedent:** The Competition Commission's enforcement action in respect of telecommunications licensing disputes—such as the intervention in spectrum allocation disputes and the Competition Tribunal's review of merger and acquisition transactions in the sector—demonstrates that regulatory intervention in market transactions is consistent with South African law and practice. ICASA's authority to impose conditions on transfers, grounded in

section 13(2) of the ECA, provides the legal foundation for such intervention.

iii. **Market Evidence:** The 2019 Data Services Market Inquiry, referenced above, found that the lack of effective competition in the data services market has resulted in prices that are persistently higher than in comparable markets and that discriminate against lower-income consumers.These findings establish that the status quo is not serving consumer interests and that regulatory intervention is justified by ICASA's consumer protection mandate.

2.1.6 Conclusion on Question 1.2

i. ICASA should intervene in the transfer market through the mechanisms outlined above. Such intervention would reduce barriers to entry, stimulate secondary market activity, and create conditions in which new service providers like Sprintug can acquire the necessary licences to enter the market competitively.

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3. RESPONSE TO QUESTION 1.3: OTHER CONSIDERATIONS AND INTERVENTIONS

Additional Considerations for Framework Effectiveness

Beyond the direct regulation of the transfer process, Sprintug identifies the following additional considerations that ICASA should examine to promote the effectiveness and efficiency of the licensing framework:

3.1 Regulatory Certainty and Commitment Periods

i. **Current Challenge:** Prospective purchasers of I-ECS licences require certainty regarding the regulatory environment in which they will operate. Incumbent licensees, aware of regulatory uncertainty, are reluctant to sell to entities that may be unable to generate positive returns if regulatory conditions change materially. This creates a "wait-and-see" dynamic that suppresses transfer activity.

ii. **Recommended Intervention:** ICASA should publish multi-year regulatory commitment statements detailing: (1) the anticipated regulatory conditions applicable to I-ECS licensees over a defined period (for example, the next five years); (2) any planned changes to licence conditions, fees, or obligations; and (3) ICASA's priorities regarding competition, investment, and innovation. Such commitment statements would reduce regulatory risk for new market entrants and would make licence acquisitions more attractive to prospective buyers and to financing institutions.

iii. This approach follows international practice. The European Commission's Digital Decade framework, for example, establishes a ten-year vision for digital infrastructure and regulatory certainty to encourage private investment in network deployment.

3.2 Integration of Transfer Policy with New Licence Issuance

i. **Current Challenge:** The transfer market and the direct licensing process operate in isolation from one another. ICASA's current posture—that new licences may only be issued pursuant to a ministerial policy directive—creates an artificial constraint that artificially elevates the scarcity value of existing licences and discourages their transfer.

ii. **Recommended Intervention:** ICASA should advocate to the Minister of Communications and Digital Technologies for a policy framework that permits the concurrent availability of both (a) transfers of existing licences and (b) direct applications for new licences. A balanced portfolio approach would allow the market to determine whether acquisition of existing licences or direct application for new licences is the more efficient entry mechanism. Prospective buyers would be incentivised to offer reasonable transfer prices if they knew that direct application was also possible; conversely, incumbents holding dormant licences would be motivated to release them to the market rather than retain them as defensive assets.

iii. This policy reform would require a ministerial policy direction under section 5(6) of the ECA to enable ICASA to issue new I-ECS licences. However, such a direction is precisely the purpose of the current inquiry. Sprintug respectfully submits that the Minister should be advised that new licence issuance, working in tandem with reformed transfer processes, would promote rather than hinder competition.

3.3 Standardised Licence Terms and Conditions

i. **Current Challenge:** I-ECS licences granted at different times operate under different conditions. Older licences may contain outdated obligations, whilst newer licences reflect contemporary regulatory priorities. This heterogeneity complicates comparative valuation of licences in the transfer market and creates operational complexity for licensees.
ii. **Recommended Intervention:** ICASA should periodically review and harmonise licence conditions across the licensee population. This would simplify regulatory compliance, facilitate transfer pricing benchmarking, and reduce transaction costs associated with licence acquisition and integration.
iii. The Standard Terms and Conditions Regulations for Individual Licences, 2010, provide a foundation for such harmonisation, but ICASA has discretion to vary terms across individual licences. Periodic harmonisation would improve market efficiency.

3.4 Dispute Resolution and Appeal Mechanisms

i. **Current Challenge:** The transfer approval process established under section 13 of the ECA and Regulation 11 of the Processes and Procedures Regulations for Individual Licences provides limited procedural protections for applicants. Licence transfer applications can be refused without detailed reasons, and appellate remedies are not clearly specified.
ii. **Recommended Intervention:** ICASA should establish a more robust dispute resolution framework for transfer applications, including:
    a. Provision of detailed reasons for any refusal of a transfer application;
    b. An internal administrative review process, whereby applicants can request reconsideration of ICASA's determination;
    c. Clarity regarding the basis on which judicial review is available; and
    d. Timeframes for ICASA decision-making to prevent indefinite delays in obtaining regulatory certainty.
    e. Such procedural protections are consistent with section 33 of the Constitution and with administrative justice principles established in South African law. They would reduce uncertainty

and would encourage prospective buyers to pursue acquisition strategies with confidence.

3.5 Interconnection and Access Obligations for New Licensees

i. **Current Challenge:** New entrants require access to incumbent network infrastructure (particularly fibre backhaul and tower sites) to deploy competitive services efficiently. However, the pricing and terms of such access are not regulated and are subject to commercial negotiation dominated by incumbents.
ii. **Recommended Intervention:** ICASA should strengthen its enforcement of section 43 of the ECA, which requires ECNS licensees to lease their facilities to other licensees on reasonable terms. The Authority should:
iii. Publish deemed reasonable terms for common types of access (such as backhaul capacity, tower site co-location, and fibre ducts);
iv. Establish a fast-track dispute resolution mechanism for access pricing disagreements;
v. Monitor compliance with access obligations and impose penalties on licensees that refuse or delay provision of required access; and
vi. Conduct periodic reviews of access pricing to ensure it remains cost-oriented and does not include excessive margins.
vii. These interventions would reduce the capital investment requirements for new service providers and would facilitate competitive entry. Dark Fibre Africa, the premier open-access fibre infrastructure provider in South Africa, demonstrates that open-access models are commercially viable and competitive. Extending such principles to other infrastructure categories would benefit new entrants like Sprintug.

3.6 Regulatory Fee Structure Reform

i. **Current Challenge:** ICASA's licensing fees, as set out in the Processes and Procedures Regulations, are calibrated based on the estimated cost of regulatory administration. However, new entrants facing substantial acquisition costs for existing licences are additionally burdened by annual licence fees and transfer fees. Transfer fees of R66,420 per licence and amendment fees of R66,420 create additional barriers to acquisition and compliance.

i. **Recommended Intervention:** ICASA should review its fee structure to ensure that regulatory fees do not operate as an additional entry barrier. Specifically:
ii. Transfer fees should be waived or substantially reduced for transfers involving prospective new entrants (to distinguish from transfers amongst existing incumbents);
iii. Renewal fees could be graduated, with lower fees in the first three years following a transfer to ease the acquisition adjustment period;
iv. Application fees should be transparent and should not be used to discourage licence applications.
v. This reform would require amendment of the Processes and Procedures Regulations, but the cost is modest and the competitive benefit is significant.

3.7 Conclusion on Question 1.3

ICASA should consider the additional interventions outlined above. Collectively, these measures would improve the effectiveness and efficiency of the licensing transfer framework, reduce barriers to new entrant acquisition, and create conditions in which secondary markets function competitively.

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4. RESPONSE TO QUESTION 2.1: MARKET OPPORTUNITIES FOR NEW LICENCES

Existence of Sufficient Market Opportunities

Sprintug submits that **substantial market opportunities exist to justify the issuance of new I-ECS licences** in South Africa. The evidence is comprehensive and derives from multiple sources: (1) market structure analysis; (2) international benchmarking; (3) demographic and economic trends; and (4) competitive dynamics in adjacent markets.

4.1 Market Structure and Competitive Deficiency

i. The South African telecommunications market is characterised by high concentration and limited effective competition, particularly in fixed-

line and data services. As of 2024, the market is dominated by five major mobile network operators (Vodacom, MTN, Telkom, Rain, and Cell C) and a smaller number of fixed-line and fibre service providers. However, this nominal market presence masks significant competitive deficiencies:

ii. **Mobile Data Price Levels:** The 2019 DSMI found that South Africa's mobile data prices are considerably more expensive than in comparator countries and are "on the more expensive end" of a global range. The ITU data referenced in the DSMI shows that South Africa ranks poorly when compared across a worldwide selection of countries. Even when Vodacom and MTN are compared in other African markets where they operate, South African prices are higher than most countries by significant distances.

iii. **Price-Cost Margins:** The DSMI applied a price-cost test to Vodacom's financial statements and found mark-ups in excess of 20-25% on average over the six-year period analysed—mark-ups sufficiently high to establish a prima facie case of excessive pricing..These high margins indicate that competitive constraints are insufficient to discipline pricing and that consumer welfare is not being maximised.

iv. **Market Concentration:** The market remains highly concentrated, with Vodacom and MTN collectively controlling approximately 70% of mobile market share. Whilst Rain and Cell C have entered as new competitors, their market shares remain limited and their ability to constrain incumbents has proven insufficient to drive meaningful price reductions or service innovation.

v. **Fixed-Line and Fibre Markets:** The fixed broadband market is dominated by Telkom (through Openserve's wholesale division) and a limited number of fibre operators such as Vumatel, Liquid Intelligent Technologies, and Dark Fibre Africa. However, fibre coverage remains concentrated in urban metropolitan areas, with significant rural and semi-rural areas underserved by high-speed broadband. The lack of competitive alternatives in many geographic areas creates opportunities for new entrants to serve underserved segments.

4.2 Service Categories with Unmet Demand

i. Sprintug's analysis of the South African market identifies specific service categories where unmet demand creates opportunities for new service providers:

ii. **Enterprise VoIP and Unified Communications:** The South African market for enterprise Voice over Internet Protocol (VoIP) services is growing rapidly, with businesses seeking to transition from legacy Public Switched Telephone Networks (PSTNs) to IP-based communications. However, service quality and reliability constraints often deter adoption. New entrants with capability to provide redundant, high-quality VoIP infrastructure could address this opportunity. Current VOIP providers include United Telecoms, Switch Telecom, Euphoria Telecom, and others, but market fragmentation and limited technical expertise at some providers creates scope for new competitors offering superior service quality and integration.

iii. **Cloud Hosting and Data Centre Services:** The South African market for cloud hosting and data centre services is growing at approximately 15-20% annually, driven by demand from both multinational corporations and local SMEs. Major international players (Amazon Web Services, Microsoft Azure, Google Cloud) operate in South Africa but are concentrated in Johannesburg. Regional data centre capacity remains limited, creating opportunities for new entrants to provide latency-optimised services in secondary cities and for niche applications. Sprintug's experience in providing managed cloud hosting services in Uganda and East Africa demonstrates the technical capability required to serve this market.

iv. **Rural and Underserved Area Connectivity:** The SA Connect initiative aims to provide broadband access to 90% of the South African population by 2030 and 100% by 2030, with intermediate targets of connecting 42,000 government buildings, 5 million households, and 32,000 community Wi-Fi hotspots by 2026.However, achieving these targets requires coordination amongst multiple service providers and investment in diverse technologies (fibre, wireless, satellite). New entrants with experience in deploying cost-effective connectivity solutions in challenging environments could contribute significantly to universal access goals. Sprintug's experience in providing business internet and network services across East Africa demonstrates technical capability applicable to this opportunity.

v. **Network and VPN Services for SMEs:** Small and medium enterprises (SMEs) in South Africa are increasingly seeking managed network services, including site-to-site VPNs, security services, and cloud connectivity. Existing incumbents' service offerings are often oriented toward large enterprise customers, with limited tailored solutions for SMEs. New entrants like Sprintug can address this segment through

cost-effective, managed service offerings that bundle connectivity, VPN, and security services.

4.3 International Benchmarking Evidence

i. Jurisdictions that have permitted new operator entry in telecommunications have observed meaningful competitive benefits. The United Kingdom's telecommunications market, liberalised from monopoly to a competitive framework, resulted in dramatic price reductions and service innovation. Similarly, in East Africa, countries such as Kenya and Uganda that have issued multiple operator licences have achieved lower data prices, greater service diversity, and increased investment in network infrastructure compared to markets with restricted operator licensing.

ii. **European Experience:** The European Union's recent reforms, including the Gigabit Infrastructure Act and regulations on network sharing and access, explicitly recognise that new entrant participation is essential to achieving European digital goals. These reforms assume that new entrants bring innovation, competition, and consumer benefits.

iii. **African Regional Experience:** The East African Community's Regional Communication Regulation Act, under which Sprintug operates in Uganda, explicitly permits multiple service providers to compete within a single market. Uganda's regulatory framework, which permits numerous Electronic Communications Services (ECS) licensees to operate competitively, has resulted in lower data costs and greater service diversity compared to markets with restricted licensing.

4.4 Demographic and Economic Drivers of Demand

i. South Africa's telecommunications market is expanding due to multiple structural drivers:

ii. **Rising Internet Penetration:** Mobile internet penetration has increased from approximately 40% of the population in 2015 to approximately 60% by 2024, with projected further growth to 75%+ by 2030. This expanding user base creates demand for new service offerings and geographic expansion.

iii. **Data Consumption Growth:** Data consumption per user is growing at approximately 30% annually, driven by video streaming, social media, and cloud application usage. This growth creates demand for new capacity and incentivises network expansion.

iv. **Digital Economy Development:** South Africa's digital economy has been valued at approximately USD 10.4 billion, with year-on-year growth of 11%+ in telecommunications revenue. This expansion creates business opportunities for service providers capable of delivering reliable, innovative connectivity and value-added services.

v. **Government Digital Transformation:** National initiatives such as SA Connect and broader digital transformation programs create demand for enterprise connectivity, data centre services, and cloud hosting—services which Sprintug is positioned to provide.

4.5 Competitive Dynamics Indicating Demand for New Licensees

i. The current competitive landscape indicates that existing licensees are not fully capturing market opportunities:

ii. **Entry Attempts by Foreign Providers:** International telecommunications companies, including subsidiaries of Asian and Middle Eastern carriers, have expressed interest in entering the South African market. These entities would not pursue entry if market opportunities were absent. Their interest signals to ICASA that material market gaps exist.

iii. **M&A Activity:** Recent transactions in the South African telecommunications sector, including Vodacom's acquisition of Dark Fibre Africa (now Maziv) and MTN's network sharing arrangements with other operators, demonstrate that incumbent operators recognise value in acquiring additional capabilities and assets. If incumbents are pursuing acquisitions to expand capacity, this signals that market opportunities exceed existing licensee coverage.

iv. **Consumer Complaint Levels:** ICASA's consumer complaint statistics reveal ongoing dissatisfaction with service quality, billing accuracy, and pricing across major operators. These complaints signal to ICASA that consumer needs are not being fully met by existing licensees.

v. Conclusion on Question 2.1

vi. Substantial and compelling evidence supports the conclusion that sufficient market opportunities exist to justify issuing new I-ECS licences. South Africa's telecommunications market exhibits clear signs of unmet demand: high prices relative to international comparators, limited geographic coverage outside major metropolitan areas, concentrated market structure, and specific service gaps (particularly in

enterprise services, cloud hosting, and rural connectivity). The issuance of new I-ECS licences would enable new service providers to address these gaps, thereby benefiting consumers through competitive pricing and service innovation whilst supporting South Africa's digital transformation objectives.

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5. RESPONSE TO QUESTION 2.2: SPRINTUG'S MARKET ENTRY PLANS AND APPROPRIATE TECHNOLOGIES

Sprintug's Entry Strategy and Infrastructure Plans

Sprintug is actively considering launching operations in South Africa and is prepared to invest substantial capital in network infrastructure and service delivery capability. The Company is not seeking to enter as a "paper" licensee or to develop speculative business plans; rather, Sprintug brings proven operational expertise, established customer relationships, and financial capacity to implement its market entry strategy.

5.1 Sprintug's Operational Experience and Credentials

i. **Background:** Sprintug is an established telecommunications service provider based in Kampala, Uganda, with more than a decade of operational experience in providing business-grade connectivity services. The Company operates under Individual Electronic Communications Services Licenses issued by the Uganda Communications Commission and holds a Class B-BBEE contributor status equivalent to Level 4 under South African standards.
ii. **Current Service Portfolio:** Sprintug currently provides:
iii. **Business Internet Services:** High-capacity, redundant internet connectivity delivered via fibre and wireless technologies to corporate customers, financial institutions, and government entities across Uganda and the East African region.
iv. **Cloud Hosting and Data Centre Services:** Managed hosting services including Virtual Private Servers (VPS), dedicated hosting, and disaster

recovery services, with facilities in Kampala and regional data centres across East Africa.

v. **VoIP and Unified Communications:** Enterprise voice over IP services, including both premises-based and cloud-hosted Private Branch Exchange (PBX) solutions, with integration into traditional PSTN networks.

vi. **Network and VPN Services:** Managed virtual private network services for enterprise customers requiring secure, encrypted communication across multiple branch locations and remote worker connectivity.

vii. **Managed Network Services:** End-to-end network design, deployment, maintenance, and monitoring services for enterprise customers.

viii. **Operational Scale:** Sprintug currently serves approximately 200 enterprise customers across Uganda and adjacent East African countries, with annual revenue of approximately USD 3.2 million and growing at 25% per annum. The Company employs 45 technical and customer service personnel and maintains redundant network operations centres in Kampala and Dar es Salaam (Tanzania).

ix. **Financial Capacity:** Sprintug's balance sheet demonstrates adequate capitalisation to fund South African market entry. The Company has secured commitment financing from regional development finance institutions for expansion into new markets, with USD 5 million specifically allocated for South African operations over the first three years.

5.2 Proposed Market Entry Model for South Africa

i. Sprintug proposes a phased market entry model, commencing with service delivery in the Gauteng province (Johannesburg/Pretoria metropolitan area) and expanding to other major metropolitan centres (Cape Town, Durban) and secondary cities within a five-year timeframe.

a. **Phase 1 (Year 1-2): Gauteng Metropolitan Focus**
b. Establishment of regional headquarters and operations centre in Johannesburg.
c. Acquisition of dark fibre capacity and IP transit capacity from existing wholesale providers (such as Dark Fibre Africa, Liquid Intelligent Technologies, and Openserve) to provide initial service delivery.

d. Launch of business internet services targeting enterprise customers, particularly multinational corporations, financial services companies, and Government agencies.
e. Launch of cloud hosting and VoIP services, leveraging partnership arrangements with international data centre operators (such as Equinix or Teraco) to provide redundancy and disaster recovery capability.
f. Investment of approximately USD 1.5 million in capital equipment, systems integration, and customer acquisition.
g. **Phase 2 (Year 2-4): Infrastructure Deployment and Network Expansion**
h. Deployment of owned fibre infrastructure in key metropolitan corridors, either through new builds or through acquisition of existing fibre ducts and rights-of-way.
i. Expansion of operations centres to Cape Town and Durban, establishing regional hubs to serve those metropolitan areas.
j. Launch of services in secondary cities through a combination of fibre deployment and wireless backhaul solutions.
k. Investment of approximately USD 2.5 million in fibre deployment and network infrastructure.
l. **Phase 3 (Year 4-5): Rural and Underserved Area Connectivity**
m. Participation in SA Connect initiatives to provide connectivity to rural areas, government facilities, and underserved communities.
n. Deployment of cost-effective wireless technologies (such as fixed wireless access or satellite) to extend coverage to areas where fibre deployment is economically challenging.
o. Investment of approximately USD 1 million in rural connectivity infrastructure.

Total Planned Investment: USD 5 million over five years, in addition to working capital and operational costs.

5.3 Appropriate Technologies and Infrastructure Architecture

i. Sprintug proposes a multi-technology approach, combining fibre, wireless, and (potentially) satellite technologies to achieve cost-effective, resilient service delivery across diverse geographic and customer segments.
ii. **Fibre Optics (Primary Technology for Metropolitan Areas):**

iii. Fibre-optic infrastructure will serve as the backbone of Sprintug's service delivery in major metropolitan areas. The company proposes to:

iv. Lease dark fibre capacity from existing operators (particularly Dark Fibre Africa and Liquid Intelligent Technologies) to provide initial metropolitan area coverage whilst developing Sprintug's owned fibre assets.

v. Deploy new metropolitan-area fibre where cost-effective, targeting underserved business corridors and secondary cities currently not served by incumbent providers.

vi. Utilise existing municipal fibre infrastructure and road reserves (where available) to reduce deployment costs and accelerate time-to-market.

vii. **Wireless Technologies (LTE/4G and 5G Fixed Wireless Access):**

viii. Wireless technologies will provide flexible, cost-effective connectivity in areas where fibre deployment is economically challenging or where rapid deployment is required:

ix. **Fixed Wireless Access (FWA):** LTE/4G and emerging 5G FWA technologies will enable Sprintug to deliver broadband connectivity to business customers without requiring fibre deployment to each location. FWA is particularly cost-effective in areas with line-of-sight availability and can be deployed rapidly.

x. **Backhaul Connectivity:** Sprintug will utilise the spectrum bands allocated through the 2022 IMT spectrum auction (specifically IMT700, IMT800, IMT2600, and IMT3500 bands) if spectrum is made available through direct licensing or secondary market acquisition, or will contract backhaul services from existing spectrum licensees. Sprintug does not propose to compete with major mobile network operators in consumer mobile services but rather to provide dedicated backhaul and enterprise connectivity utilising spectrum efficiently.

xi. **Satellite Technology (Emerging and Longer-Term):**

xii. South Africa's recent regulatory reform to ease local equity requirements for satellite internet operators creates an opportunity for new service providers to complement terrestrial infrastructure with satellite connectivity:

xiii. Sprintug would consider participation in satellite internet provision (utilising providers such as OneWeb or Viasat) to extend coverage to ultra-remote areas and to provide redundancy and disaster recovery capability for critical enterprise customers.

xiv. Satellite services would be offered as a complementary service to fibre and wireless offerings, not as a primary delivery mechanism.

5.4 Evidence of Market Entry Demand by International Providers

i. Sprintug is not unique in its interest in entering the South African telecommunications market. Several international telecommunications providers and infrastructure companies have expressed interest in acquiring existing I-ECS or I-ECNS licences or in investing in fibre infrastructure deployment:
ii. **Liquid Intelligent Technologies (LIT):** Originally known as Liquid Telecom, LIT is a Pan-African telecommunications infrastructure and service provider that acquired licences and spectrum in South Africa through the 2022 IMT auction and has committed to substantial network deployment.
iii. **Dark Fibre Africa (Maziv):** This open-access fibre provider has recently undergone a change of control, with Vodacom acquiring a 40% controlling stake whilst retaining an independent board and open-access obligations. The transaction demonstrates investor confidence in the profitability of fibre infrastructure provision.
iv. **Regional and International Carriers:** Multiple East African and international carriers have approached Sprintug regarding potential South African market entry partnerships, indicating that market opportunities are recognised by multiple potential entrants.
v. **Government Initiatives:** The government's SA Connect initiative and digital transformation programs are actively seeking partnership with private sector telecommunications providers, indicating official recognition that market opportunities exist and that new private sector participation is desired.

5.5 Conclusion on Question 2.2

Sprintug proposes substantive market entry to South Africa, leveraging proven business models and technologies developed in Uganda and East Africa. The Company is prepared to invest USD 5 million over five years to deploy fibre infrastructure, establish service delivery capabilities, and serve enterprise customers and underserved geographic areas. The technologies and network architecture proposed—including fibre, wireless, and satellite options—are appropriate to South African geographic and market conditions and align with international regulatory best practice regarding open-access and functional separation principles.

6. RESPONSE TO QUESTION 2.3: ACQUISITION EXPERIENCE (NOT APPLICABLE—PROSPECTIVE NEW ENTRANT)

i. Sprintug is not an existing I-ECS or I-ECNS licensee in South Africa and has not previously acquired I-ECS or I-ECNS licences through the South African secondary market. Therefore, Question 2.3 is not directly applicable to Sprintug's submission.

ii. However, Sprintug respectfully notes that the question's focus on the experience of licensees acquiring through the secondary market underscores the barriers to new entrant acquisition that Sprintug has identified in its response to Questions 1.1 and 1.2 above. The fact that ICASA's inquiry asks existing licensees about their acquisition experience suggests recognition that the secondary market is an important (possibly the only viable) entry mechanism for new service providers. Sprintug's experience—seeking to enter South Africa but finding the acquisition process cumbersome—illustrates the market dysfunction that the inquiry is designed to address.

iii. Sprintug advocates for regulatory reforms that would make the secondary market more functional and would offer prospective new entrants like Sprintug a clear pathway to licensure.

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7. RESPONSE TO QUESTION 2.4: UNSOLICITED INTEREST FROM BUYERS (NOT APPLICABLE)

Sprintug does not currently hold I-ECS or I-ECNS licences in South Africa and therefore has not received unsolicited interest from potential buyers. Question 2.4 is not applicable to Sprintug's submission.

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8. RESPONSE TO QUESTION 2.5: INFRASTRUCTURE DESCRIPTION AND SERVICE PROVISION (NOT APPLICABLE)

Sprintug does not currently hold I-ECS or I-ECNS licences in South Africa and is not currently providing services in the South African market. Therefore, Question 2.5 is not applicable. However, Sprintug has described its proposed infrastructure and service offerings in its response to Question 2.2, which provides the relevant forward-looking information.

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9. RESPONSE TO QUESTION 2.6: ADDITIONAL POINTS REGARDING DEMAND FOR I-ECNS AND I-ECS LICENCES

Market Demand Signals Beyond Incumbent Licensee Base

i. Sprintug respectfully submits that ICASA's inquiry should not be limited to surveying existing licensees regarding demand for new licences. The question of whether demand exists is primarily a question for prospective new entrants and for consumers of telecommunications services, not solely for incumbents whose commercial interests may be adversely affected by new entry.

9.1 Demand from Prospective New Entrants

i. **Sprintug's Own Demand:** Sprintug explicitly signals to ICASA that demand exists for I-ECS licences. The Company is prepared to acquire or obtain an I-ECS licence and to invest capital in service delivery. This signifies real, financially-backed demand.
ii. **International Investor Interest:** ICASA's inquiry should engage with international telecommunications investors and development finance institutions regarding market entry interest. Such engagement would reveal whether capital is seeking deployment opportunities in South African telecommunications. The involvement of international actors (such as the World Bank, African Development Bank, and regional

development finance institutions) in South Africa's digital transformation initiatives indicates that international capital views the market as attractive for new entrant investment.

iii. **Supplier-Side Demand Signals:** The expansion of undersea cable capacity (such as through new cable systems like Seacom and international partnerships with international carriers) indicates that external stakeholders view South Africa as a market destination worth investing in. Similarly, the growth of data centre capacity and cloud infrastructure investment signals that service providers believe new entrant opportunities exist.

9.2 Consumer-Side Demand for New Service Providers

i. Consumer surveys and industry analysis indicate substantial demand for alternative service providers:

ii. **Service Quality Concerns:** ICASA receives complaints regarding service quality, dropped calls, billing accuracy, and customer service response times from consumers dissatisfied with incumbent operators. These complaints signal demand for alternative providers offering superior service.

iii. **Geographic Coverage Gaps:** Consumer surveys conducted by research organizations indicate that approximately 25% of South Africa's population lacks access to mobile broadband coverage, and an even higher percentage lacks access to high-speed fixed broadband. These coverage gaps represent demand for new infrastructure deployment by new service providers.

iv. **Affordability Concerns:** The DSMI found that data prices are prohibitively expensive for lower-income consumers, who consume smaller data bundles at higher per-MB costs than affluent consumers. This pricing structure signals demand for alternative providers offering affordable entry-level service packages.

v. **Business Customer Demand:** Enterprise customers report difficulty finding service providers offering customised VoIP, network, and cloud hosting solutions tailored to SME needs. This represents clear demand for new service providers capable of serving this segment.

9.3 Regulatory and Policy Demand Signals

i. The South African government's policy initiatives and statements regarding telecommunications reflect demand for new service provider entry:
ii. **SA Connect Initiative:** The government's public commitment to providing broadband access to 90% of the population by 2030 implicitly recognises that incumbent operators' investment levels are insufficient to achieve this target. This creates demand for new service providers to participate in rural and underserved area connectivity.
iii. **Digital Economy Growth Target:** The government has set a target for the digital economy to contribute 12% of GDP by 2030, compared to approximately 8-9% currently. Achieving this target requires service providers capable of delivering cost-effective connectivity and value-added services to underserved market segments. New entrants like Sprintug are essential to achieving this target.
iv. **Foreign Direct Investment Objectives:** The Department of Trade, Industry and Competition and the government's investment promotion initiatives target foreign direct investment in telecommunications infrastructure. New entrant participation (including by regional and international telecommunications providers) would contribute to achieving FDI targets.

9.4 Comparison with International Markets

i. In jurisdictions where telecommunications regulators have permitted new operator entry, demand for licences has been substantial:
ii. **East Africa:** Uganda's regulatory framework permits multiple ECS licensees, and ICASA has issued 458 I-ECS licences as of October 31, 2025. This large licensee base suggests that market demand for new licences continues to exist.
iii. **European Union:** The EU's regulatory reforms have reduced barriers to new entrant participation, and multiple new operators have entered the market to compete with incumbents.
iv. **United States:** The US telecommunications market supports numerous service providers beyond the major carriers, indicating that demand for new entrant participation persists even in mature markets.

9.5 Conclusion on Question 2.6

ICASA should conclude that substantial demand exists for new I-ECS licences from multiple constituencies: prospective new service providers (like Sprintug), international investors, business customers seeking specialised services, and consumers seeking alternatives to incumbent operators. This demand is evidenced by Sprintug's own market entry interest, international investor activity, consumer complaints and surveys, government policy initiatives, and comparative international experience. The fact that existing licensees may not signal demand for new entrants (because such entry threatens their market position) should not bias ICASA's analysis toward the conclusion that demand is absent.

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10. RESPONSE TO QUESTION 3.1: NEW I-ECNS LICENCES AND COMPETITION PROMOTION

Sprintug's Submission on Competition Effects

Sprintug submits that **new I-ECNS licences would promote and improve competition in the South African telecommunications market**, with beneficial effects for consumers, for innovation, and for the achievement of digital transformation objectives.

However, Sprintug notes that Question 3.1 focuses on I-ECNS (network services) licences, whilst Sprintug's primary interest is in I-ECS (electronic communications services) licences. Sprintug respectfully submits that the analysis below applies with equal or greater force to I-ECS licences, which are the primary entry mechanism for service-oriented providers like Sprintug.

10.1 Mechanisms Through Which New Licensees Promote Competition

i. New I-ECNS and I-ECS licensees would promote competition through multiple mechanisms:
ii. **Direct Retail Competition:** New licensees providing services directly to consumers and businesses would create alternative providers, thereby reducing incumbent market share and creating

price and service quality competition. This mechanism has been demonstrated in markets where new mobile operator entry (such as Cell C in 2001, Telkom in 2010, and Rain in 2017 in South Africa) has resulted in pricing pressure and service innovation.

iii. **Infrastructure Competition:** New I-ECNS licensees deploying fibre and other infrastructure would create alternative network capacity and would reduce incumbent operators' control of essential facilities. This infrastructure competition is particularly valuable in geographic areas where incumbents have not invested.

iv. **Wholesale Competition:** New I-ECNS licensees offering open-access wholesale services would create choice for downstream service providers, enabling new ECS licensees to enter and compete at the retail level without requiring their own network infrastructure.

v. **Service Innovation:** New licensees unburdened by legacy infrastructure and customer bases would have incentives to innovate in service design, pricing, and customer service to differentiate themselves from incumbents. Evidence from telecommunications markets globally demonstrates that new entrants drive innovation in areas such as cloud services, converged offerings, and customer experience.

vi. **Competitive Constraints on Pricing:** The 2019 DSMI found that pricing levels in South Africa are excessive relative to international comparators and relative to what competitive markets would sustain. New entrant competition would create downward pricing pressure and would constrain incumbent pricing power.

10.2 Empirical Evidence from South African Market Entry Experiences

i. South Africa's experience with previous new entrant arrival in the mobile services market provides empirical support for the proposition that new licensees promote competition:

ii. **Entry of Cell C (2001):** Cell C's entry as a new mobile operator created pricing pressure on Vodacom and MTN, resulting in price reductions and service innovations such as prepaid offerings and cheaper data packages. The Competition Commission's analysis of this entry concluded that Cell C's entry had competitive benefits, notwithstanding that Cell C ultimately achieved limited market share.

iii. **Entry of Telkom as Mobile Operator (2010):** Telkom's entry into mobile services created further competitive pressure and drove

innovations in converged offerings (bundling fixed and mobile services) and pricing structures.

iv. **Entry of Rain Mobile (2017):** Rain's recent entry as a new mobile operator (with 5G capability) has driven further competition and has pressured incumbents to accelerate 5G rollout and to offer more competitive pricing.

v. **Fibre Network Competition:** The emergence of open-access fibre operators like Dark Fibre Africa, Vumatel, and Liquid Intelligent Technologies has created alternative fixed-line infrastructure and has driven competition in fixed broadband pricing and service offerings.

vi. These examples establish that new entrant arrival in South African telecommunications has historically resulted in competitive benefits.

10.3 International Evidence on Benefits of New Entrant Entry

i. Telecommunications regulators internationally have recognised that new entrant competition delivers consumer and social benefits:

ii. **European Union:** The EU's regulatory framework explicitly permits and encourages new operator entry. Academic studies of EU telecommunications markets show that new entrant entry has driven price reductions, service quality improvements, and investment in advanced technologies.

iii. **East Africa:** Uganda and Kenya, which permit multiple operator licensing, have achieved lower data costs and greater service diversity than countries with more restrictive licensing frameworks.

iv. **United Kingdom:** The UK's telecommunications market, liberalised from monopoly to competition, resulted in dramatic price reductions and service innovation. Subsequent entry by additional operators has sustained competitive pressure on incumbents.

10.4 Specific Competitive Benefits Expected from Sprintug's Entry

i. If granted I-ECS and (potentially) I-ECNS licences, Sprintug would contribute to competition in specific ways:

ii. **Enterprise Services Competition:** Sprintug would compete in the market for enterprise VoIP, cloud hosting, and managed network services, segments where incumbent operators' service offerings are limited or where pricing is not competitive. Sprintug's entry would introduce new competition in these segments and would drive service innovation and price reductions.

iii. **Rural and Regional Competition:** Sprintug proposes to deploy infrastructure in secondary cities and rural areas currently underserved by incumbent providers. This infrastructure deployment would create alternative network capacity and would introduce retail competition in these geographic areas.

iv. **Wholesale Market Competition:** If granted I-ECNS licensing, Sprintug would offer open-access wholesale services, creating alternative wholesale capacity for downstream service providers and enabling new ECS licensees to compete at the retail level.

v. **Technology Competition:** Sprintug's deployment of modern fibre and wireless technologies would create infrastructure diversity, reducing incumbent operators' control of infrastructure assets and enabling technology competition.

vi. **Customer Service Competition:** Sprintug's enterprise-focused business model would emphasise personalised customer service and support, introducing service quality competition and thereby pressuring incumbents to improve their own customer service levels.

10.4.1 Conclusion on Question 3.1

New I-ECNS and I-ECS licences would materially promote and improve competition in the South African telecommunications market through multiple mechanisms: direct retail competition, infrastructure competition, wholesale market competition, service innovation, and pricing constraint. South African experience with previous new entrant entry and international evidence both support this conclusion. Sprintug's proposed market entry would contribute specifically to competition in enterprise services, rural connectivity, and technology deployment.

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11. RESPONSE TO QUESTION 3.2: COMPETITION ISSUES AND CONCERNS

Potential Competitive Challenges and Regulatory Responses Required

Sprintug acknowledges that new I-ECNS and I-ECS entrants could face competitive challenges that might hinder their ability to compete effectively with incumbents. However, these challenges are not insurmountable and can be addressed through targeted regulatory measures (addressed in Question 3.3 below). The existence of potential competitive challenges does not negate the competitive benefits of new entry; rather, it indicates that regulatory interventions are necessary to ensure that new entrants can compete effectively.

11.1 Access to Essential Facilities

i. **Challenge:** Incumbents, particularly Vodacom and MTN in mobile services and Telkom (through Openserve) in fixed-line services, control essential network facilities (tower sites, fibre infrastructure, backhaul links) that new entrants require to compete. Incumbents may refuse access to these facilities, impose excessive pricing, or delay access provision to hinder new entrant deployment.
ii. **Evidence of Risk:** The DSMI found that margin squeeze concerns arise due to lack of adequate competition and lack of regulation of access pricing. Cell C has repeatedly raised concerns regarding difficulty obtaining cost-effective access to Vodacom and MTN's tower sites for co-location of its own equipment.
iii. **Impact on Sprintug:** Sprintug would depend on access to incumbent fibre infrastructure (particularly Openserve's ducts and dark fibre) and to tower co-location space to deploy competitive services. Restrictive access pricing or refusal to grant access would materially hinder Sprintug's ability to compete.

11.2 Regulatory Intervention to Ensure Access to Essential Facilities

i. Section 43 of the ECA requires ECNS licensees to lease their facilities to other licensees on reasonable terms. However, ICASA's enforcement of

this obligation has been inadequate. Regulatory measures to strengthen access rights would include:

ii. **Deemed Reasonable Terms:** ICASA should publish deemed reasonable terms for common access services (backhaul, fibre ducts, tower co-location, dark fibre), establishing benchmarks against which actual pricing can be assessed. These benchmarks could be based on cost-plus methodologies or on pricing prevailing in comparable jurisdictions.

iii. **Mandatory Access Dispute Resolution:** ICASA should establish a fast-track dispute resolution mechanism for access pricing disagreements, permitting new entrants to obtain regulatory determinations on access pricing within 30-60 days rather than waiting for lengthy litigation.

iv. **Access Monitoring and Enforcement:** ICASA should monitor incumbent licensees' compliance with access obligations and should impose penalties (including financial sanctions) for refusal to provide access or for imposing discriminatory terms.

v. **Functional Separation Requirements:** For dominant incumbents, ICASA should consider imposing functional separation requirements (such as those applied to Openserve) to create structural separation between wholesale and retail divisions and to reduce conflicts of interest in access provision.

vi. These interventions are consistent with international regulatory practice and with ICASA's existing statutory powers under section 67 of the ECA.

11.3 Spectrum Access Constraints

i. **Challenge:** Spectrum is a scarce resource essential to wireless service deployment. If new entrants are unable to acquire spectrum, they are constrained to fibre and fixed wireless access using incumbents' backhaul links, limiting their competitive capability.

ii. **Current Situation:** The 2022 IMT spectrum auction allocated IMT700, IMT800, IMT2600, and IMT3500 spectrum to Vodacom, MTN, Telkom, Rain, Liquid Intelligent Technologies, and (through Cell C) Maziv. However, no additional spectrum has been allocated to new entrants since that auction. If Sprintug or other prospective new entrants are unable to acquire spectrum, they cannot deploy independent wireless infrastructure.

iii. **Regulatory Response:** ICASA should prioritise the conduct of further spectrum auctions to make spectrum available to new entrants. The

policy direction issued by the Minister on 22 August 2025 directs ICASA to investigate the need for new I-ECNS licences; complementary policy direction should authorise spectrum auctions to support new I-ECNS licensees with access to spectrum.

iv. Alternatively, ICASA should establish secondary market mechanisms for spectrum trading, enabling new entrants to acquire spectrum from incumbents through commercial transactions.

11.4 Capital and Financial Constraints

i. **Challenge:** Deploying telecommunications infrastructure requires substantial capital investment. New entrants without established revenue bases may face difficulty accessing financing. Incumbent operators have established credit relationships with banks and access to capital markets, creating competitive advantage.

ii. **Regulatory Response:** ICASA should advocate to the Department of Communications and Digital Technologies and to development finance institutions for financing mechanisms supporting new entrant infrastructure investment. Government-backed credit facilities or guarantees could reduce capital barriers. Additionally, ICASA should consider permitting new entrants to depreciate capital assets over extended periods or to carry forward losses to reduce the effective cost of infrastructure deployment.

iii. These interventions are consistent with international regulatory practice in supporting infrastructure investment by new entrants.

11.5 Incumbent Predatory Behaviour and Abuse of Market Power

i. **Challenge:** Incumbents may engage in predatory pricing, refusal to deal, or other exclusionary conduct to hinder new entrant competition. The DSMI identified concerns regarding margin squeeze and other anticompetitive practices.

ii. **Regulatory Response:** ICASA should strengthen its enforcement authority under section 67 of the ECA to address predatory and exclusionary conduct. Specifically:

iii. ICASA should conduct periodic market studies to identify potential abuse of dominance and should issue compliance directives to dominant licensees to cease unlawful conduct.

iv. ICASA should establish complaint procedures enabling new entrants to report suspected predatory conduct and should have authority to

impose interim measures (such as price ceilings or mandatory access provisions) pending investigation.

v. ICASA should coordinate with the Competition Commission to ensure consistent enforcement of competition law and should report significant predatory conduct to the Competition Commission for prosecution.

11.6 Regulatory Compliance Burden

i. **Challenge:** ICASA's licensing and compliance requirements impose administrative and financial burdens on licensees. For new entrants with limited operational scale, these burdens are proportionally larger than for incumbents, creating competitive disadvantage.

ii. **Regulatory Response:** ICASA should consider implementing a scaled regulatory framework for new entrants, whereby:

iii. Compliance requirements are proportionate to licensee size and market share.

iv. Reporting and audit requirements are graduated, with reduced requirements for licensees below specified revenue thresholds.

v. Licensing and transfer fees are waived or reduced for new entrants during an initial period (e.g., first 3 years).

vi. Regulatory forbearance is applied to non-essential requirements during the early operational phase, allowing new entrants to achieve scale before full compliance is required.

vii. This graduated approach is consistent with international regulatory practice and recognises that excessive compliance burden can hinder new entrant viability.

11.7 Network Effects and Customer Lock-in

i. **Challenge:** Telecommunications services exhibit network effects (the value of the service increases as the user base grows) and customer lock-in (customers have high switching costs due to customised configurations, long-term contracts, or integrated systems). These characteristics create advantages for incumbents with large installed bases and may hinder new entrants' ability to attract customers.

ii. **Regulatory Response:** Regulatory measures to mitigate network effects and lock-in include:

iii. **Number Portability:** ICASA should enforce number portability requirements, enabling business customers to switch service providers

without losing their telephone numbers. This reduces switching costs and facilitates customer migration to new providers.

iv. **Open Standards and Interoperability:** ICASA should mandate that licensees' systems support open standards for interconnection, enabling customers to use equipment from multiple vendors and reducing vendor lock-in.

v. **Mandatory Roaming:** For mobile services, ICASA should require incumbent mobile operators to provide mandatory roaming access to new entrants' infrastructure during the new entrant's build-out phase, enabling rapid service launch without requiring complete network duplication.

11.8 Incumbent Retaliation and Market Foreclosure

i. **Challenge:** Incumbents may respond to new entrant competition through aggressive pricing, capacity hoarding, or customer acquisition strategies designed to foreclose the new entrant's market opportunities. Cell C's experience demonstrates that incumbents can sustain predatory pricing for extended periods to stifle new competition.

ii. **Regulatory Response:** ICASA should implement monitoring mechanisms to identify incumbent retaliation and should have authority to impose interim measures protecting new entrants from foreclosure. For example:

iii. ICASA could establish price-monitoring mechanisms to identify predatory pricing by dominant operators and could require dominant operators to justify pricing levels that deviate materially from cost-based benchmarks.

iv. ICASA could impose customer acquisition caps on dominant operators during periods when new entrants are entering the market, limiting incumbents' ability to use their scale and customer service advantage to foreclose new competition.

v. These interventions reflect the principle that whilst competitive rivalry is lawful and desirable, predatory conduct designed to eliminate competition is not.

11.9 Conclusion on Question 3.2

New I-ECNS and I-ECS licensees would face legitimate competitive challenges from entrenched incumbents, including barriers related to essential facility

access, spectrum availability, capital constraints, and network effects. However, these challenges are not insurmountable and can be mitigated through targeted regulatory interventions outlined above. The existence of these challenges argues for more aggressive ICASA intervention to support new entrant competition, not for rejection of new licensing.

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12. RESPONSE TO QUESTION 3.3: REGULATORY MEASURES TO REMEDY COMPETITION CONCERNS

Specific Regulatory Measures ICASA Should Consider

Drawing on the competition issues identified in response to Question 3.2, Sprintug submits the following specific regulatory measures that ICASA should consider to remedy competition concerns and to ensure that new I-ECNS and I-ECS licensees can compete effectively:

12.1 Open Access and Infrastructure Sharing Obligations

i. **Remedy:** ICASA should impose mandatory open-access and infrastructure-sharing obligations on dominant I-ECNS licensees, requiring them to provide non-discriminatory access to essential facilities at cost-oriented pricing.
ii. **Implementation:**
iii. ICASA should mandate that Vodacom, MTN, Telkom (Openserve), and other dominant ECNS licensees publish Reference Access Offers (RAOs) detailing the wholesale services they provide, the pricing for those services, and the terms and conditions.
iv. RAOs should be subject to ICASA approval to ensure that pricing is cost-oriented and that terms are not discriminatory.
v. Disputes regarding access pricing or availability should be resolved through expedited procedures, with ICASA empowered to impose interim measures whilst disputes are under investigation.
vi. **Precedent:** This remedy follows the model applied to Openserve, which is required to provide open-access services to fixed-line service

providers. Extension of this model to all dominant ECNS licensees would level the competitive playing field for new entrants.

vii. **International Support:** The European Union's regulatory framework mandates open-access obligations on dominant infrastructure providers, and multiple EU member states have implemented similar requirements successfully.

12.2 Functional Separation of Wholesale and Retail Divisions

i. **Remedy:** For dominant incumbent ECNS licensees, ICASA should consider imposing functional separation requirements, creating structural separation between the wholesale division (providing access services) and the retail division (competing for customers).

ii. **Implementation:**

iii. Dominant licensees would be required to establish separate legal entities or operational divisions for wholesale and retail services.

iv. The wholesale division would be prohibited from favouring the incumbent's retail division in pricing, priority, or service quality.

v. Independent governance and operational oversight would be required to ensure that conflicts of interest are minimised.

vi. **Precedent:** Openserve (Telkom's wholesale division) operates under functional separation requirements. The Competition Commission and international regulators have concluded that functional separation effectively mitigates conflicts of interest and promotes fair wholesale access.

vii. **Alternative Approaches:** If full functional separation is deemed excessive, ICASA could impose less invasive measures, such as separate accounting for wholesale and retail divisions or third-party oversight of wholesale pricing.

12.3 Spectrum Allocation to New Entrants

i. **Remedy:** ICASA should conduct spectrum auctions or allocations to make spectrum available to new I-ECNS licensees, enabling them to deploy independent wireless infrastructure.

ii. **Implementation:**

iii. ICASA should request a ministerial policy directive permitting new I-ECNS licences to be issued and should simultaneously conduct spectrum auctions allocating spectrum to new entrants.

iv. Spectrum lots should be sized to permit meaningful competition (i.e., not so large that only well-capitalised incumbents can afford them).
v. Auction design should include provisions favouring new entrants (such as reserved spectrum lots for new entrants or reduced pricing for new market participants).
vi. **Precedent:** The 2022 IMT spectrum auction included provisions to reserve spectrum for new entrants (such as Liquid Intelligent Technologies and Rain), recognising the value of enabling new competitor spectrum access.
vii. **Alternative Approaches:** If spectrum auctions are delayed, ICASA could permit spectrum trading to enable new entrants to acquire spectrum from incumbents through commercial negotiation.

12.4 Price Regulation for Dominant Operators

i. **Remedy:** ICASA should establish price regulation mechanisms for dominant operators' retail services, ensuring that pricing does not reflect abuse of market power.
ii. **Implementation:**
iii. ICASA could establish a price monitoring regime requiring dominant operators to notify ICASA of price changes and to provide cost-justification for price levels.
iv. For services where competition is ineffective, ICASA could impose price caps based on cost-plus methodologies or on pricing in comparable markets.
v. Price regulation would apply only to dominant operators and would be discontinued if competitive conditions improve.
vi. **Precedent:** Price regulation has been used in South African telecommunications previously (notably the regulation of Telkom's fixed-line services prior to liberalisation). International regulators (such as the UK's Ofcom) use price regulation in specific market segments where competition is ineffective.
vii. **Justification:** The 2019 DSMI found evidence of excessive pricing by dominant operators, justifying price regulatory intervention.

12.5 Subsidised Connectivity for Underserved Communities

i. **Remedy:** ICASA should establish universal service obligations requiring licensees (particularly dominant operators) to provide subsidised or

discounted services to low-income consumers and to extend coverage to underserved areas.

ii. **Implementation:**

iii. ICASA could establish a universal service fund, financed by contributions from licensees proportionate to their market share or revenue, to subsidise infrastructure deployment in underserved areas and to subsidise services for low-income consumers.

iv. Licensees, including new entrants, could compete for contracts to deliver universal service, promoting competition in universal service provision.

v. Universal service obligations could be imposed as licence conditions on new entrants, ensuring that new licensees contribute to universal access goals.

vi. **Precedent:** Universal service obligations are established in section 2 of the ECA and are currently implemented through ICASA's licensing framework. Strengthened implementation would ensure that new entrants contribute to these objectives.

12.6 Consumer Protection and Service Quality Standards

i. **Remedy:** ICASA should strengthen its consumer protection authority and service quality standards, ensuring that new licensees meet customer service expectations.

ii. **Implementation:**

iii. ICASA could establish mandatory service quality standards for all licensees (such as minimum uptime requirements, maximum customer service response times, and billing accuracy standards).

iv. ICASA could establish a fast-track consumer complaint resolution mechanism enabling consumers to seek remedies for service failures.

v. ICASA could publish consumer satisfaction ratings for each licensee, enabling consumers to compare service quality and to make informed choices.

vi. **Precedent:** ICASA currently has authority to regulate service quality under the ECA. Strengthened implementation would ensure that new entrants are held to the same standards as incumbents.

12.7 Infrastructure and Spectrum Sharing Incentives

i. **Remedy:** ICASA should encourage and facilitate infrastructure and spectrum sharing among competitors, reducing capital requirements and enabling more competitors to enter and compete.
ii. **Implementation:**
iii. ICASA could establish guidelines encouraging network sharing and spectrum pooling, specifying conditions under which such arrangements do not constitute anticompetitive conduct.
iv. ICASA could facilitate negotiations amongst licensees regarding infrastructure co-deployment (such as fibre ducts, tower sites, and backhaul links).
v. ICASA could permit spectrum sharing arrangements subject to conditions ensuring that sharing does not reduce competitive intensity.
vi. **Precedent:** The 2024 Supreme Court judgment regarding MTN-Cell C and MTN-LIT spectrum-sharing arrangements recognised that spectrum sharing can be pro-competitive if implemented appropriately. ICASA has expressed support for spectrum sharing as a pro-competitive measure.
vii. **Benefit to New Entrants:** Infrastructure and spectrum sharing would reduce capital requirements for new entrants and would enable faster market entry with lower investment.

12.8 New Entrant Support Programme

i. **Remedy:** ICASA could establish a formal new entrant support programme providing targeted assistance to new market participants during their initial operational phase.
ii. **Implementation:**
iii. **Regulatory Forbearance:** ICASA could grant temporary relief from certain compliance requirements (such as reduced reporting requirements or extended compliance timelines) for new licensees during their first 2-3 years of operation.
iv. **Fee Waivers:** ICASA could waive or reduce licence renewal fees for new entrants during their initial phase, reducing operational costs.
v. **Technical Assistance:** ICASA could provide technical guidance and consultation to new entrants regarding regulatory compliance, network deployment, and service quality standards.

vi. **Capacity Building:** ICASA could facilitate knowledge transfer from incumbent operators or international telecommunications providers regarding best practices in service delivery and customer management.
vii. **Precedent:** Multiple telecommunications regulators internationally have established new entrant support programmes recognising that targeted assistance during market entry increases new entrant viability and accelerates competitive benefits.

12.9 Expedited Licensing and Dispute Resolution

i. **Remedy:** ICASA should establish expedited procedures for new licensee licensing approvals and for dispute resolution, reducing time-to-market and enabling rapid competitive response to market opportunities.
ii. **Implementation:**
iii. New licensee applications should be processed within defined timelines (e.g., 90 days for initial determination and 30 days for appeals).
iv. Disputes between licensees (such as access pricing disputes or interconnection disagreements) should be resolved through expedited arbitration or mediation, with determinations made within 60 days.
v. ICASA should establish an expedited process for emergency relief, enabling new entrants to obtain interim measures (such as mandatory access to essential facilities) on an interim basis whilst full dispute resolution proceeds.
vi. **Benefit:** Expedited procedures would enable new entrants to respond rapidly to market opportunities and would reduce the transaction costs associated with regulatory disputes.

12.10 Monitoring and Reporting Requirements

i. **Remedy:** ICASA should establish robust monitoring and reporting requirements enabling regular assessment of competitive conditions and early identification of anti-competitive conduct.
ii. **Implementation:**
iii. ICASA should publish quarterly market reports analysing market share, pricing trends, network deployment, and consumer complaints.
iv. ICASA should require licensees to provide detailed reporting on wholesale access provision, access pricing, and customer acquisition activities.

v. ICASA should establish a market abuse reporting mechanism enabling new entrants or competitors to report suspected predatory or exclusionary conduct.
vi. **Benefit:** Enhanced monitoring would enable ICASA to identify anti-competitive trends early and to implement targeted remedial measures before competitive harm becomes entrenched.

12.11 Conclusion on Question 3.3

ICASA should implement a comprehensive suite of regulatory measures to remedy competition concerns and to ensure that new I-ECNS and I-ECS licensees can compete effectively with incumbents. These measures—including open-access obligations, functional separation, spectrum allocation, price regulation, universal service obligations, consumer protection standards, infrastructure sharing, new entrant support, expedited procedures, and enhanced monitoring—reflect international regulatory best practice and are grounded in ICASA's existing statutory authority. Implementation of these measures would create conditions in which new entrants like Sprintug can compete viably and would deliver competitive benefits to consumers.

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13. RESPONSE TO QUESTION 4.1: CONTRIBUTION OF NEW LICENCES TO UNIVERSAL ACCESS AND SERVICE

How New I-ECNS and I-ECS Licences Would Contribute to Universal Access

Sprintug submits that **new I-ECNS and I-ECS licences would materially contribute to universal access and service within the South African electronic communications market**. The mechanisms through which new licensees contribute to universal access are diverse and evidence-based.

13.1 Definition of Universal Access and Service

Universal access and service, as established in section 2 of the ECA, encompasses:

- Availability of electronic communications services to all persons in South Africa
- Access to specified minimum service levels (such as voice telephony and data access)
- Affordability of services, particularly for low-income consumers
- Equitable geographic distribution of services, including in rural and underserved areas

New I-ECNS and I-ECS licensees would contribute to each of these dimensions.

13.2 Mechanisms of Contribution to Universal Access

i. **Geographic Coverage Expansion:** New I-ECNS licensees would deploy network infrastructure (fibre, wireless) in secondary cities and rural areas currently underserved by incumbents. The 2024 SA Connect initiative aims to provide broadband access to 100% of the population by 2030, with specific targets for government facility connectivity and household coverage. New entrants, unburdened by legacy infrastructure concentrated in urban areas, would have incentives to deploy in underserved areas, particularly if targeted by universal service obligations.

ii. Evidence: The experience of open-access fibre operators like Dark Fibre Africa and Vumatel demonstrates that new infrastructure providers can achieve geographically distributed deployment serving metropolitan and secondary cities. These operators have deployed fibre in areas where incumbents had not invested, thereby extending coverage and creating competitive alternatives.

iii. **Affordability and Service Tiering:** New service providers, competing for market share, would introduce innovative pricing and service tiering to serve different customer segments. Lower-income consumers often require affordable entry-level service offerings (such as basic internet access or limited voice minutes) that incumbent operators, focused on higher-margin offerings, may not prioritise. New entrants targeting mass-market segments would introduce affordable service options.

iv. Evidence: The entry of Budget airlines and budget mobile service providers globally has demonstrated that new market entrants focusing on cost-effective offerings can serve price-sensitive consumers whilst maintaining profitability through volume and operational efficiency.

v. **Service Innovation and Quality Improvement:** New licensees introducing innovative service offerings (such as cloud-based applications, bundled connectivity and entertainment, or specialised services for underserved business segments) would expand the range of services available and would incentivise incumbents to improve service quality to compete.

vi. Evidence: The entry of new mobile operators in South Africa (Cell C, Telkom Mobile, Rain) has driven service innovations, including prepaid offerings, bundled services, and competitive data packages, benefiting consumers across income segments.

vii. **Universal Service Fund Participation:** New I-ECNS and I-ECS licensees should be required by licence conditions to contribute to universal service funds, which finance infrastructure deployment in underserved areas and subsidised services for low-income consumers. Through this mechanism, new licensees' market participation would directly fund universal access expansion.

viii. Evidence: Universal service funds, established in multiple countries (Australia, EU member states), have enabled governments to finance rural and underserved area connectivity deployment by multiple service providers, expanding coverage beyond what incumbent operators would provide commercially.

ix. **Infrastructure Sharing and Wholesale Competition:** New I-ECNS licensees offering open-access wholesale services would reduce barriers to infrastructure deployment by downstream service providers, enabling diverse service providers to enter markets without requiring complete infrastructure duplication. This would accelerate coverage expansion and service availability.

x. Evidence: The impact of Openserve's wholesale division and Dark Fibre Africa's open-access infrastructure has been to enable downstream service providers to enter with lower capital requirements, facilitating market expansion and service diversity.

xi. **Rural and Remote Area Technology Solutions:** New licensees deploying emerging technologies (such as satellite internet, fixed wireless access, and community network solutions) would address connectivity gaps in remote areas where fibre deployment is economically challenging. Sprintug proposes to utilise satellite internet and FWA technologies to complement fibre deployment, extending coverage to areas unreachable by terrestrial networks.

xii. Evidence: International experience demonstrates that emerging technologies (satellite internet, FWA, TV white space spectrum) enable

cost-effective connectivity in remote and rural areas, reducing the geographic footprint of unserved populations.

13.3 Empirical Evidence from Market Entry in South African Telecommunications

Previous New Entrant Experience:

- **Cell C (Mobile, 2001):** Cell C's entry created competitive pressure on Vodacom and MTN, resulting in price reductions and service innovation (such as prepaid offerings). Whilst Cell C's geographic coverage eventually lagged incumbents, its competitive presence improved service availability and affordability for consumers in covered areas.
- **Telkom Mobile (2010) and Openserve (Wholesale):** Telkom's entry into mobile markets and its establishment of Openserve's wholesale division expanded service competition and introduced innovative service offerings and pricing.
- **Rain Mobile (2017):** Rain's recent entry focused on 5G deployment and has driven incumbent 5G rollout acceleration. Rain's emphasis on broadband and data services has expanded the range of offerings available to consumers.
- **Fibre Network Operators:** Vumatel, Liquid Intelligent Technologies, and Dark Fibre Africa have expanded fixed-line broadband availability in metropolitan areas and secondary cities, creating alternatives to Telkom's monopoly in fixed-line services.

All of these new entrants have contributed to universal access expansion through geographic coverage extension, service innovation, affordability improvement, or technological advancement.

13.4 International Evidence on New Entrant Contribution to Universal Access

i. **European Union:** The EU's regulatory framework explicitly recognises new entrant participation as essential to achieving universal broadband access targets. The Digital Decade framework sets targets for gigabit-capable coverage and assumes new entrant infrastructure deployment as a key mechanism for achieving these targets.
ii. **East Africa:** Uganda and Kenya's policies permitting multiple operator licensing have resulted in broader geographic coverage and more

affordable services compared to jurisdictions with restrictive licensing. Both countries have achieved higher broadband penetration than South Africa despite lower per-capita incomes.

iii. **United States:** The FCC's licensing framework for broadband infrastructure has facilitated new entrant deployment, resulting in geographically distributed fibre and wireless infrastructure serving diverse communities.

13.5 Sprintug's Specific Commitment to Universal Access

If granted I-ECS and I-ECNS licences, Sprintug commits to:

- **Rural Deployment:** Dedicate 20% of capital investment to rural and underserved area infrastructure deployment within five years, in compliance with SA Connect targets.
- **Affordable Pricing:** Offer entry-level service packages (basic internet and voice) at pricing 20%+ below incumbent market pricing to expand affordability.
- **Universal Service Fund Contribution:** Contribute to ICASA-administered universal service funds at rates proportionate to Sprintug's market share.
- **Government Facility Connectivity:** Participate in SA Connect initiatives to connect government facilities (schools, hospitals, police stations) in underserved areas.
- **Wholesale Access:** Offer open-access wholesale services enabling downstream service providers to enter and serve diverse market segments.

13.6 Conclusion on Question 4.1

New I-ECNS and I-ECS licences would materially contribute to universal access and service through multiple mechanisms: geographic coverage expansion, service innovation, affordability improvement, infrastructure sharing, and participation in universal service initiatives. South African experience with previous new entrant entry and international evidence both support this conclusion. Sprintug commits to active participation in universal access initiatives and to leveraging its operational capabilities to serve underserved market segments.

14. RESPONSE TO QUESTION 4.2: UNIVERSAL ACCESS OBLIGATIONS IN LICENCE CONDITIONS

Recommended Licence Conditions Ensuring Equitable Universal Access

ICASA should incorporate universal access and service obligations into the terms and conditions of new I-ECNS and I-ECS licences to ensure that new licensees contribute meaningfully to equitable access to communications services across South Africa.

14.1 Coverage and Deployment Obligations

Recommended Condition:

New I-ECNS licensees should be required to achieve specified network coverage targets within defined timelines. Coverage targets should balance commercial viability with universal access objectives:

- **Metropolitan Areas (Year 1-2):** Achieve coverage of central business districts and commercial areas within primary metropolitan centres (Johannesburg, Cape Town, Durban, Pretoria) within 18 months.
- **Secondary Cities (Year 2-4):** Achieve coverage of 50% of South Africa's secondary cities (cities with population >50,000 but <250,000) within four years.
- **Rural Areas (Year 4-5):** Achieve coverage of priority rural areas (government facilities, major population nodes) within five years, with at least 20% of capital investment directed to rural deployment.

Rationale: Graduated coverage targets balance new licensees' need for geographic focus on profitable urban markets with universal access objectives to expand coverage to underserved areas.

Enforcement: ICASA should monitor coverage deployment through quarterly reporting and should have authority to impose financial penalties or licence suspension for failure to meet targets.

14.2 Affordability Obligations

Recommended Condition:

New I-ECS licensees should be required to offer specified minimum service packages at affordable pricing:

- **Basic Package:** Voice telephony and/or basic data access (minimum 5GB/month) at pricing not exceeding 5% of average household income for target communities (i.e., pricing accessible to households earning <R5,000/month).
- **Entry-Level Package:** Standard business internet connectivity (minimum 10Mbps) at pricing 20% below incumbent market averages for comparable service levels.
- **Universal Service Contribution:** Commitment to subsidised or free connectivity for low-income consumers or government facilities in underserved areas.

Rationale: Affordability obligations ensure that new licensees' services are accessible to diverse income segments and support South Africa's objective of digital inclusion.

Enforcement: ICASA should monitor pricing through annual tariff submissions and should have authority to require price reduction if pricing levels are found to exceed affordability thresholds.

14.3 Universal Service Fund Contributions

Recommended Condition:

New licensees should contribute to ICASA-administered universal service funds at rates proportionate to their market share:

- **Contribution Rate:** 1-2% of annual revenue from electronic communications services.
- **Fund Allocation:** Universal service funds should finance infrastructure deployment in underserved areas and subsidised services for low-income consumers.
- **Competitive Tendering:** Infrastructure deployment funded by universal service funds should be subject to competitive tendering, enabling any licensed service provider to bid for deployment contracts.

Rationale: Universal service fund contributions ensure that new licensees' market participation directly funds universal access expansion.

Precedent: Universal service funds are established in multiple countries and have proven effective in financing underserved area connectivity.

14.4 Wholesale Access and Open-Access Obligations

Recommended Condition:

New I-ECNS licensees should be required to offer wholesale access services on non-discriminatory terms:

- **Wholesale Services:** Dark fibre leasing, IP transit capacity, tower site co-location, and other essential infrastructure services.
- **Pricing:** Cost-plus methodology ensuring reasonable cost recovery plus competitive margin.
- **Service Levels:** Wholesale services should be offered with service levels equivalent to services provided to licensee's own retail operations.
- **Reporting:** Quarterly reporting to ICASA on wholesale access requests, pricing, and service delivery metrics.

Rationale: Open-access obligations enable downstream service providers to enter and compete, promoting competition and service diversity.

14.5 Geographic Service Obligations by Technology

Recommended Condition:

Licence conditions should specify technology-appropriate service deployment:

- **Fibre:** Fibre deployment should prioritise metropolitan areas and major commercial corridors where economic case for fibre investment exists.
- **Wireless (Fixed Wireless Access and 4G/5G):** Wireless technologies should be deployed to secondary cities and areas where fibre deployment is economically challenging.
- **Satellite:** Satellite services should extend coverage to ultra-remote areas unreachable by terrestrial networks.

Rationale: Technology-specific obligations recognise that different technologies are appropriate to different geographic and market conditions.

14.6 Interconnection and Interoperability Obligations

Recommended Condition:

New licensees should be required to ensure interoperability with incumbent networks and should participate in industry standard-setting:

- **Interconnection:** Physical interconnection with other service providers' networks at defined interconnection points.
- **Number Portability:** Support for number porting, enabling customer portability without number change.
- **Open Standards:** Implementation of open standards for network interfaces and service delivery.

Rationale: Interoperability obligations ensure that new licensees' networks function seamlessly with existing infrastructure and enable customer mobility.

14.7 Consumer Protection and Service Quality Standards

Recommended Condition:

New licensees should be required to comply with ICASA-established service quality standards:

- **Uptime Requirements:** Minimum 99% network availability for critical services.
- **Customer Service Response:** Maximum 24-hour response to customer inquiries; maximum 5-business-day resolution for billing disputes.
- **Complaint Escalation:** Complaints unresolved within 30 days to be escalated to ICASA.
- **Consumer Information:** Publication of transparent pricing, terms and conditions, and service level commitments.

Rationale: Service quality standards ensure that new licensees meet consumer expectations and maintain service integrity.

14.8 Environmental and Social Compliance Obligations

Recommended Condition:

New licensees should be required to comply with environmental and social standards:

- **Environmental:** Compliance with environmental impact assessment requirements; adoption of energy-efficient network technologies; management of electronic waste from network equipment.
- **Social:** Compliance with labour standards and fair employment practices; participation in local community development programs; commitment to gender and racial diversity in workforce composition.
- **B-BBEE Compliance:** Maintenance of minimum 30% B-BBEE ownership and employment of B-BBEE beneficiaries in senior technical positions.

Rationale: Environmental and social obligations ensure that new licensees contribute to South Africa's broader development and sustainability objectives.

14.9 Reporting and Monitoring Obligations

Recommended Condition:

New licensees should be required to provide regular reporting to ICASA:

- **Quarterly Reports:** Network coverage maps, deployment progress, customer statistics, wholesale access activity, and consumer complaint data.
- **Annual Reports:** Detailed financial statements, capital investment plans, network expansion plans, and compliance certifications.
- **Audit Requirements:** Annual independent audits of financial statements and service quality compliance; audits available to ICASA for review.

Rationale: Reporting and monitoring obligations enable ICASA to track licensee compliance with licence conditions and to identify emerging issues requiring regulatory intervention.

14.10 Compliance Review and Licence Variation

Recommended Condition:

ICASA should have authority to review and vary licence conditions:

- **Periodic Review:** Licence conditions should be reviewed annually to assess ongoing appropriateness given market conditions and technological developments.
- **Variation Authority:** ICASA should have authority to vary conditions if circumstances have changed materially or if compliance review reveals that conditions are not achieving universal access objectives.
- **Due Process:** Variations should be subject to consultation with licensee and public notice/comment periods before becoming effective.

Rationale: Periodic review and variation authority enable ICASA to maintain licence conditions aligned with regulatory objectives and market developments.

14.11 Conclusion on Question 4.2

ICASA should incorporate the licence conditions outlined above into new I-ECNS and I-ECS licences to ensure that new licensees meaningfully contribute to equitable access to communications services. These conditions—spanning coverage, affordability, wholesale access, service quality, consumer protection, environmental and social compliance, and reporting—are grounded in universal access objectives established in the ECA and reflect international regulatory best practice.

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15. RESPONSE TO QUESTION 5.1: POTENTIAL NEGATIVE CONSEQUENCES OF NEW I-ECNS LICENSEE ROLLOUT

Identification and Mitigation of Potential Negative Consequences

Sprintug acknowledges that new I-ECNS licensee infrastructure deployment could entail potential negative consequences that ICASA should consider and should address through appropriate regulatory safeguards. However, these potential consequences are manageable and do not justify rejection of new licensing; rather, they justify targeted regulatory interventions.

15.1 Environmental Impacts

Potential Consequence: Infrastructure deployment (fibre trenching, tower construction, spectrum transmission equipment deployment) entails environmental impacts including:

- Physical disturbance to natural habitats and sensitive ecosystems
- Disruption to agricultural land and wildlife corridors
- Generation of electronic waste from equipment lifecycle
- Energy consumption and associated carbon emissions

Mitigation Measures:

ICASA should require new licensees to comply with comprehensive environmental impact assessment requirements:

- **Environmental Impact Assessment (EIA):** New I-ECNS licensees should be required to conduct environmental impact assessments prior to major infrastructure deployment, identifying potential environmental impacts and proposing mitigation measures.
- **Environmental Compliance Monitoring:** Licensees should monitor environmental compliance during construction and operation phases.
- **Waste Management:** Licensees should establish protocols for managing electronic waste from equipment lifecycle, including recycling and responsible disposal.
- **Energy Efficiency:** Licensees should prioritise energy-efficient network technologies (such as 800G optical transmission) to minimise energy consumption and associated carbon emissions.
- **Protected Area Restrictions:** Deployment in protected areas and sensitive ecosystems should be restricted unless environmental assessments demonstrate negligible impact.

Precedent: ICASA's current regulatory framework includes environmental considerations in licence condition development. Enhanced requirements would address environmental concerns without preventing infrastructure deployment.

15.2 Public Health and Safety Impacts

Potential Consequence: Radio frequency (RF) transmissions from wireless base stations and transmission equipment entail potential public health impacts, including:

- RF exposure to populations in proximity to base stations
- Potential effects on bird and pollinator populations (unconfirmed but investigated)
- Disruption to emergency communications from interference

Mitigation Measures:

ICASA should establish robust RF safety standards and monitoring:

- **RF Exposure Standards:** ICASA should establish RF exposure limits consistent with international standards (such as ICNIRP guidelines) and should require licensees to conduct RF surveys to demonstrate compliance.
- **Public Notification:** Base station locations should be publicly notified and should be subject to aesthetic and safety review by local authorities prior to deployment.
- **Emergency Communications Protection:** Licensees should be required to coordinate with emergency services to ensure that radio spectrum deployment does not interfere with emergency communications.

Precedent: ICASA's current Type Approval Guidelines specify RF safety requirements for equipment. Reinforced implementation would address public health concerns.

15.3 Network Congestion and Service Quality Degradation

Potential Consequence: Infrastructure deployment by multiple new entrants could result in:

- Spectrum congestion if multiple operators deploy in the same frequency bands without coordination
- Backhaul congestion if multiple operators contend for limited wholesale backhaul capacity

- Service quality degradation if infrastructure scaling lags capacity demand

Mitigation Measures:

ICASA should establish coordination and spectrum management mechanisms:

- **Spectrum Coordination:** ICASA should establish procedures requiring licensees to coordinate spectrum usage to minimise interference and congestion.
- **Spectrum Efficiency Standards:** ICASA should require licensees to utilise spectrum efficiently (measured by bits per second per MHz) to maximise capacity utilisation.
- **Backhaul Capacity Planning:** ICASA should require dominant wholesale providers (such as Openserve) to maintain adequate backhaul capacity and should monitor backhaul utilisation to identify congestion risks early.
- **Service Quality Monitoring:** ICASA should monitor service quality metrics (uptime, latency, throughput) across all licensees and should identify providers experiencing degradation.

Precedent: Spectrum coordination procedures already exist in ICASA's regulatory framework. Enhanced backhaul monitoring would address congestion concerns.

15.4 Digital Divide and Service Fragmentation

Potential Consequence: If new I-ECNS licensees focus on profitable urban markets whilst neglecting rural and underserved areas, service fragmentation could result in:

- Persistence of digital divide between served and underserved areas
- Confusion among consumers regarding service availability and terms
- Regulatory complexity as ICASA manages multiple licensees with heterogeneous service areas

Mitigation Measures:

The universal service and coverage obligations recommended in response to Question 4.2 directly address this concern:

- **Universal Service Obligations:** Mandatory rural deployment targets, affordable pricing requirements, and universal service fund contributions ensure that new licensees contribute to underserved area connectivity.
- **Regulatory Harmonisation:** ICASA should establish standardised terms, conditions, and pricing transparency requirements across all licensees, reducing consumer confusion.
- **Consolidated Service Information:** ICASA could establish a public service directory detailing service availability by geographic area and provider, enabling consumers to identify available options.

15.5 Incumbent Operator Financial Distress

Potential Consequence: Aggressive competition from new entrants could result in:

- Revenue erosion for incumbent operators, particularly smaller operators like Cell C
- Network investment deferral due to reduced profitability
- Potential licence exit by marginal incumbents unable to compete

Mitigation Measures:

Whilst competitive pricing pressure is desirable, ICASA should monitor incumbent financial health:

- **Financial Monitoring:** ICASA should require licensees to provide annual financial statements enabling monitoring of profitability and investment levels.
- **Investment Promotion:** ICASA should establish tax or regulatory incentives encouraging incumbent operators to continue network investment despite competitive pressure.
- **Mergers and Consolidation Policy:** ICASA should clearly communicate its policy regarding mergers and consolidation, enabling incumbent operators to pursue strategic combinations if necessary for viability.
- **Exit Management:** If incumbent operators exit the market, ICASA should ensure that existing customers transition to alternative providers with minimal service disruption.

Note: However, incumbent financial pressure is a feature, not a bug, of competitive markets. Profit pressure on incumbents incentivises efficiency and service innovation, benefiting consumers. ICASA should not protect incumbent profitability at the expense of consumer welfare.

15.6 Market Fragmentation and Scale Inefficiencies

Potential Consequence: Proliferation of multiple I-ECNS licensees could result in:

- Loss of economies of scale in network deployment (duplication of infrastructure in high-density areas)
- Inability to achieve critical mass for international backhaul investment
- Regulatory complexity as ICASA manages multiple licences and compliance frameworks

Mitigation Measures:

ICASA should encourage infrastructure sharing and should optimise licensee licensing numbers:

- **Infrastructure Sharing Encouragement:** ICASA should publish guidelines supporting infrastructure co-deployment and spectrum sharing, permitting economies of scale whilst maintaining competitive retail markets.
- **Wholesale Model Promotion:** Open-access wholesale models (such as implemented by Dark Fibre Africa and Openserve) enable infrastructure sharing and reduce duplication.
- **Licensing Number Optimisation:** ICASA should determine the appropriate number of new I-ECNS licensees based on competitive analysis, rather than issuing unlimited licences.

Precedent: The 2022 IMT spectrum auction allocated spectrum to six bidders (Vodacom, MTN, Telkom, Rain, Liquid Intelligent Technologies, and Maziv), reflecting ICASA's determination that this number of operators was appropriate for competition.

15.7 Spectrum Scarcity and Allocation Inefficiency

Potential Consequence: If spectrum is not made available to new entrants, new I-ECNS licensees deploying fibre-only infrastructure might be at

competitive disadvantage compared to incumbents with spectrum holdings. Alternatively, spectrum scarcity could result in:

- High spectrum acquisition costs for new entrants, raising entry barriers
- Inefficient spectrum allocation if spectrum remains with underutilised licensees

Mitigation Measures:

The spectrum allocation and secondary market trading mechanisms recommended in response to Question 3.3 directly address this concern:

- **Spectrum Auctions:** New spectrum auctions allocating spectrum to new entrants
- **Secondary Market Trading:** Facilitation of spectrum secondary market enabling new entrants to acquire spectrum from incumbents
- **Spectrum Efficiency Requirements:** Regulatory requirements ensuring that spectrum is utilised efficiently and is not warehoused by underutilised licensees

15.8 Consumer Confusion and Market Complexity

Potential Consequence: Proliferation of service providers with different offerings, pricing, and terms could result in:

- Consumer confusion regarding available options
- Difficulty comparing service offerings across providers
- Complexity in consumer complaint resolution if multiple providers are involved

15.9 Mitigation Measures:

ICASA should establish transparency and standardisation measures:

- **Standardised Pricing Transparency:** All licensees should publish pricing in standardised formats, enabling consumer comparison.
- **Standardised Contracts:** ICASA should establish model contracts or terms-of-service templates, reducing variation and complexity.
- **Consumer Education:** ICASA should conduct consumer education campaigns explaining available service options and consumer rights.

- **Centralised Complaint Portal:** ICASA should establish a centralised complaint portal enabling consumers to report issues with any provider and enabling ICASA to track systemic issues across licensees.

15.10 Conclusion on Question 5.1

Potential negative consequences of new I-ECNS licensee infrastructure deployment are identifiable and manageable through targeted regulatory measures. The mitigation approaches outlined above—encompassing environmental compliance, public health and safety, network congestion management, digital divide prevention, incumbent financial monitoring, infrastructure sharing, spectrum management, and consumer protection—enable ICASA to address legitimate concerns without preventing new market entry. The potential benefits of new entry (competition, service innovation, underserved area coverage) outweigh the manageable risks, particularly with appropriate regulatory safeguards in place.

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16. RESPONSE TO QUESTION 5.2: BENEFITS OF NEW I-ECNS AND I-ECS LICENSEES COMPARED TO EXISTING LICENSEES

Distinctive Benefits New Licensees Would Provide

Sprintug submits that new I-ECNS and I-ECS licensees would provide benefits compared to existing licensees through their fresh perspectives, modern technologies, targeted service offerings, and lack of legacy infrastructure constraints.

16.1 Targeted Service Innovation

Benefit: New licensees would introduce service innovations specifically targeting underserved market segments, whereas incumbent operators' service portfolios are oriented toward high-margin customers. Specific innovations could include:

- **Enterprise Cloud Services:** Managed cloud hosting and disaster recovery services tailored to SME needs, priced accessibly and featuring 24/7 local support.
- **Industry-Specific Solutions:** Connectivity and IT solutions tailored to specific industries (financial services, healthcare, agriculture) with compliance features and specialized support.
- **Bundled Converged Offerings:** Integration of connectivity, VoIP, cloud services, and security services into unified platforms, reducing customer complexity.
- **Affordable Entry-Level Services:** Basic broadband and voice services priced for low-income consumers and SMEs, avoiding incumbent operators' focus on high-tier services.

Evidence: Sprintug's current service portfolio in Uganda demonstrates these innovations. Sprintug's competitively priced managed VoIP and cloud hosting services serve customers unable to afford incumbent providers' premium offerings.

Incumbent Comparison: Incumbent operators' service portfolios are heavily weighted toward high-tier services (premium mobile plans, enterprise connectivity). Entry-level and mid-market offerings are limited, creating market gaps that new entrants can address.

16.2 Deployment Speed and Responsiveness

Benefit: Unburdened by legacy infrastructure and organizational inertia, new licensees can deploy network infrastructure and services more rapidly than incumbents. Specific advantages include:

- **Fibre-First Strategy:** New licensees can deploy modern fibre infrastructure in secondary cities and commercial corridors, bypassing incumbent copper infrastructure and enabling rapid upgrade to high-speed capability.
- **Rapid Service Launch:** New licensees can launch services within months of infrastructure deployment, whereas incumbent service launches are constrained by legacy billing systems and organizational processes.
- **Flexible Architecture:** New licensees can deploy modern network architectures (cloud-native, software-defined networks) enabling rapid

service innovation, whereas incumbents are constrained by legacy hardware.

Evidence: Dark Fibre Africa's deployment of fibre infrastructure in South African cities proceeded more rapidly than Telkom's fiber upgrade, demonstrating new entrant speed advantage.

Incumbent Constraint: Incumbent operators' large installed bases of legacy infrastructure and customers create constraints on rapid change. Telkom, for example, operates extensive copper infrastructure that cannot be rapidly retired without disrupting millions of customers.

16.3 Geographic Coverage Expansion and Rural Deployment

Benefit: New licensees would be incentivised to deploy infrastructure in secondary cities and rural areas currently underserved by incumbents, thereby expanding geographic coverage and promoting universal access. Specific deployment opportunities include:

- **Secondary Cities:** Cities with population 50,000-250,000 currently served by limited incumbent infrastructure. New licensees focusing on these markets would expand coverage and competition.
- **Business Corridors:** Commercial nodes in rural areas (agricultural processing centers, mining operations, Government administrative centers) currently underserved by incumbents. New licensees could target these nodes with business internet services.
- **Rural Communities:** Government facilities and community centers lacking broadband access. New licensees participating in SA Connect initiatives could extend coverage to these areas.

Evidence: Vumatel and other fibre operators have expanded coverage in secondary cities and metropolitan areas beyond traditional Telkom service areas, demonstrating market opportunity for new infrastructure providers.

Incumbent Limitation: Incumbent operators' infrastructure is concentrated in high-population-density areas due to historical deployment patterns. Expanding into secondary cities and rural areas requires substantial capital investment with uncertain returns, creating incumbent reluctance.

16.4 Technology Leadership and Innovation

Benefit: New licensees, unbound by legacy infrastructure commitments, can adopt cutting-edge technologies earlier and more broadly than incumbents:

- **Fibre-to-the-Premise (FTTP):** New licensees can deploy FTTP infrastructure offering gigabit-speed connectivity, whereas incumbents' fibre deployment focuses on fibre-to-the-node, limiting end-user speeds.
- **5G and Beyond:** New licensees with spectrum can deploy 5G-ready infrastructure from inception, whereas incumbents are constrained by legacy 2G/3G network architecture.
- **Open-Access Architecture:** New licensees can design networks around open-access wholesale models from inception, whereas incumbents are retrofitting legacy networks to open-access requirements.
- **Emerging Technologies:** New licensees can experiment with emerging technologies (satellite internet, TV white space spectrum, community network models) without legacy infrastructure constraints.

Evidence: Rain Mobile's deployment of 5G-native infrastructure in South Africa has driven broader 5G adoption. Rain's technology-forward approach contrasts with incumbent operators' phased migration from LTE to 5G.

Incumbent Constraint: Incumbent operators' large legacy network investments create sunk cost concerns regarding rapid technology transition. Migrating millions of customers to new technology platforms requires careful planning and investment, creating incumbent reluctance.

16.5 Competitive Pricing and Consumer Welfare

Benefit: New licensees competing for market share would introduce competitive pricing, benefiting consumers through:

- **Price Reduction:** New entrant competition drives incumbent price reductions as incumbents respond to competitive threats. The 2019 DSMI documented that new entrant entry (Cell C, Telkom Mobile, Rain) resulted in price reductions relative to duopoly pricing under Vodacom and MTN.

- **Innovative Pricing Structures:** New licensees would introduce flexible pricing structures (usage-based, consumption-based, subscription models) catering to diverse customer preferences.
- **Transparent Pricing:** New licensees entering competitive markets adopt transparent pricing practices, pressuring incumbents to simplify and clarify pricing.

Evidence: Cell C's entry drove prepaid pricing and data bundle introductions in the South African mobile market, benefiting consumers. Prior to Cell C, prepaid services were less competitive.

Consumer Impact: DSMI findings indicate that South African data prices remain 20-30% above international comparators despite nominal competition. Intensified competition from new entrants would drive further price convergence toward international levels.

16.6 Financial Discipline and Efficiency Incentives

Benefit: Competition from new licensees would discipline incumbent operators' capital allocation and operational efficiency:

- **Efficiency Improvements:** Incumbents would be incentivised to reduce operational costs and eliminate inefficiencies to compete with new entrants' lean operating models.
- **Investment Discipline:** Incumbent capital allocation would become more disciplined, focusing investment on competitive returns rather than legacy protection.
- **Service Quality Improvement:** Incumbents would be incentivised to improve service quality (uptime, customer service) to retain customers facing alternative options.

Evidence: Rain Mobile's entry into mobile services has driven incumbent operators to accelerate 5G rollout and to offer more competitive pricing and service innovation.

16.7 Consumer Choice and Service Diversity

Benefit: New licensees would expand consumer choice by offering:

- **Alternative Provider Options:** Consumers currently reliant on one or two providers would have additional options, enhancing bargaining power and enabling switching.
- **Niche Service Offerings:** New licensees could offer niche services (industry-specific solutions, specialized technical support) creating value for specific customer segments.
- **Relationship Models:** New licensees could offer personalized, account manager-based relationship models contrasting with incumbent operators' automated, large-scale customer management.

Evidence: Customer surveys indicate dissatisfaction with incumbent customer service. New licensees offering differentiated relationship models could capture market share and improve overall customer experience.

16.8 Diversity of Ownership and Local Control

Benefit: Issuance of new I-ECNS and I-ECS licences to diverse ownership groups (including regional providers like Sprintug, local entrepreneurs, and BEE entities) would:

- **Economic Empowerment:** New licensees from designated groups would contribute to economic empowerment objectives, generating employment and wealth in underrepresented communities.
- **Local Perspective:** New licensees with local expertise and relationships would develop services tailored to South African market needs rather than imported from international headquarters.
- **Regulatory Accountability:** Diverse ownership would enhance regulatory accountability, as licensees would be more responsive to local community needs and government policy.

Evidence: Black Economic Empowerment (BEE) telecommunications licensees have contributed to employment creation and economic development in underserved communities. Expansion of opportunities for new BEE licensees would multiply these benefits.

16.9 Digital Transformation Support and Skills Development

Benefit: New licensees would support South Africa's digital transformation objectives through:

- **Skills Transfer:** New licensees with regional and international experience would transfer technical expertise and management practices to the local market.
- **Supplier Development:** New licensees would create demand for local services and suppliers, supporting SME development and job creation.
- **Digital Literacy:** New licensees would invest in digital literacy training and consumer education to expand digital adoption.

Evidence: Sprintug's operations in Uganda have contributed to ICT skills development and digital adoption through training programs and community initiatives. Comparable efforts in South Africa would support digital transformation goals.

16.10 Alternative Dispute Resolution and Regulatory Efficiency

Benefit: Competition amongst multiple licensees would reduce regulatory burden on ICASA:

- **Self-Regulation:** Licensee competition would incentivise compliance and service quality improvement without requiring intensive ICASA regulation.
- **Efficient Dispute Resolution:** Licensees would be incentivised to resolve disputes (interconnection, access pricing) through commercial negotiation to avoid regulatory intervention delays.
- **Market-Driven Solutions:** Licensee competition would drive market-based solutions to problems, reducing need for regulatory intervention.

Evidence: Telecommunications markets with multiple competitors exhibit lower regulatory costs than monopoly or duopoly markets, as licensees self-regulate through competitive incentives.

16.11 Conclusion on Question 5.2

New I-ECNS and I-ECS licensees would provide multiple distinctive benefits compared to existing licensees: targeted service innovation, deployment speed, geographic coverage expansion, technology leadership, competitive pricing, efficiency discipline, consumer choice, ownership diversity, digital transformation support, and regulatory efficiency. These benefits derive from new licensees' modern technology platforms, market focus, organizational agility, and freedom from legacy constraints. Collectively, these benefits would deliver substantial competitive and consumer welfare improvements.

17. RESPONSE TO QUESTION 6.1: ADDITIONAL COMMENTS ON INQUIRY PROCESS

Sprintug's Additional Observations on ICASA's Inquiry Process

Sprintug respectfully submits the following additional comments regarding ICASA's inquiry process and the considerations that should inform the Authority's recommendations to the Minister of Communications and Digital Technologies:

17.1 Timing and Urgency of New Licensing

Comment: The South African telecommunications market has experienced limited new entrant arrival over the past decade, with the most recent significant entry being Rain Mobile in 2017. The 2019 DSMI findings regarding excessive pricing and limited competitive constraints have not been addressed through additional market entry, suggesting that the transfer market for existing licences is not functioning as an effective entry mechanism for new providers. The time for regulatory intervention is now. Delaying further issuance of new I-ECS licences perpetuates the competitive deficiencies identified in the DSMI.

Recommendation: ICASA should recommend to the Minister that a ministerial policy direction authorising new I-ECS licence issuance be issued without further delay. The current inquiry has provided substantial evidence of market opportunities and new entrant interest. Further delay would be inconsistent with ICASA's mandate to promote competition and consumer welfare.

17.2 Integration of Licensing Policy with SA Connect Objectives

Comment: South Africa's SA Connect national broadband strategy establishes ambitious targets for broadband access expansion (90% coverage by 2030, 42,000 government facilities and 5 million households connected by 2026). Achieving these targets will require coordination amongst multiple service providers, including new entrants. The current licensing framework, restricting

new I-ECS licensee issuance absent a ministerial policy directive, hinders participation by prospective new service providers in SA Connect initiatives.

Recommendation: ICASA should coordinate with the Department of Communications and Digital Technologies and Broadband Infraco to align licensing policy with SA Connect objectives. A ministerial policy direction authorising new I-ECS licences should explicitly reference SA Connect alignment and should encourage licensee participation in universal service initiatives.

17.3 Synergy with Spectrum Policy and Auction Planning

Comment: ICASA has announced plans for expedited licensing of high-demand spectrum and has undertaken market research regarding next-generation spectrum auctions. New I-ECNS licensee licensing should be coordinated with spectrum auction planning to ensure that spectrum is made available to new licensees, enabling competitive spectrum deployment.

Recommendation: ICASA should conduct simultaneous spectrum auction planning and new I-ECNS licensing processes, ensuring that spectrum is available to support new licensees' market entry and infrastructure deployment.

17.4 Capacity and Resource Planning for ICASA Regulatory Functions

Comment: Issuance of new I-ECS and I-ECNS licences would increase ICASA's regulatory responsibilities, including licensing administration, compliance monitoring, and dispute resolution. ICASA should ensure adequate capacity to effectively regulate new licensees without diminishing oversight of existing licensees.

Recommendation: ICASA should conduct resource planning to ensure adequate staffing, systems, and expertise for licensing administration, technical compliance, and dispute resolution functions. ICASA should request budget allocation from Parliament to support expanded regulatory functions.

17.5 Regional and Continental Coordination

Comment: South Africa's telecommunications market is increasingly integrated with regional and continental markets through cross-border fibre

deployment, regional carrier partnerships, and continental digital initiatives (such as the African Union's digital economy strategy). Licensing policy should reflect regional and continental coordination objectives.

Recommendation: ICASA should engage with regional telecommunications regulators (ICASA counterparts in SADC countries) and the AU's Digital Transformation Strategy to ensure that South African licensing policy is consistent with regional and continental integration objectives. Licensing should facilitate regional carrier participation and cross-border infrastructure deployment.

17.6 Balance Between Regulatory Certainty and Market Flexibility

Comment: Licensing frameworks should balance regulatory certainty (enabling investors to plan infrastructure deployment with confidence) with market flexibility (enabling regulatory adaptation as technologies and market conditions evolve). The current 20-year licence term, whilst providing long-term certainty, may inadequately reflect the rapid pace of technology change in telecommunications.

Recommendation: ICASA should consider introducing intermediate licence review points (for example, 5-year reviews) at which licence conditions can be updated to reflect changed market conditions and technological developments. Such reviews should respect licensees' reasonable expectations regarding licence conditions whilst enabling regulatory adaptation.

17.7 Comparative International Licensing Frameworks

Comment: ICASA's inquiry would benefit from comparative analysis of telecommunications licensing frameworks in peer jurisdictions. Such analysis would reveal best practices in licensing administration, dispute resolution, and regulatory oversight that could inform South African framework design.

Recommendation: ICASA should commission independent research comparing telecommunications licensing frameworks across African (Kenya, Uganda, Rwanda), European, and other jurisdictions, identifying best practices and lessons learned applicable to South Africa.

17.8 Stakeholder Engagement and Transparency

Comment: ICASA's inquiry process has appropriately included stakeholder consultation. To enhance transparency and stakeholder confidence in the inquiry outcomes, ICASA should publish detailed reasons for its recommendations to the Minister, including analysis of competing stakeholder views and ICASA's rationale for its conclusions.

Recommendation: ICASA should commit to publishing a detailed inquiry report, including: (1) executive summary of findings; (2) detailed analysis of evidence regarding market demand for new licences; (3) analysis of new entrant competitive contributions; (4) assessment of risks and mitigation measures; and (5) ICASA's recommendations to the Minister with supporting rationale. This report should be published prior to ministerial policy direction issuance to enable continued public engagement.

17.9 Consumer Engagement in Licensing Process

Comment: ICASA's inquiry has focused on existing licensees and prospective new entrants, with limited direct engagement with end consumers who are ultimately affected by licensing policy. Consumer perspectives on service gaps, pricing concerns, and preferences for new service providers should inform licensing decisions.

Recommendation: ICASA should conduct consumer surveys and focus group discussions to assess consumer demand for new service providers, consumer satisfaction with incumbent operators, and consumer preferences regarding service innovation and pricing. These consumer perspectives should be incorporated into ICASA's findings and recommendations.

17.10 Exit Strategy and Market Consolidation Policies

Comment: While new licensing should be encouraged, ICASA should also clarify its policy regarding market consolidation and licensee exit. If new entrants subsequently struggle financially and exit the market, or if successful new entrants are acquired by incumbents, the competitive benefits of new licensing may be ephemeral. ICASA should establish clear policies regarding permissible consolidation scenarios and licensee exit procedures.

Recommendation: ICASA should publish merger and acquisition guidelines specifying conditions under which consolidation will be permitted without raising competitive concerns, and conditions under which consolidation would be prohibited. ICASA should also publish licensee exit procedures, specifying how ICASA will manage market exit by licensees (such as through customer transfer to alternative providers or managed wind-down procedures).

Conclusion on Question 6.1

ICASA's inquiry process has appropriately examined the case for new I-ECS and I-ECNS licensing. To enhance the inquiry's effectiveness, ICASA should address the timing, integration with SA Connect, spectrum coordination, capacity planning, regional coordination, regulatory certainty, comparative analysis, stakeholder transparency, consumer engagement, and exit strategy considerations outlined above. These additional considerations would ensure that ICASA's recommendations to the Minister reflect comprehensive analysis and stakeholder input.

CONCLUSION AND RECOMMENDATIONS

Summary of Sprintug's Position

Sprintug respectfully submits that this comprehensive response to ICASA's inquiry into new I-ECNS and I-ECS licensing demonstrates:

1. **Current Licensing Framework Deficiency:** The existing framework for I-ECS licence acquisition through transfers, whilst providing regulatory oversight, operates in practice as a barrier to new market entry. Regulatory intervention to facilitate secondary market functioning is necessary.
2. **Market Opportunity and Demand:** Substantial and compelling evidence supports the existence of market opportunities for new I-ECS licensees, including unmet enterprise service demand, rural connectivity gaps, and consumer dissatisfaction with incumbent operators.
3. **Competitive Benefits of New Entry:** New licensees would materially promote competition through direct retail competition, infrastructure

deployment, service innovation, and pricing discipline, with demonstrated benefits for consumer welfare.

4. **Universal Access Contribution:** New licensees would materially contribute to universal access objectives through geographic coverage expansion, affordability improvements, and participation in universal service initiatives.
5. **Manageable Risks:** Potential negative consequences of new licensing are identifiable and manageable through appropriate regulatory measures, including environmental compliance, public health safeguards, network congestion management, and consumer protection standards.
6. **Unique Benefits:** New licensees would provide distinctive benefits compared to incumbents through targeted service innovation, deployment speed, geographic expansion, and technology leadership.

Sprintug's Recommendations to ICASA

Sprintug respectfully recommends that ICASA advise the Minister of Communications and Digital Technologies as follows:

1. **Issue Ministerial Policy Direction Authorising New I-ECS Licences:** The Minister should issue a policy direction under section 3 of the ICASA Act, directing ICASA to conduct an inquiry into whether new I-ECS licences should be issued, and authorising ICASA to issue new I-ECS licences upon completion of such inquiry.
2. **Concurrent Spectrum Auction Planning:** ICASA should simultaneously plan spectrum auctions to make spectrum available to new I-ECNS licensees, enabling wireless infrastructure deployment by new entrants.
3. **Reform of Transfer Market Processes:** ICASA should implement the transfer market reforms outlined in responses to Questions 1.2 and 1.3, including published transfer criteria, standardised timelines, and competitive impact assessment procedures.
4. **Implementation of Pro-Competitive Licence Conditions:** ICASA should implement the licence conditions outlined in response to Question 4.2, ensuring that new licensees contribute to universal access and service objectives.
5. **Regulatory Intervention to Support New Entrant Competition:** ICASA should implement the regulatory measures outlined in response to Question 3.3, including open-access obligations, functional

separation, wholesale access requirements, and price monitoring for dominant operators.

6. **Resource Allocation and Capacity Planning:** ICASA should request budgetary allocation to support expanded regulatory functions associated with licensing administration, compliance monitoring, and dispute resolution for new licensees.
7. **Regional and Continental Coordination:** ICASA should coordinate with regional telecommunications regulators and continental digital initiatives to ensure alignment of licensing policy with regional and continental integration objectives.

Final Statement

Sprintug respectfully submits this comprehensive response in support of ICASA's inquiry into new I-ECS and I-ECNS licensing. The evidence presented demonstrates that new licensing would benefit South African consumers, businesses, and the economy through competitive intensity, service innovation, geographic coverage expansion, and accelerated digital transformation. Sprintug is prepared to obtain I-ECS (and potentially I-ECNS) licences and to invest substantial capital in South African telecommunications infrastructure and service delivery, subject to licensing authorization and regulatory clarification regarding licensing timelines and procedures.

Sprintug welcomes the opportunity to engage with ICASA in further discussions regarding market entry plans, regulatory requirements, and universal service commitments. Sprintug's leadership team is available to meet with ICASA representatives to discuss the Company's operational experience, financial capacity, and competitive strategy in greater detail.
