29 June 2026

Vodacom’s Submission to the Authority’s
“THE DRAFT AMENDMENTS TO THE RADIO FREQUENCY SPECTRUM LICENCE FEE REGULATIONS”

1. INTRODUCTION

Vodacom (Pty) Ltd ("Vodacom") welcomes the opportunity to submit written comments on the Independent Communications Authority of South Africa's ("ICASA") Draft Amendments to the Radio Frequency Spectrum Licence Fee Regulations ("Draft Fees Regulations"), published on 15 May 2026.

Vodacom notes that the Draft Fees Amendment was published alongside the proposed amendments to the Radio Frequency Spectrum Regulations, 2015, and is intended to give effect to ICASA's satellite licensing framework findings. The Draft Fees Amendment proposes, including but not limited to, a definition of "Blanket Licence", amendments to the satellite hub ground station fee formula, and introduction of a broader satellite terminal network fee.

Vodacom supports the development of a transparent and predictable spectrum fee framework for satellite services. However, such framework must be technology-neutral, competitively neutral, objectively justified, and aligned with the broader ECS/ECNS licensing framework. It must also avoid creating an unfair cost advantage for satellite operators that may compete with terrestrial operators in the provision of broadband and connectivity services.

2. GENERAL COMMENTS

Vodacom notes the Authority's confirmation in the Explanatory Memo that it does not intend to introduce a new type of licence, and that both the Gateway Earth Station ("GES") licence and User-Terminal network licence are to be treated as radio frequency spectrum ("RFS") licences, not service licences under Chapter 3 of the Electronic Communications Act ("ECA").

Vodacom welcomes this clarification. However, Vodacom submits that the Authority should clearly confirm that any RFS licence or blanket authorisation under the Draft Fees Amendment does **not** replace or exempt an operator from any ECS/ECNS licence required under the ECA where the operator provides electronic communications services or electronic communications network services in South Africa.

In particular, the spectrum fee framework must not be used to create a parallel or lighter-touch market entry framework for satellite operators that essentially offer the same or similar services to terrestrial licensees. Where satellite operators provide services that compete with terrestrial services, the applicable fees and regulatory obligations should be set in a manner that preserves a level playing field.

3. SPECIFIC COMMENTS

3.1 Blanket Licencing

The Draft RFS Fees Amendments propose inserting a definition of "Blanket Licence" as follows: *"Blanket Licence" means an authorisation that covers the operation of a network that connect to an unlimited number of terminals with similar technical and operational characteristics.* Vodacom supports the principle of blanket licensing where it reduces unnecessary administrative burden for networks consisting of multiple terminals with similar technical characteristics.

However, Vodacom submits that the proposed definition requires refinement. Firstly, the wording should be corrected grammatically. The phrase "a network that connect" should read "a network that connects". Secondly, the definition should clarify that a blanket licence is an RFS authorisation only and does not authorise the provision of ECS or ECNS services. Notwithstanding, Vodacom is of the view that the concepts of licensing, which would include such blanket licensing, should be addressed through the Spectrum Regulations and not in the Draft Fees Regulations.

In addition, it is recommended that the Authority clarify that, where individual ESIM coordination or assignment is required under the ITU Radio Regulations or ICASA-prescribed conditions, the blanket approach does not apply and a separate licence is required.

3.2 Gateway Earth Station Fee Formula

Vodacom notes that the Draft RFS Fees Amendment introduces a revised fee formula for Gateway Earth Stations, which now includes a Frequency factor, as follows:

*Fee = Max (RUL; Unit × **FREQ** × BW × SEC)*

The Explanatory Memo states that the FREQ factor is intended to incentivise the use of higher, less congested frequency bands and that, for example, the 23 GHz to 30 GHz band would attract a factor of 0.1.

Vodacom does not object in principle to a fee methodology that recognises differences in spectrum scarcity, propagation characteristics, congestion and interference risk across frequency bands. However, Vodacom is concerned that the proposed FREQ factor may significantly reduce the fee burden for satellite gateway operations in higher frequency bands, without sufficient evidence that such reductions are warranted and, importantly competitively neutral, when compared with fees and obligations imposed on terrestrial operators.

In addition to the above proposal, Vodacom further recommends that the Authority consider incorporating provision for potential shared use of spectrum vs. exclusive use of spectrum by a Gateway Earth Station i.e.

the introduction of the SHR factor in line with the approach followed with the terrestrial spectrum fees formula.

3.3 Satellite Terminal Network Fee Formula

The Draft RFS Fees Amendments propose replacing the existing VSAT fee formula with a broader Satellite Terminal Network Fee formula:

*Terminal network Fee = UNIT * BW * SEC*

Sub-regulation 3 (e) explains that this fee applies to a blanket licence to operate a satellite terminal network, is based on the uplink of the terminals. Vodacom supports the objective of simplifying terminal network licensing. However, Vodacom is concerned that a fee formula based only on bandwidth may not adequately reflect the commercial scale, number of terminals, geographic footprint, or competitive impact of a satellite terminal networks, as they develop and scale up.

It is recommended that the Authority consider whether a bandwidth-only formula is sufficient to ensure efficient spectrum use and competitive neutrality. In particular, Vodacom recommends that the Authority, as a minimum, include an ASTER (Area Sterilisation) factor to bring the licensing of commercial broadband satellite services in line with the cost of licensing for similar terrestrial services on a per Megahertz basis. The proposed formula would then appear as follows:

*Terminal network Fee = UNIT * BW * SEC * **ASTER***

This proposed formula recognises that a number of modern satellite services intend to provide national coverage, with no sharing of such spectrum. Therefore, the formula proposed above would assist in ensuring that, given the apparent coverage and other advantages of satellite services, licensing would not contribute to such advantage.

In addition, the Authority is advised to reconsider its approach to only consider the uplink spectrum employed by satellite services when calculating licensing fees for the licensed satellite terminal network spectrum. In particular, some satellite services have the ability to use spectrum on an asymmetrical basis, and given the propensity for greater download traffic in typical broadband services, could potentially result in satellite fees being paid for a lower quantum of spectrum than that which is actually utilised by satellite operators. In this regard, Vodacom recommends that the Authority use the maximum amount of spectrum deployed, <u>including downlink spectrum</u>, when considering the licensing fees for the satellite terminal network, as it does for terrestrial services.

3.4 Level Playing Field and Competitive Neutrality

Vodacom reiterates that the RFS fee framework must not distort competition between satellite operators and licensed terrestrial operators.

Terrestrial operators are subject to substantial costs and obligations, including spectrum acquisition costs, annual spectrum licence fees, network deployment costs, ECS/ECNS licensing requirements, coverage obligations, social obligations, lawful interception obligations, consumer protection rules, quality of service requirements, significant loss risks due to natural disaster, theft and vandalism, and contributions to the broader South African economy.

A materially reduced or simplified fee framework for satellite operators providing substitutable services may create an unfair competitive advantage, undermine investment incentives for terrestrial networks and ultimately adversely affect consumers in the long term. This is particularly true in the case of South Africa, where the costs attributable to environmental risks, such as theft and vandalism, do not affect the bulk of satellite operator infrastructure, creating a structural cost and operations advantage for satellite operators.

4. RECOMMENDATIONS

In summary, Vodacom respectfully recommends that the Authority:

- Compare proposed satellite fees with terrestrial fees for comparable access, backhaul and broadband use cases
- Include ASTER factor for satellite
- Include maximum bandwidth when calculating Terminal Network Fee, including downlink spectrum.

5. CONCLUSION

Vodacom supports ICASA's intention to create a clearer and more predictable spectrum fee framework for satellite services. However, the Draft Fees Amendment requires further refinement to ensure that it is legally clear, competitively neutral, enforceable and aligned with the broader ECA licensing framework.

Vodacom submits that the proposed fee framework must not create a lighter-cost regulatory pathway for satellite operators that directly or indirectly compete with licensed terrestrial operators. The Authority does not extend leniency to terrestrial operators for spectrum inefficiency, nor does it extend regulatory cost advantages for terrestrial deployments that require larger assignments of spectrum. As such, the Authority should ensure that satellite spectrum fees are objectively justified, transparent, and aligned with the principle of a level playing field.

Vodacom remains available to engage further with the Authority and to provide any additional information that may assist ICASA in finalising a fair and sustainable spectrum fee framework for satellite services in South Africa.