



Chairman 011 793 3255
Phone 084 429 3001
Email maxfil@mweb.co.za

Secretary 012 660 1100
Phone 083 326 5045
Email howard@hba.co.za

P O Box 153, Irene 0062

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Fax to : 011 566 3291/2
e-Mail to : mmchunu@icasa.org.za

4 March, 2011

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA)
Privet Bag X10002
SANDTON
2146

Attention : Mr Mandla Mchunu

Draft Radio Frequency Spectrum Fee Regulations

Government Gazette Number 32029 General Notice 304 of 2009

Dear Sir,

The Professional Mobile Radio Association (PMRA) represents the mobile radio industry in South Africa, and has as its members, a number of importers, manufacturers, distributors, installers and service providers from both large and small companies, nationwide, some of which represent or are affiliated to, international companies.

At a meeting of members held on 27th May 2009, we were instructed to write to you regarding our desire to be allocated time to make representations at the public hearings to be held as indicated in the notice. In this short submission we highlight some important concerns which we will elaborate on.

Whilst we acknowledge and accept ICASA's desire to ensure more efficient and effective utilisation of spectrum, migration to lesser populated and low-demand bands, and the use of higher frequencies to reduce crowding at lower frequencies, we consider that the implementation of the proposed spectrum fee structures as contained in your draft document will seriously impede the economic development of the country including dispersal of economic activity nationally because of the likely effect on historically disadvantaged groups, and will also have a detrimental impact on our ability to innovate in this important subsector and in the electronic communications sector generally.

Cost of spectrum

This is principally because the proposed methodology significantly increases the cost of obtaining and using spectrum, in our view, disproportionately to the likely benefits. We note that it is proposed to charge application fees, fees for renewal, and fees for stations, links and geographic reach, but it is not clear to us how this might relate to the cost of administration which ICASA refers to in the draft document. Amateur radio and PMR has long been largely self-regulated, the costs of administration therefore being minimal.

Cost of doing business

Bearing in mind the current poor economic situation in our country, we consider further that implementation of such a draft will have serious implications on many of the members of our industry, and due to the serious financial implications of the proposed fee structure, could cause many of the smaller companies and service providers to leave the industry contrary to the Government's aims, thus exacerbating the current economic situation. Whilst our group may be smaller than other industry groups, it nevertheless has an important role to play in nation-building, and in contributing to the growth of our economy. Internationally, the cost of participating in businesses such as PMR is generally far lower than would be the cost of participating in other forms of business using spectrum.

Other concerns

The regulation proposes to use a variety of pricing models, including auctions. We assume that auctions would not apply to bands used by our members, but the draft suggests that ICASA might consider alternative models in relation to certain bands of frequency, but not which ones. For clarification we would appreciate further indication of what these might be. In addition, we are concerned that ICASA has not indicated clearly on what basis it might assign spectrum or grant a licence. Traditionally the granting of a licence in relation to spectrum assignments to our members has been in line with international trends, and a fairly straightforward procedure. PMRA would be pleased to understand how this might change in future to assess the possible impact on our members.

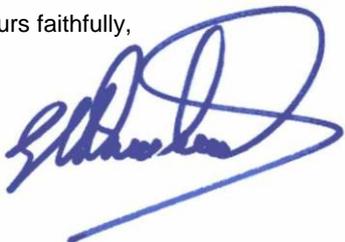
Finally, our members have raised many instances where the proposed methodologies to determine tariffs are open to interpretation in several ways, and clarity must be achieved before the application of any new tariff can take place.

We are however cognisant of ICASA's objectives, and would be happy to engage in discussions regarding other alternatives which can be suggested by our members.

It would be appreciated if you would afford us the opportunity to state our concerns at the proposed public hearings.

Thanking you,

Yours faithfully,



G H Brinkworth
Secretary – PMRA
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HE (Max) Filter
Chairman - PMRA