

13 November 2015

Mr J. Mongalo  
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Per email: [jmongalo@icasa.org.za](mailto:jmongalo@icasa.org.za)

Dear Mr Mongalo

**RE: INTERNET SOLUTIONS SUBMISSION ON THE DISCUSSION DOCUMENT REGARDING  
DRAFT INFRASTRUCTURE SHARING**

Please find the attached submission from Internet Solutions in respect of the Draft Infrastructure Sharing Document, Notice 916 of 2015.

Please do not hesitate to contact the writer hereof should you have any questions.

Yours sincerely,



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Adv. Mongezi Tshongweni  
Regulatory Director

## 1. Introduction

- 1.1 Internet Solutions wishes to express its appreciation to the Independent Communications Authority of South Africa (“ICASA”) for the opportunity to provide our comments in respect of the Draft Infrastructure Sharing Document (“Draft Infrastructure Sharing Document”) as published in Government Gazette No. 39208, General Notice 916 of 2015.
- 1.2 Internet Solutions is a division of Dimension Data Middle East & Africa, a subsidiary of Dimension Data, which is a global systems integrator. Internet Solutions is the leading African Internet Protocol-based Communications Service Provider, which strives to offer a superior client service experience for client and partner organisations.

## 2. Specific Comments

- 9.1 Do you agree that infrastructure sharing will encourage the deployment of networks to rural and sparsely populated areas? If not, please provide the reason(s) for your answer.**

Inadequate telecoms infrastructure, lack of service provision in rural and underserved areas, as well as the high cost of access to such services remains the key impediments in the telecoms sector in South Africa. Internet Solutions is of the view that infrastructure sharing will definitely expedite the deployment of various network platforms as there is a lower density of users per area versus the urban centres. However, it is not guaranteed that licensed operators could opt to invest unprofitably in sparsely populated rural areas without any incentives. As such, special incentives through regulatory interventions should be considered for operators willing to deliver services in underserved areas. Such incentives could come in a form of reduced Annual License Fees (ALF) or Universal Service and Access Fund (USAF).

- 9.2 In your opinion, how do you think infrastructure sharing will encourage service based competition?**

Internet Solutions is of the view that infrastructure sharing does encourage service based competition in urban areas in that it eliminates the monopoly of the providers who own the infrastructure in a particular environment. It also allows new players with VAS/VAN to deploy these services thereby reducing the cost and enhancing competition. Users get an enhanced value of service. However, this may not be the case in rural and sparsely populated areas as the main objective in underserved areas is to ensure that such areas have access to a basic service as compared to encouraging any form of competition.

### **9.3 To what extent do you believe that the objectives of infrastructure sharing are reached?**

Internet Solutions is of the view that all four objectives of infrastructure sharing are reached in that infrastructure sharing leads to fair and effective competition as the playing fields are levelled by allowing all operators access to the deployed infrastructure. Infrastructure sharing also reduces barriers to entry, by allowing operators to cut down on capital expenditure in terms of network operation cost and duplication of infrastructure investment. There is no risk to a duplication infrastructure investment as only the required and essential deployments are made. This actually allows other providers to focus their investments into other profitable projects including environmental management where infrastructure is shared.

Internet Solutions is also of the view that regulations which make provision for infrastructure sharing are also important in the context of competition. Whereas previously, new entrants into the market spent a substantial amount of financing on establishing their own network, regulations that facilitate infrastructure sharing will allow new players to redirect funding demarcated for infrastructure to other aspects of their business which will allow them to participate more competitively within the ICT market.

However, the universal access objectives can only be realised where there are incentives for operators to service underserved areas. The mere promulgation of infrastructure sharing regulations cannot on its own lead to realisation universal access objectives in underserved areas.

### **9.4 Do you believe that the Authority should deal with infrastructure sharing matters in one regulation?**

Internet Solutions is of the view that infrastructure sharing matters cannot be addressed in one regulation due to the vast infrastructure sharing matters that would have to be addressed.

### **9.5 Please list other benefits realised as a result of infrastructure sharing.**

Please refer to our response in 9.3. In addition, the following are known benefits of infrastructure sharing:

9.5.1 Infrastructure sharing reduces spending on infrastructure as it allows operators to cut down on capital expenditure.

9.5.2 It also reduces network operation cost as a result of sharing site rent.

9.5.3 It reduces barriers to entry and enables new entrants to penetrate the market.

**9.6 Do you think that it is necessary for the Authority regulate for ‘one-build’ civil works and mast erections at this time? Please state your reasons?**

Internet Solutions is of the view that ICASA should not regulate on ‘one build’ civil works and mast erections on the basis that ICASA is under-resourced and under capacitated at the moment to regulate on these matters.

**9.7 In your view, what incentives will encourage infrastructure sharing in general?**

Special incentives such as reduced Annual License Fees (ALF) or Universal Service and Access Fund (USAF) could go a long way in promoting infrastructure sharing. Further, operators willing to deliver broadband connectivity in underserved areas should be able to claim from the funds collected by the USAF. This would in effect compensate operators for offering discounts to school, hospital, etc., as the case may be.

Internet Solutions is also of the view that South Africa could stimulate ICT development by encouraging foreign investors to invest in the South African ICT sector by providing tax incentives to investors to ensure that South Africa is not just the consumer of ICT services and products but the developer and producer of such services and products.

**9.8 In your view, how can the Authority improve on its intervention in terms of non-discriminatory access to infrastructure?**

Authority can improve on its intervention in the following manner:

- 9.8.1 The Authority needs to provide the appropriate regulatory framework which enables the development of infrastructure-based competition, in addition to service-based competition.
- 9.8.2 The Authority needs to provide the innovative regulatory strategies and policies with reasonable terms and conditions to promote infrastructure sharing.
- 9.8.3 The Authority needs to ensure that infrastructure sharing takes place on a neutral, transparent, fair and non-discriminatory basis.
- 9.8.4 The Authority needs to be properly resourced, sufficiently capacitated and staffed to properly fulfil its mandate in the best interests of the public.

**9.9 Would you say that the facilities leasing regulations adequately cater for infrastructure sharing needs in South Africa? If not, please state the areas that have not been covered.**

The current facilities leasing regulations do not adequately address infrastructure sharing needs. Hence, the need for a regulatory intervention which specifically deals with infrastructure sharing.

**9.10 Do you agree with the Authority on the definition of passive infrastructure? If not, please provide an alternative definition.**

We are of the view that the definition is accurate.

**9.11 Please state other passive infrastructure that you consider essential for sharing.**

The listed components cover the wide spectrum of the passive infrastructure.

**9.12 Please state the advantages and disadvantages of passive infrastructure sharing.**

**Advantages:**

- Cost saving: power supply is shared and limits the need for multiple generators at a site.
- Environmental benefits: minimises the damage to the environment.

**Disadvantages**

- Access to the sites has to be controlled carefully by the operators.
- There is risk in case of infrastructure failure which will affect all operators and services at once.
- All service providers need to adhere to a common quality standard as to avoid faulty equipment affecting other parties.

**9.13 Do you agree with the Authority on the definition of active infrastructure? If not, please provide an alternative definition.**

Definition is correct and accurate.

**9.14 Please state other active infrastructure that you consider essential for sharing.**

All has been covered in the definition.

**9.15 Please state the advantages and disadvantages of active infrastructure sharing.**

**Advantages**

- Cost reduction
- Environmental damage

## **Disadvantages**

- Interference risks
- If equipment fails or is stolen –all services are down
- Operator maintenance must be in sync for all sharing at site

### **9.16 Please provide examples of how active and passive infrastructure is being shared in South Africa.**

Please see responses above.

### **3. Conclusion**

Internet Solutions is grateful for the opportunity to comment on the Draft Infrastructure Sharing Document. We would welcome the opportunity to make an oral presentation should public hearings be held. We look forward to a positive outcome.