

# ISOC-ZA's Position Paper

## Internet costs

### Call for action



#### Introduction

The Internet Society (South African Chapter) or ISOC-ZA is committed to representing the Internet Community at its fundamental level – individual users. To this end the Internet Society aims to assist making the Internet accessible and affordable to all South Africans.

On 05 July 2005 the ISOC-ZA met to discuss the high costs of telecommunications and the actions that could be taken by the public voice working group to bring about affordable and accessible Internet connectivity. As a result ISOC-ZA has produced this position paper which sets out its position vis a vis this issue.

#### Some problems

ISOC –ZA recognises the strategic importance of telecommunications for South Africa, not only as an important industrial sector but also as a key enabler for growth and job creation in other sectors. We recognise particularly the importance of widespread, cheap telecommunications to the growth of small, medium and micro enterprises (SMMEs), to job creation, to the provision and use of electronic government services and to the growth of electronic commerce.

We note the apartheid legacy of inequitable development that has left many South Africans, especially rural dwellers, with no or inadequate and very expensive access to telecommunications services. We acknowledge that ending this social and economic marginalisation is a key policy imperative, which we support.

We believe that the goal of broadening access will be best served by a regulatory and policy regime that encourages competition and that promotes, rather than hinders, private investment in this sector.

The South African Government currently owns 38.3 percent of Telkom, which in turn owns 50 percent of Vodacom. This, in ISOC-ZA's opinion creates a serious conflict of interest. Put differently it is in the government's interest for Telkom to maximise its profits, at the cost of the broader South African economy.

ISOC-ZA is concerned that the current autocracy emanating from the Department of Communications is slowing down liberalisation and that the public process that is being used is not functioning as it should. Bearing in mind that 6 percent of the Gross National Product of South Africa emanates from Telecommunications this lack of movement has considerable national importance.

#### A globally proven solution

The ultimate objective of telecommunications policy should be to encourage innovation, sustainable growth, and job creation in the ICT sector, so that South Africa can compete globally in the new economy and bridge the digital divide. ISOC-ZA recommends introducing full competition in telecommunications services based on a common infrastructure, that Telkom shall interconnect with the SNO and other operators on fair terms, that those terms should be regulated by ICASA.

We believe that a decision to open our telecommunications market to real competition, rather than perpetuate a non-existent duopoly, is correct and serves the interests of all South Africans. Access to cheap, robust and high-quality telecommunications services is a prerequisite for participation in the modern economy. We believe the best way to provide and improve those services is not by imposing rollout obligations on one or two operators, but by allowing several to compete. This is the best way to elicit innovative responses to the problem of creating universal access.

We believe these steps are more likely than a duopoly to achieve the goals of economic growth, job creation and extending services to low-income and rural areas.

#### Call for action

ISOC-ZA calls upon all organisations to support this position. Please contact Paul Esselaar [paul@isoc.org.za](mailto:paul@isoc.org.za) or 021 424 4455 with your details so that we can include them in our presentation to parliamentarians and other officials and the press.