



EFF STATEMENT ON THE SPECTRUM AUCTION

Saturday, 19 March 2022

The EFF notes the conclusion of the auctioning of the broadband spectrum in which ICASA generated R14 billion for the fiscus. The regulator (ICASA) lost an opportunity to deal with the lack of effective competition in the mobile market. Instead, it entrenched the duopolistic structure of the market for a foreseeable future.

There is little hope that data prices will ever fall. In the main, the market will continue to be dominated by Vodacom and MTN both of which left the auction with additional 110MHz and 100MHz respectively.

With Vodacom and MTN each spending R5.4 and R5.2 billion, it means all this money will now have to be recovered through the ordinary consumer. In essence, the hope for more competition in the market to force data prices to fall is lost and possibly for good. This is all the while consumers will be paying the price. Data will continue to be expensive and a thing for the rich and privileged.

Of course, the rolling out of 4G and 5G networks promises high speed quality internet services. However lack of competition will mean data prices will still be extremely high. The poor, particularly in rural South Africa will continue to be excluded from the internet experience which by the way is overtaking all forms of life.

The EFF has on several occasions called on government to use the rolling out of spectrum as a means to break monopolies. To this extent, the government has dismally failed, taking the short-sighted short-cut to raising money that will probably end up in corruption. When the euphoria ends, the end user, on the other hand will have to pay for the R14.5 billion raised yesterday.

We also express concern with the sudden dropping or postponement of the Wireless Open Access Network, WOAN. Calls for the review of the WOAN by the Minister of Communications yet again leave a lot uncertainty in the market. This round of spectrum assignment had the immediate opportunity through the WOAN to promote competition in the market, particularly for small players. It is a fact that the big players in the market have no interest in seeing the WOAN succeed. In this light, we will not be surprised if government drops it altogether in the near future.

Auctions that do not lead to the breaking of monopolies must be rejected with contempt. It is like auctioning mineral rights with the hope that there will be new players, particularly who are blacks. An auction is naked brutal capitalism, it is an unleashing of the anarchy of the market and it can only reaffirm the few and rich to continue to dominate.

Data will not fall under the ANC and the poor will continue to suffer the exclusion from quality internet services and the digital economy.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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