ICASA SETS ITS EYES ON PRIORITY MARKETS IN THE ELECTRONIC COMMUNICATIONS SECTOR – 10 YEARS AFTER THE ORIGINAL GO-AHEAD, ARE WE FINALLY GOING TO SEE LOCAL LOOP UNBUNDLING?

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ICASA has started an inquiry to identify markets and or market segments in the electronic communications sector that are susceptible to *ex ante* regulations.[1] It has published a Priority Markets Discussion Document inviting comments on its preliminary views. It wants to determine which of these markets should be prioritised for market reviews and potential regulation under the EC Act. One of the markets it has identified is *Wholesale Fixed Access Services*, which incorporates the *local loop;* also known as *the last mile*.

What, you may ask, is the local loop? To quote from a **2008 article I wrote explaining local loop unbundling**: "*the last mile, or "local loop" as it is also known, is basically a pair of twisted metal wires (usually copper) running from Telkom's nearest exchange to the plug in the wall of a customer's premises. This pair of twisted copper wires permits voice and electronic data signals to be carried to and from the customer's premises. In recent years, the local loop has increasingly become a crucial means of allowing customers to have high speed internet access, such as ADSL, widely known as "broadband"*".

As is evident from my 2008 article, there was great anticipation that local loop unbundling was going to have been completed by 2011. We awere all clearly wrong.

It is more than seven years after the last "unbundling" date and DSL is the main way that subscribers access fixed broadband in South Africa. DSL accounts for 80% of fixed broadband subscriptions.[2] Telkom "*is the only operator in South Africa with last mile DSL (i.e. copper) connectivity and does not allow any other provider to access its network directly as there is no local loop unbundling in South Africa.*"[3]

As ICASA says, Telkom is the only operator that owns a DSL network and fibre represents a small but increasing share of broadband access. It also records that in 2016, less than 16% of South Africans reported to have access to the Internet thorugh fixed broadband at home, work, an Internet café or

educational institution.[4] ICASA also says that broadbad is an important enabler of economic activity and social development and, it is for this reason that the development of fixed broadband is regarded as a key government objective. This is why ICASA's enquiry is so important and should be encouraged.

ICASA's enquiry will be conducted in four phases i.e Phase I – Market Study, Phase II – Discussion Document, Phase III – Public Hearings and Phase IV – Findings Document. The inquiry is currently at Phase II i.e. the Discussion Document phase. ICASA has invited comments and requires the comments to be submitted no later than 45 working days after the Priority Markets Discussion Document was published i.e. 22 February 2018.

According to our calculations, this means that any submissions need to be submitted by 24 April 2018.[5]

[1] https://www.gov.za/sites/default/files/41446_gen71s.pdf

[2] See page 33 of the Priority Markets Document.

[3] See page 33 of the Priority Markets Document.

[4] See page 39 of the Priority Markets Document.

[5] We're not mathematicians, so please check the due date yourself.