Bug in plan to take broadband into poor areas

By Steve Briggs   24 Apr 2009

The government's efforts to play in the telecommunications sector by taking telecoms services into poor and rural areas and make them affordable are laudable for their ingenuity.

Unfortunately, even the best intentions have left South Africans still paying too much for phone calls and internet access and, in many areas, telecoms services are scarcely available. Now there are fresh efforts to kick start Broadband Infraco, designed to be a state owned supplier of wholesale broadband.

Infraco's original mandate was to help break Telkom's monopoly over national bandwidth and that certainly is a great idea if properly and clearly executed. However, I wonder if the government would consider another idea — providing incentives to encourage private firms to tackle the task of breaking established monopolies in order for the most disadvantaged to benefit from the fruits of competition.

Incentives could be as simple as giving people in poor communities vouchers worth R1000 entitling them to telecoms services, which private companies could collect and cash in by setting up networks in those areas. If 10 000 people held vouchers in one area, that would persuade some companies to roll out a wireless network there.

Other incentives to push telecoms players into needy areas already include universal service obligations built into their licences. But there is a complication in that the operators are expected to contribute 0,2% of their revenue to the Universal Service and Access Fund, when that cash could be used by the Universal Service and Access Agency of SA (Usaasa) to fund developmental projects such as rural telecentres. A problem is that the Treasury has paid out only part of the cash as Usaasa tried but failed to come up with workable proposals.

To its credit, Usaasa recognises this and wants to hand over every telecentre to entrepreneurs with the will to succeed. It would also like to see the fund scrapped completely, in the very sensible belief that businesses know best. Instead of stumping up their cash, operators should be asked to propose — and carry out — initiatives to serve poor areas.

IBurst supplies wireless facilities to 1606 schools that could not normally afford internet access. We are serving parts of Gauteng that we would not reach if we didn't have to meet universal service commitments. But the commitment has become a commercial opportunity, as we can still make a small profit while providing our service at a discount.

And that is so much more beneficial than handing over money for public servants to fritter away. Figures from the World Economic Forum (WEF) in March show SA has slid down the rankings of the world's most technology savvy countries for the sixth year running. The WEF said our government should concentrate on education and do more to encourage the

creation of technology and telecoms infrastructure. The business sector was actively contributing to the growth of technology and telecoms, the report said. On the use of broadband technology, it noted that "SA's broadband penetration is very low by any standard".

Now Broadband Infraco is back in the news as the industry regulator finally prepares to issue it a licence. Yet its very creation was confusing, as Sentech was already supposed to roll out a national wireless network with much the same objectives of making bandwidth more affordable and to cover under serviced areas.

The government's attempt to make broadband accessible and affordable in rural areas is to be applauded, but the methods by which it strives to achieve that need to be overhauled. The state is already a big player in the industry through its shareholding in Telkom and ownership of Sentech, and Infraco is yet another vehicle. Yet if state intervention and state ownership worked as well as they were supposed to, we would not be paying such high prices for our services and the digital divide would have narrowed long ago.

Source: *Business Day*

Published courtesy of

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