



**OPENING REMARKS
FOR**

**JOCHEN TRAUT
ACTING CHIEF EXECUTIVE OFFICER**

AT THE

**PUBLIC CONSULTATIVE MEETING ON THE REGULATIONS
PRESCRIBING FEES FOR SPECTRUM LICENCES,
CERTIFICATES AND EXAMINATIONS; AND PROPOSED
MARKET STUDY ON DETERMINATION OF DOMINANT
POSITION IN THE TELECOMMUNICATIONS SECTOR**

29 JULY 2020

- **Esteemed ICT stakeholders,**
- **CRAN management and team**
- **Invited guests,**
- **Members of the media,**
- **Ladies and gentlemen,**
- **Director of Ceremonies,**

Good morning and a warm welcome!

Thank you for accepting our invitation to this important public consultative meeting pertaining to the proposed **Regulations Prescribing Fees for Spectrum Licences, Certificates and Examinations;** and **Market Study on Determination of Dominant Position in the Telecommunications Sector.**

I am certain and positive that our strategic relationship with you, our esteemed stakeholders will develop and continue to strengthen through this and other future engagements.

Director of ceremonies,

Allow me to commence with the business of the day with the **Dominance Market Study.** According to Section 78(1) of the Communications Act (No. 8 of 2009) the Communications Regulatory Authority of Namibia (CRAN) is mandated to undertake a market study in order to determine the existence of any dominant operator/s in the telecommunications market in the country.

In addition, the provisions of the Communications Act and the Competition Regulations aim to prevent abuse of market power and thus permits the regulator to have a different approach in terms of regulations for dominant operators.

As the initiator of the market study to determine dominant operators, CRAN commissioned its first dominance study in 2012 to identify the dominant players in the telecommunications market. In 2015, as required by the Act, CRAN carried out an updated study which formed the basis of the 2016 public hearing on the same matter.

Director of Ceremonies,

In order to determine dominance in the market, it is necessary to define relevant markets. The adopted approach undertaken in 2012 aimed at minimising the burden on licensees whilst enabling CRAN to implement the objectives of the Act.

This process resulted in the identification of two markets at the time, namely the telecommunication services and broadcasting services markets. Dominance was only declared for the telecommunications service market and MTC, Leo (at the time) and Telecom Namibia were declared dominant operators. The 2016 market study defined four (4) priority markets, namely, Fixed and Mobile Call Termination, Wired End-User Access, National Data Transmission, and Wireless End-User Access.

Since the previous market study, it must be noted that market concentration has increased with Telecom Namibia taking over Leo in 2012 and Namibia Post and Telecom Holdings (NPTH) Ltd taking up a 100% ownership of MTC. Several alternatives for defining markets are being tested and, regulatory and competitive outcomes are being assessed by the current market study.

In order to identify dominant licensees, a public hearing must be hosted by CRAN in accordance with the Regulations pertaining to Section 78(1) of the Communications Act. This platform therefore shall provide stakeholders an opportunity to provide input and raise their views, facts and opinions on the determination of the Authority.

Furthermore, Regulators conduct market studies to safeguard fair competition for all players. It is through the heightened regulation of licensees that hold a dominant position in the market that consumers and industry can equally benefit. Consumers can benefit through the direct result of affordable user prices, improved products and services. This effort further creates efficient market investment.

Director of Ceremonies,

The objectives of the Regulations pertaining to spectrum fees is to enforce the efficient use of radio frequency spectrum through the optimum occupancy thereof and the implementation of more spectrally efficient equipment. Spectrum is a finite resource and therefore, the setting of fees is necessitated to discourage hoarding and inefficient utilisation of spectrum. The Authority sets spectrum fees

considering the demand for radio frequency spectrum in a given spectrum band and the impact of inflation as indicated by the annual Consumer Price Index (CPI) as published by the Namibia Statistics Agency (NSA) on its official website from time to time.

The spectrum fees under discussion today shall be applicable for a period of three (3) years, commencing and effective 01 January 2021. It must be noted that spectrum fees were last reviewed in 2017 and were based on the CPI from 2007 to 2015, and the new fees take into account the CPI for 2016, 2017, 2018 and 2019.

CRAN further intends to introduce fees for digital sound broadcasting.

The Authority shall as always remain transparent in the pricing of radio frequency spectrum and now introduces a bandwidth-dependent spectrum licence fees by utilising formula-based pricing models and as set out in the Regulations in respect of spectrum licences awarded for fixed services, mobile services, and IMT services.

The Authority will use a cost recovery base to execute its mandate in respect of spectrum management in terms of the Communications Act (No. 8 of 2009), and the regulations shall be applicable to all applicants and spectrum licencees, certificates or examinations contemplated in Section 101 of the Communications Act.

Moreover, these spectrum fee regulations do not apply to spectrum licences assigned through spectrum auction, until such a time that the

initial licence period has lapsed and the Authority has renewed the spectrum licence.

All spectrum licences issued by the Authority automatically expire on 31 December of the year of issue and renewal is upon settlement of the invoice issued to the licensee as at or before due date. The Authority may not issue or renew a spectrum licence or a certificate, or allow a person to write an examination, without the prior full advanced payment of the applicable fees as set out in the Regulations.

Director of Ceremonies,

To conclude, The Authority shall honour present and future commitments of our country in terms of the International Telecommunications Union (ITU) regulations, international agreements and standards in respect of radio communication and telecommunication matters.

Furthermore, telecommunications regulators across the globe define markets and determine dominance in order to design the appropriate *ex-ante* regulations that promotes fair competition and thus affordable user prices and efficient investment.

With those few words, I trust today's deliberations will be fruitful and that all invited stakeholders will participate constructively in this consultative process.

I thank you!