EXPLANATORY NOTE

1. Radio frequency spectrum is a finite, scarce national resource. It is valuable to licensees and can assist in reducing the cost of network construction by increasing the amount of capacity in a network. Spectrum that remains unassigned is not a neutral holding position; it represents a continuing, foregone opportunity for coverage, competition and investment.

2. Spectrum "in high demand" is described in paragraph 21(a) of the Next Generation Radio Frequency Spectrum Policy for Economic Development, 2024, as a situation where "demand for access to spectrum resources exceeds supply".[1] So-called 'high demand' spectrum may also be classified as such by the Minister, in consultation with the Independent Communications Authority of South Africa (ICASA).[2]

3. In terms of section 3(1)(a) of the Electronic Communications Act, 2005 (Act No. 36 of 2005) (the ECA), the Minister may make national policies applicable to the ICT sector in relation to radio frequency spectrum, among other matters. In terms of section 3(2) of the ECA, the Minister may, subject to sections 3(3) and 3(5), issue policy directions to the Authority on the matters listed in that subsection, including the determination of priorities for the development of electronic communications networks and electronic communications services (section 3(2)(b)) and any other matter which may be necessary for the application of the ECA (section 3(2)(e)). Section 3(7) empowers the Minister to amend, withdraw or substitute a policy direction issued under section 3(2).

4. On 11 March 2022, and pursuant to litigation against ICASA, the Minister issued a draft amendment to the Policy on High Demand Spectrum and Policy Direction on the Licensing of a Wireless Open Access Network (WOAN) in *Gazette* 46031 (the 2022 Draft Amendment). Cabinet approved the publication of the 2022 Draft Amendment for consultation in March 2022. That process was, however, never concluded, and no final policy was published.

5. The 2022 Draft Amendment proposed only the withdrawal of the WOAN reservation, on the basis that the spectrum available for the WOAN did not meet the viability threshold determined by the CSIR study referred to in the original 2019 Policy, and that the objectives intended to be served by the WOAN would instead be realised through the Next Generation Radio Frequency Spectrum Policy then being finalised. When that policy was ultimately published on 28 May 2024 as the Next Generation Radio Frequency Spectrum Policy for Economic Development (Government Gazette No. 50725), it did not, in fact, address the WOAN or the spectrum reserved for it, leaving the status of that spectrum unresolved notwithstanding the passage of a further two years.

6. Stakeholder views received during the 2022 consultation process have been considered by the Department. Considering the passage of time, they are not presented individually but in summary: some respondents supported retaining the original policy position that the WOAN is a workable concept for which the reserved spectrum is sufficient, while other respondents questioned the rationality of amending the policy at all. A number of submissions engaged with the competition and pricing implications of reconsidering how the affected spectrum should be assigned across operators, including whether assignment should favour state-owned entities or mobile network operators best placed to use it, and

[1] Paragraph 21 of the Next Generation Radio Frequency Spectrum Policy for Economic Development, 2024, published in Government Gazette No. 50725 of 28 May 2024.

[2] Paragraph 21(c) of the Next Generation Radio Frequency Spectrum Policy for Economic Development, 2024, published in Government Gazette No. 50725 of 28 May 2024.

whether such assignment would in turn encourage infrastructure-based and service-based competition. Other submissions addressed whether the Authority, rather than the Policy itself, should determine the spectrum assignment mechanism. These submissions, taken together, reflect a genuine divergence of stakeholder views on the amendment, which the Department has weighed in finalising this Policy. It should be noted that certain submissions made specific comments that the Minister considered and did not adopt. The Authority recommended that the title and clauses 1 to 3 of the Policy be retained. The Minister has considered that recommendation but is not persuaded that the reservation should continue, no WOAN having been licensed in the period since. The Competition Commission recommended the inclusion of an express competition objective and that competition be elevated above the other objectives, however, competition is already an object of the ECA under section 2(f) by which the Authority is bound.

7. Radio frequency spectrum licences have since been issued to successful bidders in a 2022 competitive auction of the very bands at issue (excluding the portion then reserved for the WOAN). That auction attracted six qualified bidders, ran through 58 competitive bidding rounds, and raised more than R14.4 billion for the national fiscus, with all but one lot sold.[3] Applicants were required, as a pre-qualification condition, to hold not less than 30 per cent equity ownership by historically disadvantaged persons and to be no lower than a level 4 B-BBEE contributor, and licensees were required, as licence conditions, to attain and maintain at least level 4 contributor status and to comply with coverage, open access and social obligations, demonstrating that competitive, market-based assignment and developmental policy objectives are not mutually exclusive.[4] The risk of litigation that arose prior to the auction, and following publication of the 2022 Draft Amendment, was resolved by agreement between the litigants, following which the 2021 Invitation to Apply and the 2022 auction proceeded without further challenge; and no party has since challenged the status quo reflected in the silence of the 2024 Next Generation Radio Frequency Spectrum Policy on the WOAN. The 2021 Invitation to Apply further imposed on successful applicants a licence condition to procure a minimum of 30 per cent of national capacity collectively from the WOAN once operational, and the overall spectrum cap applied in that process was calculated by reference to a pool that included the spectrum set aside for the WOAN. The withdrawal of the reservation leaves those conditions without practical object, which is a further reason why the status of the affected spectrum cannot responsibly be left unresolved.

8. International evidence reinforces the case for market-based assignment. A discussion paper prepared for the International Telecommunication Union's 2015 Global Symposium for Regulators cautioned that there is "insufficient international experience" to identify best practice in wholesale open-access wireless networks, and that such networks face significant organisational and strategic challenges.[5] Rwanda's experience illustrates those

[3] ICASA, media statement, "ICASA Concludes Successful Spectrum Auction and Collects More Than R14.4 Billion Proceeds," 17 March 2022, https://www.icasa.org.za/news/2022/icasa-concludes-successful-spectrum-auction-and-collects-more-than-r14-4-billion-proceeds (six qualified bidders; main auction stage of 58 rounds; one unsold lot of 2x10 MHz in the IMT800 band).

[4] ICASA, Invitation to Apply for the Licensing of IMT Radio Frequency Spectrum Bands (IMT700, IMT800, IMT2600 and IMT3500), Government Gazette No. 45628 (General Notice 717 of 2021), 10 December 2021, paragraph 16.3.6.3(d) (disqualification of an applicant holding less than 30% equity ownership by historically disadvantaged persons, or below a level 4 B-BBEE contributor status), paragraph 15.2 (obligation to attain and maintain a minimum level 4 contributor status), paragraph 12.2 (coverage obligations) and paragraph 12.5 (social obligations), read with section 9(2)(b) of the ECA and regulation 7(3)(d) of the Radio Frequency Spectrum Regulations, 2015, as amended: https://www.icasa.org.za/uploads/files/ITA-for-the-licensing-of-IMT-Radio-Frequency-Spectrum-bands-IMT700-IMT800-IMT2600-and-IMT3500.pdf

[5] Discussion paper prepared for the International Telecommunication Union Global Symposium for Regulators 2015, Investment Strategies for the Deployment of Broadband and Access to the Digital

challenges in practice. The single wholesale network established there in 2013 built out more slowly than planned, reaching only about 30 per cent population coverage by mid-2016 against a 95 per cent three-year target.[6] Although coverage targets were subsequently met, take-up under the wholesale model remained persistently low, and in June 2023 Rwanda's telecommunications regulator removed the operator's wholesale exclusivity for 4G LTE and beyond technologies, opening that market to competing operators after a decade of single-wholesale-network exclusivity.[7] In South Africa, more than seven years after the 2019 Policy reserved the 700 MHz, 800 MHz and 2600 MHz bands for prior assignment to a WOAN, no WOAN has been licensed, no network has been built, and the reserved spectrum remains substantially unassigned, while ICASA's 2022 competitive auction of the comparable, non-reserved spectrum in the same bands was concluded successfully within months.

9. The affected bands are complementary rather than substitutable. Sub-1 GHz spectrum (700 MHz and 800 MHz) is best suited to extending affordable coverage into rural, peri-urban and under-serviced areas, 2600 MHz is a capacity band best deployed to relieve network congestion in dense urban and suburban environments and 3500 MHz is the primary global band for 5G, best suited to fixed wireless access, smart-city infrastructure and industrial applications.[8] The 3500 MHz band was not reserved by paragraph 2.1.3 of the Policy, but fell within the set-aside of all unassigned high demand spectrum recorded in paragraph 1.4; paragraph 2.1.2 accordingly withdraws the reservation of high demand spectrum generally, and paragraph 2.1.5 provides that this Policy prevails over the White Paper to the extent of any difference. A policy that continues to reserve these spectrum bands, in an undifferentiated block, for assignment to a single new entrant forgoes the complementary benefit these bands are designed to produce. This is a further, practical reason why the sequencing, design and conditions of the licensing process are best entrusted to the Authority's own technical and regulatory judgment.

Economy, section 3.6.3 (there is "insufficient international experience" to identify best practice in wholesale open-access wireless networks, which face significant organisational and strategic challenges). The views expressed in GSR discussion papers are those of the author and do not necessarily reflect the views of the ITU or its membership: https://search.itu.int/history/HistoryDigitalCollectionDocLibrary/4.327.51.en.102.pdf

[6] World Bank, Innovative Business Models for Expanding Fiber-Optic Networks and Closing the Access Gaps, December 2018, p. 32 (recording that adoption on the KT Rwanda Networks 4G LTE wholesale network was slower than anticipated, with population coverage of about 30 per cent as at July 2016 against a target of 95 per cent within three years): https://documents1.worldbank.org/curated/en/674601544534500678/txt/Main-Report.txt

[7] Rwanda Utilities Regulatory Authority, Board Decision No. 02/BD/ICT/RURA/2023 of 19 June 2023, Removing the Exclusivity of KTRN Rwanda for the Provision of 4G LTE and Beyond Technologies Services, taken pursuant to the National Broadband Policy and Strategy approved by the Government of Rwanda on 14 October 2022, which removed the wholesale model in broadband services, and opening the 4G market to competing operators after a decade of single-wholesale-network exclusivity; see also World Bank, Pathways to Sustainable and Inclusive Growth in Rwanda: Country Economic Memorandum, prepared jointly with the Government of Rwanda, noting that despite improved network coverage "broadband uptake remains low" and recommending, among other reforms, "stricter competition enforcement," https://openknowledge.worldbank.org/entities/publication/016eea87-72d7-465d-8613-d326ac3664f4

[8] ICASA, Second Draft International Mobile Telecommunications (IMT) Roadmap, published in Government Gazette No. 53883 (General Notice 3712 of 2025), https://www.gov.za/sites/default/files/gcis_document/202512/53883gen3712.pdf; and ICASA's IMT Roadmap 2026 and accompanying implementation plans, published in Government Gazette No. 55068, https://www.icasa.org.za/uploads/files/IMT-Roadmap-Governement-Gazette_55068-24-7-ICASA.pdf . These documents are relied on here only for their technical description of the deployment and propagation characteristics of the bands concerned.

10. ICASA has demonstrated the capacity to apply competitive safeguards effectively, in the licensing framework used for the 2022 auction. ICASA imposed both an overall spectrum cap and a specific sub-1 GHz cap calculated by reference to each bidder's existing holdings, together with wholesale access, infrastructure-sharing and coverage obligations.[9] Shared and database-coordinated access mechanisms, of the kind the Authority is developing in its dynamic spectrum access and opportunistic spectrum management work-stream, remain a further regulatory tool available to the Authority, although that work-stream presently concerns the innovation spectrum bands rather than the bands referred to in paragraph 2.1.2.[10]

11. Paragraph 3 of the Policy comprises the Policy Direction on the Licensing of a Wireless Open Access Network, and is withdrawn in its entirety. It includes paragraph 3.7, which required the Authority to report to the Minister on 5G spectrum requirements within six months after the 2019 World Radiocommunication Conference. That Conference concluded in November 2019, so paragraph 3.7 has long since been overtaken and its withdrawal has no practical effect. The undertaking in paragraph 3.7 to issue a separate policy direction on the 5G candidate bands also falls away. The licensing of those bands, including the 3500 MHz band, is a matter for the Authority in the exercise of its powers under sections 30 and 31 of the ECA.

12. This Policy is issued within, and is justified by reference to, the following statutory and constitutional framework:

    (a) Section 192 of the Constitution of the Republic of South Africa, 1996, which requires national legislation to establish an independent authority to regulate broadcasting in the public interest, section 195 of the Constitution, and sections 3(3) and 3(4) of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000) (the ICASA Act), read with the ECA, recognise both the institutional independence of the communications regulator and the principles of accountable, transparent and responsive public administration that must inform the exercise of the Minister's policy-making powers.

    (b) Section 3(1) of the ECA empowers the Minister to make national policy on radio frequency spectrum matters. Section 3(3) provides that no policy made under section 3(1) and no policy direction issued under section 3(2) may be made or issued regarding the granting, amendment, transfer, renewal, suspension or revocation of a licence, except as permitted in terms of the ECA. This Policy Amendment does not determine whether any licence is to be granted, to whom, or on what terms: the Authority alone determines which applicant, if any, is granted a licence and on what specific terms, in accordance with its own processes. Section 3(5) prescribes the process that must precede the issue of a final policy or policy direction, requiring the Minister to consult the Authority, to

[9] ICASA, Invitation to Apply for the Licensing of IMT Radio Frequency Spectrum Bands (IMT700, IMT800, IMT2600 and IMT3500), Government Gazette No. 45628 (General Notice 717 of 2021), 10 December 2021, paragraph 7.1 (sub-1 GHz safeguard cap of 2x21 MHz inclusive of existing holdings, and an overall cap of 187 MHz), paragraph 12.2 (coverage obligations), paragraph 12.3 (open access obligations) and paragraph 13 (spectrum sharing): https://www.icasa.org.za/uploads/files/ITA-for-the-licensing-of-IMT-Radio-Frequency-Spectrum-bands-IMT700-IMT800-IMT2600-and-IMT3500.pdf

[10] ICASA, Draft Regulations on Dynamic Spectrum Access and Opportunistic Spectrum Management in the Innovation Spectrum Frequency Ranges 3800–4200 MHz and 5925–6425 MHz, published for comment in Government Gazette No. 52415 (Notice 6066 of 2025) of 28 March 2025, written representations closing 30 May 2025 and extended to 13 June 2025. These draft regulations concern the innovation spectrum bands and not the bands referred to in paragraph 2.1.2 of the Policy; they are cited only as an illustration of the shared-access tools available to the Authority.

publish the text for the views of interested persons, and, in terms of section 3(5)(c), to publish a final version in the Gazette. The text of the proposed amendment was published for the views of interested persons in Government Gazette No. 46031 of 11 March 2022, and this notice publishes the final version of that amendment in accordance with section 3(5)(c). That process is more fully described in paragraph 15 below.

(c) Section 3(4) of the ECA obliges the Authority to consider policies issued by the Minister in exercising its powers and performing its duties, while sections 3(3) and 3(4) of the ICASA Act preserve the Authority's institutional and decisional independence, subject only to the Constitution and the law.

(d) Section 30(1) of the ECA vests in the Authority the function of controlling, planning, administering and managing the use and licensing of the radio frequency spectrum, except as provided for in section 34, the Authority being obliged by section 3(4) of the ECA to consider ministerial policy and policy directions in doing so. Section 31(1) of the ECA requires a radio frequency spectrum licence for the transmission or reception of any signal by radio, subject to the exemptions in sections 31(5) and 31(6), and section 31(3) empowers the Authority to prescribe procedures and criteria for radio frequency spectrum licences in instances where there is insufficient spectrum available to accommodate demand. Invitations to Apply are issued under regulations 6 and 7 of the Radio Frequency Spectrum Regulations, 2015, as amended, read with section 31(3). Implementation detail properly resides with the Authority; strategic direction properly resides with the Minister. This division of function is respected and given effect to by Schedule A.

(e) The principle of legality and the requirements of rationality and procedural fairness, and, to the extent that it applies to the making of national policy, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), govern the amendment of the 2019 Policy. The consultation process prescribed by section 3(5) of the ECA has already been completed, as explained in paragraph 15 below, and this Explanatory Note records the reasons why the Minister has finalised that amendment.

13. It is recognised that parties who participated in the WOAN policy process, including those who made submissions during earlier public consultations or who responded to ICASA's 2020 Invitation to Apply for the licensing of the WOAN, may contend that Schedule A affects a legitimate expectation. However, no WOAN licence was ever issued; the spectrum reserved for the WOAN has remained unassigned for more than seven years; the publication of the withdrawal of the reservation given final effect in Schedule A was approved by Cabinet and published for public comment as long ago as 2022; and the subsequent 2022 high demand spectrum auction and the 2024 Next Generation Radio Frequency Spectrum Policy both proceeded, without any successful legal challenge seeking to compel implementation of the original WOAN reservation.

14. Schedule A completes the process commenced by the publication of the 2022 Draft Amendment referred to in paragraph 4 above, rather than commencing an entirely new policy process. Schedule A is the final version, published in terms of section 3(5)(c) of the ECA, of the amendment published in draft for comment in 2022; the proposal is unchanged, though the reasons for it are set out more fully in this Explanatory Note. The Minister has considered whether the period that has elapsed since 2022 requires the process to be recommenced, and has

concluded that it does not: no WOAN has been licensed, no network has been built, the reserved spectrum remains substantially unassigned, and no material circumstance has changed that would alter the proposal or the range of interests affected by it. This reflects the Minister's assessment that continued delay itself carries a substantial and non-neutral cost, measured in foregone rural coverage, foregone capacity relief and foregone investment, and that the public interest may be better served by making the spectrum available for licensing rather than by further deferral of the licensing outcome to future inter-agency consultation. Schedule A should be read together with, and does not purport to alter, the Next Generation Radio Frequency Spectrum Policy for Economic Development, 2024, save to the extent that they resolve the status of the spectrum that policy did not address. Nothing in Schedule A affects clause 24 of the Next Generation Radio Frequency Spectrum Policy for Economic Development, 2024, including clause 24.3, under which the Authority must set aside spectrum for use by the State Digital Infrastructure Company. That reservation is made under a separate national policy, on a different basis and for a different vehicle, and is unaffected by the withdrawal of the reservation in paragraph 2.1.3 of this High Demand Policy. To ensure that the withdrawal of the reservation does not itself leave the affected spectrum in an undefined position Schedule A, expressly records that the spectrum is available for licensing by the Authority under its ordinary powers.

15. Cabinet previously approved the publication of the 2022 Draft Amendment for public consultation, and that consultation process, described in paragraphs 4 to 6 above, was in substance completed: a draft was published, submissions were invited and received from a broad range of stakeholders, including ICASA, mobile network operators, infrastructure companies and the Competition Commission, and those submissions have been considered by the Department, as reflected in paragraph 6. The withdrawal of the WOAN reservation which Schedule A now finalises is precisely the proposal that was the subject of that 2022 consultation and Cabinet approval; no new substantive obligation is introduced by Schedule A beyond what was already consulted upon, and the only provision withdrawn that is not dependent on the WOAN is the spent paragraph 3.7, for the reasons given in paragraph 11 above. For this reason, and to avoid further, unwarranted delay in resolving the status of spectrum that has already remained substantially unassigned for more than seven years, Schedule A is issued in final form with immediate effect.