

# Privatisation no silver bullet for ICT sector, says Cwele

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11 May 2016

Privatisation was not the silver bullet for all the problems of the information technology and communications (ICT) sector, as the Democratic Alliance suggested, Telecommunications and Postal Services Minister Siyabonga Cwele said in Parliament Tuesday.



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In fact there had been a market failure in the sector because the private sector was unwilling to invest in rural areas, the minister said in his concluding comments to the debate on his department's budget vote. Driven by profit, the private sector was interested only in the rich areas of the country. This market failure would be addressed in the new ICT policy that would incentivise the private sector to invest in these areas.

During a media briefing after the debate Cwele noted that the biggest costs to operators was access to sites and the availability of broadband spectrum. The new ICT policy - which would be finalised in the next few months - would aim to create a nationally coordinated, streamlined process to hasten the approval process of applications to within 60 days. This would reduce costs for investors.

The minister stressed that the sale of spectrum by the state would not be regarded as a revenue-raising exercise but would be used to encourage the sharing of the broadband network by the operators. The operators should not be regarded as 'milk cows', the minister said, as the infrastructure they built was of a developmental nature.

"We are not looking at making a kill from this national resource," Cwele said. His department was in discussion with Treasury about the money raised from telecommunications companies being deposited in a dedicated fund for investment in infrastructure rather than it being channelled into the fiscus. He said the rationalisation of state-owned companies in the sector was being expedited because of the financial difficulties some faced. The aim would be to prevent duplication in the context of limited state resources, which could not sustain all of them.

Rationalisation would focus on those state-owned companies involved in the network - such as Telkom, in which the state has a minority stake, and the wholly owned Broadband Infraco and Sentech. The CEOs of these companies met so they could make inputs into the process.

Cwele said Deputy President Cyril Ramaphosa was leading the project to rationalise all state-owned entities. In some cases strategic equity partners from the private sector would be brought in. He anticipated that a progress report might be ready after July for submission to the Cabinet.

*Source: BDpro*

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