

# Keep ICT free

By [Luke Muller](#)

28 Apr 2017

Information and communication technology (ICT) is at the heart of a modern economy. Personal computers, cell phones, the internet, and other mobile devices and systems have played an important role in reorganising work and personal lives.



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Trends like big data and the internet of things (IoT) will continue to radically alter the workplace and create new business models. Change is inevitable and constant. New, more advanced devices and forms of communication are continuously evolving.

Savvy countries have recognised this and have adopted policies that encourage innovation in their ICT industries. Sadly, South Africa isn't one of them.

The tiny post-soviet nation of Estonia provides a good example of government-induced ICT dynamism. Post-independence, the Estonian Parliament recognised that open communications and the free flow of knowledge are essential for modern networked societies. To encourage competition, it privatised the state-owned telecommunications company and granted three mobile operator licences.

Private ICT companies have flourished under low regulation and a 20% flat-tax rate despite serving a local market of only 1.3 million people. New companies can register quickly and conveniently online. Foreign investment is nurtured and non-nationals can apply for e-residency to run an Estonian company from anywhere in the world.

## **Estonia: A world-renowned ICT hub**

Now Estonia is a world-renowned ICT hub standing at the forefront of developing ICT technologies. For example, Skype, a voice-over-internet protocol (VOIP) service and software application, was developed technically by Estonians, and it was the first country to allow online voting in general elections.

The country has achieved rapid GDP growth and the lowest debt to GDP ratio in Europe. Estonia's per capita GDP was slightly less than South Africa's in 1997 but soared to more than three times higher in the following two decades.

## **Lessons for South Africa**

Many factors contribute to growth, but there are lessons for South Africa from the small Baltic country's use of ICT to promote a free society and 'e-democracy'.

Instead, South African's new telecommunications policy has the potential to halt the dynamism of our ICT industry. Instead of lowering regulation, the policy proposes increased government oversight.

The government should introduce collaborative regulation with the industry to maintain and encourage innovation. Government plans a wireless open access network (WOAN) that will operate using all currently unassigned high-demand electromagnetic spectrum. This spells disaster for private network operators who should be allowed to bid on unallocated spectrum lots without reserve prices. A well-designed auction would ensure that spectrum is allocated efficiently to private businesses to the benefit of consumers.

## **Private network provision much more successful**

Policy makers may fear that the poor are not gaining access to ICT, but evidence shows that private network provision has been much more successful at connecting the poor than attempts made by Telkom and other state-owned network providers. South Africa's private mobile operators have roughly 80 million subscribers combined.

Telkom should be privatised and regulation preventing competition relaxed. Also, the government should simplify ICT company licensing and operational requirements and encourage foreign investment.

Allow the ICT sector to flourish then perhaps South Africa can be called an 'e-democracy'.

## **ABOUT THE AUTHOR**

Independent economist Luke Muller has published and presented academic papers for the Human Sciences Research Council and writes for the national media on various policy issues including South African markets, globalisation and education. He has a particular interest in ICT Policy and the current White Paper. Muller has three degrees in Economics including a Masters.

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