ICASA

Independent Communications Authority of South Africa

Annual Report 2004

VISION

To be a strong, service-oriented and responsive communications regulator in South Africa.

MISSION

To increase access to communication services through the promotion of a competitive and socially responsive communications industry.

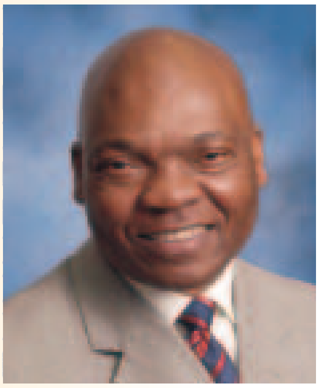
VALUES

The promotion of choice and diversity, both in carriage and content, as an expression of the creativity of the South African people.

Compiled by ICASA
Designed and Produced by The Communications Firm
Printed by Impilo Marketing

RP 106/2004
ISBN: 0-621-35145-8

Contents



Chairperson's Review

April 2003 to 31 March 2004

I am honoured to present to Parliament the Independent Communications Authority of South Africa's (ICASA) fourth Annual Report. This report is for the period 1 April 2003 to 31 March 2004.

As required by section 16(1) (b) (i) of the ICASA Act, 2000, ICASA has prepared a detailed annual report of the organisation's activities during the period under review.

This year we marked ten years of independent broadcasting regulation in South Africa – commemorating the establishment of the Independent Broadcasting Authority in March 1994. By so doing, we celebrated the creation of an exciting and competitive broadcasting industry forged in the crucible of the struggle against apartheid control, repression and censorship.

Our regulation has evolved over the last ten years, from a time when no framework was in place, to a system based on transparency, fairness and the public interest. On the whole, we have done well to protect the public interest while establishing stability, growth and development in a strategic sector of the economy.

During year under review, ICASA completed several key broadcasting policies. These included:

- The review of ownership and control of broadcasting services and existing commercial sound broadcasting licences. This significant policy intervention includes recommendations to the Minister to amend broadcasting ownership laws as well as plans to licence seven new commercial radio stations in the next two years;
- Policy and regulations on sports broadcasting rights, including a list of national sporting events for broadcasting on free-to-air television;
- A policy and licensing framework for public regional television. As required by the Broadcasting Act, the SABC submitted applications for two public regional television channels in December 2003. These applications are under consideration; and
- The Code of Conduct for Broadcasting Services.

In addition to these policy developments, the Authority also renewed the SABC's radio and television licences; renewed the commercial radio licences of YFM, Cape Talk, Jacaranda FM, Kaya FM, P4 Cape Town and Classic FM; published a discussion paper that will develop a policy and licensing framework for subscription broadcasting; approved a transaction that would allow the Tiso Consortium to purchase the issued share capital of NAIL; began considering amendments to all SABC radio and television licences to ensure compliance with the IBA Act and the Broadcasting Act, 1999; and proposed amendments to M-Net's broadcasting licence. During the year under review, ICASA also completed the licensing of four-year community broadcasting applicants in Gauteng.

In the space of a decade, the regulator has helped transform the broadcasting sector from state monopoly control and a censorship regime to a vibrant, competitive and increasingly black-owned and controlled sector that plays a vital role in the promotion of South African content and freedom of expression.

ICASA also played a role in ensuring that the 2004 elections were free and fair. Through its Broadcasting Division, ICASA monitored almost 45 000 broadcast items throughout the election period. The total data capture error ratio of 0,15% was achieved for the duration of the project. This was the third set of elections the Authority has successfully monitored and we have managed to improve our systems every time.

Every regulator takes pride in its capability to usher in competition. The delay in establishing the Second National Operator is therefore very regrettable. ICASA had hoped – and had worked assiduously to ensure – that the SNO would be licensed during 2003. Notwithstanding this delay, ICASA has not flagged in its preparation of the competitive framework for the licensing of fixed-line competition to Telkom. In the past year, on the telecommunications policy front, we have: finalised regulations on Chart of Accounts and Cost Allocation Manual (COA/CAM) for mobile operators; finalised regulations on PSTN-to-PSTN interconnection; reviewed Carrier Pre-Selection regulations; developed guidelines for the trial and launch of new services, developed guidelines for the legality of wireless local area networks (WLANs); and commenced with the development of number portability regulations.

All the procedures and regulations that seek to curb the abuse of dominance by the fixed-line monopoly are no substitute for effective competition in the fixed-line market. ICASA continues to engage with government about the pressing need to accelerate the policy of managed liberalisation. Apart from the licensing of Under-Serviced Area Licencees, during the past financial year ICASA has, amongst other licensing activities, developed a comprehensive framework for the licensing and regulation of VANS and PTNs; developed a Numbering Plan that will encourage competition within the sector; amended the WBS licence and Sentech licences after a public process; and we are in the process of dealing with access to 1800MHz and 3G frequency spectrum bands by the mobile operators.

At the same time, apart from legislative issues, ICASA has to keep abreast of developments in the sector and ensure that the appropriate regulatory framework is in place to encourage growth in the sector and the utilisation of communications technologies for socio-economic development.

Regulation is an ongoing process. As the telecoms market evolves so must regulation, so while much has been done in terms of establishing a regulatory framework, ICASA still has several major tasks ahead of it.

The last five years in the telecommunications sector in South Africa has been marked by several key changes and a shift in the focus of the sector to the provision of services - at affordable rates, while maintaining high standards - to all South Africans. In this regard, ICASA will be reviewing the rate regime, which is also fully known as the "manner of determining fees and charges for the telecommunication services in the Public Switched Telecommunications Services sector". This Review is in order to ensure that Telkom's tariff filings are brought in line with this national imperative. ICASA is still committed to ensuring that our rate regime regulation is effective in promoting the objectives of the Telecommunications Act. Telecommunications has been recognised as a critical tool for the encouragement of socio-economic development and ICASA's ongoing role, therefore, is a critical one.

Council Advisors.

Our Engineering and Technology Division continues to be vital in a sector where spectrum issues are often paramount.

During the last financial year, the Authority published the Annual Terrestrial Broadcasting Frequency Plan; issued 4800 frequency spectrum licences to radio communication operators to bring the total number of licences issued to 89 000; processed approximately 500 type-approvals; and vigorously pursued its mandate to ensure compliance with the law and to stamp out illegal spectrum usage.

ICASA is co-operating with the Department of Science and Technology and the National Research Foundation (NRF) in preparing South Africa's bid for Square Kilometre Array (SKA) Project. The proposed SKA will be a unique radio telescope that will make a revolutionary break with today's radio telescopes and will be built by an international consortium of governments, universities and research agencies. The decision on the location of the SKA as well as the basic technology choices will be made in 2005. The estimated construction costs are US$1 billion (which would constitute significant direct foreign investment in South Africa).

Through its participation in the Telecommunications Regulators' Association of Southern Africa (TRASA), ICASA continued to play a role in building regional co-operation through regulation in the sub-region.

ICASA has to continue to ensure that the consumer is protected, particularly in an environment where operators become stronger and wealthier year-on-year. During the past financial year our Consumer Protection Department held road shows in the Eastern Cape, Northern Cape and Mpumalanga where people are educated on their rights in the telecommunications sector. On this note, we were pleased to sign a Memorandum of Understanding with the telecommunications operators on the handling of consumer complaints.

As with any administrative body charged with making decisions that affect people's lives and livelihoods – and since there are so many vested interests in broadcasting and telecommunications – we have had some of our decisions taken on review. These judicial processes and some of complaints we have adjudicated are dealt with in the report. Litigation has been a drain on our resources, which has focused our minds on strategies to ready the Authority for such contingencies.

Adequate funding is imperative for an effective and independent regulatory agency and it has been difficult in given instances, to map out a course that solidly protects the public interest. In this regard the public has been justifiably concerned that self-interest and super-profits may have triumphed over consumer benefits.

While the Authority's mandate is to promote investment, innovation and development, all the legislation underpinning the Authority exhort it to pay due regard to the public interest. In this new era we shall ensure the supremacy of consumer protection and rights in all their manifestations. Our stance will therefore be extremely intolerant of measures that seek to undermine this commitment.

We are looking forward to the financial year 2004/5 with hope and a renewed commitment to achieving our regulatory goals.

Mandla Langa
Chairperson

CEO's Report

It is with enthusiasm that I submit the Independent Communications Authority of South Africa's 2004 Annual Report.

The merger of the Independent Broadcasting Authority (IBA) and South Africa Telecommunications Regulatory Authority (SATRA) to create the Independent Communications Authority of South Africa (ICASA) in 2000 was an important milestone – not only to the communications industry in South Africa, but also to the constructive and strategic role that the industry has to play in the national development initiative.

Great strides have been made toward the reform and liberalization of both the telecommunications and broadcasting industries. ICASA has consolidated its administration to oversee the communications regulatory functions – which include licensing, rulemaking, tariff approval, type approval, frequency allocation and the determination of license fees.

Other achievements for the year under review include:

- The completion of the review of the contributions made by telecommunication operators to the Universal Service Fund (USF). The regulations that were published as a result of this review will bring about increased contributions to the USF, and thereby allow greater subsidization of telecommunications infrastructure in under-serviced areas.
- The review of tariffs levied by the mobile operators and Telkom – in order to make telecommunication more affordable and thereby enhance its role as one of the key anchors of the economy.
- The completion of the hearing on the Under-Serviced Area Licences (USALs). This process calls attention to the government's priority to improve access to telecommunications services to people living in under-serviced areas – and thereby contribute to the promotion of broad based empowerment and job creation.
- The publication of the position paper on Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licenses. This position paper will allow the Authority to review the statutory limitations on ownership and control in the industry; the commercial broadcasting sector; and the feasibility of issuing commercial broadcasting licenses.

All of these initiatives are a critical part of the Authority's mandate to promote competition, affordable service delivery and universal access. Moreover, so much more can and will be done in the coming years. We will agree on measurable initiatives to: make South Africa an affordable and attractive investment destination; to enhance economic productivity and efficiency through telecommunications access; and to deepen our democracy by creating a knowledge-based society through the broadcasting industry. In the end, the contributions that we make towards these broader outcomes are what will define our relevance and purpose in these times.

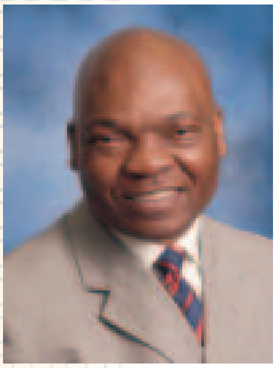
ex-CEO Nyoka congratulates ICASA and DoC staff after completing a Frequency Management course.

In closing, it is not only I who is new to ICASA; we have three new members of the Council, Mr. Paris Mashile, Adv Zolisa Masiza and Dr. Tracy Cohen. I would like to take this opportunity to again welcome them. On behalf of the management and staff of ICASA, I look forward to working with the Council as we chart our unique contribution to the national, regional and continental renaissance and development initiative.

Respectfully submitted,

Jackie Boitumelo Manche
Chief Executive

Council Members



Mandla Langa *(Chairperson)*
(1 July 2000 - 30 June 2005)

Julia Hope
(1 July 2000 - 30 June 2004)

Lumko Mtimde
(1 July 2002 - 30 June 2006)

Nadia Bulbulia
(1 July 2002 - 30 June 2006)

Mamodupi Mohlala
(1 July 2002 - 30 June 2006)

Gerhard Petrick
(21 May 2003 - 30 June 2004)

Mbulelo Ncetezo
(1 July 2000 - 30 June 2004)

Paris Mashile
(1 July 2004 - 30 June 2008)

Zolisa Masiza
(1 July 2004 - 30 June 2008)

Dr. Tracy Cohen
(1 July 2004 - 30 June 2008)

Highlights of Significant Achievements

for the Year April 2003 to March 2004

MARCH 2003

- The Authority completed hearings into USAL applications. This marked the completion of the task of licensing operators to provide services in previously under-serviced or under-served areas as well as provide empowerment to Historically Disadvantaged Individuals (HDIs) and Small Medium and Micro Enterprises (SMMEs).

APRIL 2003

- Second Direction Finding (DF) unit installed in Cape Town, a significant milestone in the upgrade of ICASA's national infrastructure.

MAY 2003

- Meeting of the Cross Border Forum with the Lesotho Telecommunications Authority held in Maseru.

JUNE 2003

- Participation in the World Radio Conference (WRC) in Geneva from 9 June – 4 July 2003. The Final Acts (resolutions) of the WRC are being used as guidelines for ICASA's operations and frequency spectrum planning and management in South Africa.

JULY 2003

- Publication of the Position Paper on Sports Broadcasting Rights.

AUGUST 2003

- Universal Service Fund Contributions: New Universal Service Fund contribution regulations published in August 2003. The new regulations will result in an increase in the funding for access to telecommunication services from current annual funding of R20-million adjusted for inflation.

SEPTEMBER 2003

- Attendance at the World Summit on Information Society in Geneva from 15 – 26 September 2003.
- Telecommunications Regulators Association of Southern Africa (TRASA) Annual General Meeting held from 28 September – 03 October 2003 in Maseru, Lesotho.

OCTOBER 2003

- Third Direction Finding (DF) unit installed in Durban.
- Proposed Discontinuation of "Infinitcall" Service: Infinitcall is a tariff package in respect of which local and long distance calls are capped at R7 irrespective of the duration of the call during off-peak period. The Authority made a determination not to approve Telkom's discontinuance of "Infinitcall" services. This decision was based on the fact that there was no similar alternative service for "Infinitcall" customers who would be adversely affected by the discontinuance of the service.
- The Authority published its findings on Wireless Internet access. One of the conclusions was that it was not necessary to require Wireless Local Area Networks (WLANs) to be licensed as services provided on a customer's premises which have historically not been licensed.
- Guidelines on the Trial and Launch of New Services published. The guidelines will bring about an orderly introduction of new and innovative products and services in the sector and increase customer choice.
- Value-Added Network Service (VANS) and Private Telecommunications Networks (PTNs) Licensing Framework: The Authority completed the VANS and PTNs licensing framework which provides a basis for the implementation of application fees for VANS licences. This helps clarify the requirements for licensing as well as the application fees for VANS and PTNs licensees.
- Satellite Broadcasting: ICASA received and granted applications for permission to broadcast and provide signal distribution of Sentech, Worldspace, Orbicom,

Multichoice, Deukom, DMX Broadcasting and Commutanet.
- Publication of the Position Paper on Low Power sound Broadcasting.

NOVEMBER 2003

- The Authority decided that the Nail-Tiso application be granted without a hearing. Tiso Consortium can proceed with phase two of the Nail transaction.
- The Authority considered and approved Telkom's annual tariff filing. This was the last filing to be evaluated in terms of the current Rate Regime and the settlement agreement between ICASA and Telkom. The overall increase by Telkom was 1.0% lower than inflation.
- Terrestrial interference surveys conducted in Northern Cape Province for the South African Square Kilometer Array (SKA) bid.
- Publication of the Annual Broadcasting Frequency Plan.
- The draft Position Paper on Regional Television was published on 26 November 2003. This position paper and regulation served to inform the SABC application for two public regional television broadcasting services.

DECEMBER 2003

- Annual renewal of radio communications licences: Over 90 000 accounts sent out to licensees.
- The Authority approved the Sentech/MTN interconnection agreement. This marked the implementation of Sentech's Carrier of Carriers licence and the beginning of competition in the international telecommunications service market.

JANUARY 2004

- The Position Paper on the Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences was published in January 2004. The Authority has proposed amendments to the law to allow consolidation in the context of the licensing of additional commercial sound broadcasting services in primary and secondary markets.

FEBRUARY 2004

- Three television services and 17 sound broadcasting services of the SABC were renewed. The Authority's reasons for the decisions taken are available on the website www.icasa.org.za and at the Authority's Library.
- Amendment and issue of Sentech Carrier of Carriers and Multimedia License. Amendment of Wireless Business Solutions License to permit provision of Broadband services.

MARCH 2004

- Election 2004: The Authority monitored Party Election Broadcasts, Political Advertisements, Public Service Announcements, News Bulletins, Current Affairs and Special Election Broadcasts. The Authority monitored 44 502 items throughout the election period.
- Establishment of a Central Number Database for Numbering Administration, which was preceded by Telkom confirming their base of data. Through this the Authority would be placed in charge of the telecommunications numbering framework.
- Publication of Short Range Devices regulations.
- Publication of South African Table of Frequency Allocations for final public review.

Telecommunications

The Telecommunications Division consists of two units, namely Policy Analysis and Development; and Licensing, Enforcement and Numbering Administration. The responsibility of this division is, *inter alia*, to review the inter-corporate activities of the telephone operators and their accounting practices; assess the rates, terms and conditions of tariffed services offered by the regulated operators; oversee the evolution of competition in the various segments of the telecommunications market; and license operators and ensure compliance with licence conditions and carriage service provider rules.

Licensing, Enforcement, Numbering and Administration Departmental staff.

1. RULEMAKING

The Policy Analysis and Development Unit is responsible for all regulatory policy initiatives undertaken on the telecommunications side of ICASA's business. In the year under review, this unit analysed and updated certain critical regulations/guidelines.

COA/CAM for Mobile Operators

In the last annual report, the Authority undertook a review of the Chart of Accounts/Cost Allocation Manual (COA/CAM) for mobile operators. The COA/CAM is a reporting framework by telecommunications operators that provides the underlying costs of providing a particular service i.e., a local or a national long-distance call. Such costs can then be compared to the charge for the service levied by the operator and, a determination made as to the reasonableness of the charge. The Authority will then be able to monitor the operator charges to ensure that customers are correctly charged for services. This review was undertaken to ensure that the reports by mobile operators are filed in response to regulations promulgated in terms of the Telecommunications Act, rather than as a licence condition as has been the case until now.

Public hearings to address the needs of people with disabilities in the telecomms sector.

Carrier Pre-selection

ICASA reviewed and amended the Carrier Pre-selection (CPS) Regulations that were published in 2002. Carrier Pre-selection is a service that is being introduced in South Africa in anticipation of a competitive environment. Once promulgated, these regulations will allow telecommunications customers to have a choice of operator for long distance and international calls. Customers will be able to select a different operator - other than the one they are subscribed to - to carry their national long-distance and international calls without having to change service providers.

Public Switched Telephone Network (PSTN) Interconnection

The Authority identified the need to put in place a framework for interconnection among fixed line operators in preparation for the Second National Operator's entry into the market. The draft Public Switched Telecommunication Service (PSTS) Interconnection regulations were published for public comment.

Ledimo Communications presenting it's case during the USAL hearings in the North West.

Contributions to the Universal Service Fund

The new regulations governing the contributions of telecommunications operators to the Universal Service Fund ("USF") were published on 8 August 2003. In terms of these regulations, every holder of a licence issued in terms of Chapter V of the Act, shall contribute 0.2% of its annual turnover derived from the provision of telecommunication services to the fund. The audited annual financial statements of the operators will be used for calculating their fund contributions.

The funds collected through the USF will be used, among others, to subsidise the provision of telecommunications infrastructure and services in under-serviced areas as well as the subsidisation of service charges for needy people as provided for in terms of section 65 of the Telecommunications Act.

These regulations repeal those that were published under Gazette 20162, Notice 729 of 4 June 1999.

Provisioning of Wireless Internet Access Using ISM Frequencies

ICASA published a discussion document in June 2003,[1] on the provision of wireless internet access using Industrial Scientific and Medical (ISM) band frequencies. This will assist the Authority with the development of a policy framework for the provision of wireless data access, in particular through the medium of Wireless Local Area Network (WLAN) in public areas such as restaurants, cafes, libraries and bus stations.

After taking into account representations by the public, the Authority decided WLAN operators do not need to be licensed.

ICASA's panel considers submissions during a USAL public hearing.

The Guidelines for Trial and Launch of New Services

The Authority published a discussion document[2] on the guidelines for trial and launch of new services. The General Guidelines seek to promote fairness in the introdution of new services.

Fees and Charges for PSTS Services ('Rate Regime')

The Fees and Charges Regulations[3], provide the basis for the level of charges and fees - including monthly rental and local, national long-distance and international call charges - for services offered by public switched telecommunication service (PSTS) operators. The Rate Regime Regulations allow for restrictions on price adjustment proposals by Telkom[4] and are necessary to ensure that consumers are not unduly burdened in markets such as the PSTS in which there is minimal or no competition. Telkom's 2003 annual tariff filing, filed on 14 November 2003, was the last filing in which compliance with the level of adjustment over the three-year period as per the Settlement Agreement with ICASA could be applied. ICASA will be reviewing the "Manner of determining fees and charges for the telecommunication services in the Public Switched Telecommunications Services sector" to become effective in time for the next annual tariff filing in respect of charges for 2005.

These tariffs are set for a basket of services offered by Telkom under conditions of limited or no competition. In the year under review, ICASA considered a total of ten tariff

[1] *Notice number 1757 of 2003 in Government Gazette number 25120, of 16 October 2003.*
[2] *Notice No. 1513 of 2003 in Government Gazette No. 24884.*
[3] *Government Gazette 22870, Notice 1248, of 26 November 2001 (Rate Regime Regulations).*
[4] *The methodology used to restrict the increases is the price cap mechanism where the overall increase in a basket of services is restricted to inflation minus a productivity factor set at 1.5 %. The maximum single price movement allowed for any item in the basket is CPI + 5%.*

proposals lodged by Telkom. In one of its tariff proposals, Telkom lodged its intention to discontinue the optional InfinitCall (previously R7Call) calling plan on the basis that the plan, which was intended to assist residential customers in controlling the cost of social telephone calls, was now being used for extensive access to the Internet. The Authority rejected this proposal by Telkom on the basis that there were no services that "wholly or substantially" substituted the InfinitCall calling plan.

In its annual tariff filing, Telkom proposed that the overall basket of services be increased by 2.7%, which was 1.0% below the Consumer Price Index (CPI) for September 2003 of 3.7%. The 3.5% increase on the residential sub-basket is 0.2% below the CPI for September 2003. ICASA approved these tariff increases as they were in line with the Fees and Charges regulations.

Mobile Tariff Evaluations

The mobile cellular telecommunications service licences require that all three mobile cellular operators lodge all tariff plans and any changes to such tariff plans with ICASA for approval prior to applying these to customers. The regulator then evaluates the filings using the price cap methodology. The price cap, which is limited to the change in CPI, applies to each tariff proposal of both Vodacom and MTN[5]. ICASA is required to examine the tariffs and reach a decision on them within seven days, failing which the filing is deemed approved.

In the year under review, ICASA received 33 filings, including annual tariff filings, from the three mobile operators. These were approved within the period stipulated in the service licence and the operators managed to implement the approved filings as per scheduled timeframes.

Telecommunications Regulators Association of Southern Africa (TRASA)

The Authority is a member of the Telecommunications Regulators Association of Southern Africa (TRASA). During the period under review, ICASA served on various committees of TRASA including those focusing on a framework for the licensing of Very Small Aperture Terminals (VSAT) and the generation of Human Resource and Development guidelines for regulators within the region. Work on these guidelines is continuing.

The Authority reported comprehensively on its activities in its country report which was tabled at TRASA's Annual General Meeting held in Lesotho during October 2003. This meeting adopted the Guidelines on Number Harmonisation which were developed by a committee in which the Authority participated.

2. LICENSING

The primary function of the Licensing, Enforcement and Numbering Administration Department is to:

- Analyse and process applications for telecommunications service licences;
- Monitor compliance of licensees and non-licensees against applicable regulations, legislation and their respective telecommunications service licence conditions;
- Ensure delivery on licensees' universal service obligations; and
- Administer the numbering plan to ensure fair and efficient use of numbers for present and future generations.

During the period under review, ICASA managed a number of licensing, enforcement and numbering licensing activities, including the following:

Second National Operator (SNO)

Section 32A of the Telecommunications Act states that, from 7 May 2002 until 7 May 2005, Telkom and the SNO will be the holders of PSTS licences. The effect of this section was to end Telkom's monopoly and introduce

[5] *Cell C adjustments are not limited to the change in CPI.*

competition, in the form of a duopoly, in the fixed line market.

The Minister of Communications, empowered by section 34(2) of the Telecommunications Act to issue Invitations to Apply (ITAs) for certain categories of licences, including PSTS, took a policy decision that the SNO licensing process would be managed in three separate phases. The first phase would involve the determination of the winning bid for the 19% equity stake set aside by the Minister for the empowerment of historically disadvantaged persons. This was awarded to Nexus Connection. The second phase would focus on the award of the 51% stake to a Strategic Equity Partner ("SEP") and the third phase would involve the integration of State-owned Enterprises ("SOEs"), Eskom-Transnet joint holders of a 30% stake - as agreed to by the Ministries of Communications and Public Enterprises - into the SNO.

The Authority processed and adjudicated on the applications of Optis and Goldleaf and decided not to award the licence to any of them as they did not meet the requirements for the licence. The Minister accepted ICASA's finding.

In March 2003, the Minister published an invitation for the expression of interest for the 51% equity interest in the SNO. Two submissions were received by ICASA, namely from:

WIP Investments Nine (Pty) Limited t/a Communitel ("Communitel") and TWO Consortium (Pty) Ltd ("Two").

The Authority after evaluating the applications received, recommended to the Minister that the application process into the 51% stake in the SNO be formally closed. This recommendation was made because the two applicants fell short of the envisaged rival to Telkom owning a twenty-five year licence and controlling a 51% equity stake as:

- both applications failed to sufficiently demonstrate their ability to satisfy the objects outlined in section 2 of the Act;
- both applicants failed to provide evidence of sufficiently reliable long-term commitments, to funding a 25 year SNO licence;
- both applicants made representations which were contingent on uncertain future events and conditions. ICASA could accordingly place no reliance on these representations.

Following the recommendation on the 51% equity stake from ICASA, the Minister raised a number of issues of clarification including legal and procedural matters. In responding, the Authority provided supporting documentation as well as options that could facilitate the successful finalisation of the SNO licensing process.

The Minister decided as follows:

- A licence be issued to an entity consisting of the integrated 30% of SOEs, the 19% Nexus Connection and the warehoused 51% stake.
- The 51% equity stake in the SNO will be warehoused until suitable shareholder(s) and/or investor(s) are found.
- Government will identify shareholders to take the 51% equity stake in the SNO.
- The valuation and integration of the assets of the SOEs in collaboration with the Minister of Public Enterprises.

Further, the Minister indicated that the current existing applicants (Communitel and Two Consortium) would not be excluded from consideration in the process of identifying shareholder(s) and or investor(s) in the SNO.

Subsequently, in December 2003, the Minister ruled that Communitel and Two Consortium will each hold a 13% equity stake in the SNO. The 25% is to be warehoused for a SEP.

The SNO licence will be issued by ICASA to the integrated entity comprised of Communitel, Two Consortium, Esitel

(Eskom), Transtel and Nexus Connection. At the time of writing this Annual Report, Nexus Connexion had initiated a court action in the Cape High Court for an order to compel the Minister not to issue Communitel and Two Consortium with shares in the SNO.

Telkom Licence Amendment

The Authority has embarked on a licence amendment process in terms of section 48(1) (b) of the Telecommunications Act, in relation to the PSTS licence held by Telkom.

The licence amendment process seeks to create an enabling environment for the introduction of competition through the SNO. When this process is finalised, the proposed amended licence will be presented to Telkom in terms of the provisions of section 48(2) of the Telecommunications Act, after which a hearing between Telkom and the Authority will take place.

A finalised amended licence will then be issued to Telkom.

The amendment of Sentech's Multimedia and Carrier of Carriers Licences

In August 2002, ICASA received an application from Sentech to have both its licences amended. In respect of its Carrier of Carriers licence, Sentech sought an amendment that would enable it to have the right to "lease" an international telecommunications gateway and to lease its facilities to third parties.

With regard to Multimedia Services licence, Sentech sought three amendments:

i) Deletion of a clause that requires Sentech to obtain their facilities from Telkom or the SNO;
ii) Deletion of clause 1.2.18 (the definition of "Operator") as they believe its effect is to limit the operators with which they can interconnect or share facilities; and
iii) Deletion of clause 5.2 and Annexure A regarding their Community Service Obligations.

Sentech raised objections to the onerous nature of its obligations to build internet laboratories for 750 schools, as well as provide the computer hardware and software thereof.

The Authority published details of the above applications during April 2003 and invited interested parties to furnish written comments within 30 days.

Although the Authority waived the requirement for Sentech to build internet laboratories, ICASA ruled that Sentech should provide internet connection for 1 500 schools. In addition, Sentech would charge these beneficiary schools a minimal fee known as an E-Rate, for their internet connection charges.

Amendment of the Wireless Business Solutions (WBS) to National Mobile Data Telecommunication Service Licence

In December 2003, the Authority received an application from WBS to amend its National Mobile Data Telecommunications licence in terms of section 48(1)(e) read with sections 34 and 35 of the Telecommunications Act. As this license was issued before the relevant provisions of the Act came into force, it was deemed to be issued under the Act by virtue of section 42(1). The WBS licence is an empowerment licence with the requirement that the majority of the issued share capital be held by PDIs.

WBS sought to amend its licence so that it would be allowed to offer services in other bands that are allocated for use by mobile telecommunications. This was the most significant of the changes sought.

WBS's license requires it to interconnect with Telkom, to obtain its fixed links from Telkom and to use Telkom's international exchanges for international traffic. As other operators have since been licensed, WBS sought permission to be able to interconnect with them and to use their facilities. The amendments in this regard that were sought by WBS would thus:

- Require WBS to interconnect on request with any operator or service provider licensed under the Act, including any PSTS licensee, mobile cellular operator, provider of multimedia services, under-serviced area licensee, VANS provider or provider of a PTN;
- Allow WBS to get its fixed links from any person licensed to provide such services; and,
- Require it to route international traffic through the international exchanges of any operator duly authorised to provide an international telecommunication service or international gateway service (i.e. Telkom, the SNO or Sentech at present).

Other minor amendments were solely to update the licence to reflect:

- The introduction of the Telecommunications Act, as amended, and
- Changes in the names of national and international organisations.

ICASA approved all the amendments, as requested except those related to fixed links.

In consideration for effecting the amendment, the authority decided to impose Universal Service Obligations on WBS by requiring it to provide Internet access to 1 000 schools (to become effective if and when WBS is allocated additional frequencies which will allow it to offer broadband services).

The processes of amending the WBS licence in terms of section 48(1) and 48(2) of the Telecommunications Act have been completed.

Value-Added Network Service (VANS) and Private Telecommunications Network (PTNs)

In order to clarify the VANS and PTNs licensing regime, the Minister published the final regulatory framework in October 2003. The regulations dealt with the form and manner of application fees and the arrangements for the payment of annual licence fees.

The gazetted regulatory framework marked the beginning of a three-month period in which all deemed and interim VANS and PTN licence holders had to re-apply for their licences. The closing date for applications was extended to 19 July 2004. For the period under review ICASA issued a total of 16 interim VANS and 32 interim PTN licences.

A panel of ICASA during the USAL public hearings in the North West.

Under-Serviced Area Licences (USALs)

A draft licence for USALs was put out for public comment. The draft licence was finalised after representations and hearings had been conducted.

It is the aim of the government of South Africa to improve the lives of people living in under-serviced areas by enhancing their access to telecommunication services and creating job opportunities in these areas. This objective was enacted in section 40A of the Telecommunications Amendment Act of 2001. This section provides for a new category of telecommunications licence called under-serviced area licence (USAL).

Following the enactment of the above provision, the Minister of Communications declared 27 areas under-serviced in December 2001. These licences are aimed at providing services in accordance with the provisions of section 40A of the Act which requires that the Under-Serviced Area licences (USAL) shall provide telecommunications services, including voice over Internet Protocol (VOIP), fixed mobile services and public pay telephones and long distance calls to be transported through the trunk networks of any operators licensed to carry international traffic.

The Minister decided to phase-in the licensing of the service in these areas. Accordingly 10 of these areas were scheduled to be licensed in 2002 following the end of Telkom's exclusivity. On 19 December 2002 the Minister issued an invitation to apply (ITA) for the provision of the telecommunications services in Under Serviced Areas in terms of section 34(2) of the Telecommunications Act.

By the end of the closing date in August 2003, the Authority had received 17 applications. The applications received in those areas identified by the Minister as advertised in the Invitation to Apply are as follows:

Karabo Telecoms puts it's case before ICASA during the USAL public hearings in the North West.

Limpopo Province

- CBDC4 – Bushbuckridge/ Lowveld Municipality
  Applicant: None
- DC 35 – Capricorn District
  (a) Bokone Telecomms (Pty) Ltd
  (b) Capricorn Fixed Mobile Telecommunications (Pty) Ltd
  (c) Limpopo Ya Rena Development Services

KwaZulu- Natal

- DC 21 – Ugu District Municipality
  (a) Thinta-Thinta Telecoms (Pty) Ltd
  (b) Ugu-Wavetel
- DC 26 – Zululand District
  Kingdom Communications (Pty) Ltd

Eastern Cape

- DC 15 – OR Tambo Municipality
  Ilizwi Telecommunications
- DC 12 – Amatole District
  (a) Thethani Telecoms (Pty) Ltd
  (b) Amatole Telecommunications Services

Free State Province

- DC 20 – Northern Free State District
  Mamela Communications Limited
- DC 18-Lejweleputswa
  Bokamoso Consortium

North West Province

- DC 38-Central
  (a) Karabotel (Pty) Ltd
  (b) Ledimo Communications Ltd
- DC 39 – Bophirima
  (a) Karabotel (Pty) Ltd
  (b) Lonaka Communications

Two applicants, namely Uqalo in the Eastern Cape and Botlhabela in Limpopo, that failed to comply with some of the requirements of the ITA, were disqualified. At the time of writing this report, ICASA was finalising its recommendations to the Minister.

New Numbering Plan

The Telecommunications Act requires the Authority to prescribe a numbering plan for telecommunication services. This project is nearing completion. The Numbering Advisory Committee (NAC), consisting of the relevant role players through the Numbering Policy Committee (NPC), has reviewed the draft Numbering Plan and revised it accordingly. Due to the rapidly changing telecommunications environment, the

Numbering Plan had to be revised on numerous occasions to reflect both the existing and future South African numbering framework.

With the imminent licensing of the SNO and Under-Serviced Area Licenses, the Numbering Plan is now geared to meet their numbering requirements. The Numbering Plan is neutral and clearly structured, identifying various number ranges for specific telecommunication services. Number ranges not in use are reserved for future growth to accommodate new service demands. A proper allocation and numbering procedure, commonly referred to as the Numbering Conventions is being developed and will be in place to allow the efficient use of numbers for the whole industry.

Number Portability

In order to meet the Number Portability requirements of Section 89 of the Telecommunications Act, the Authority embarked on preliminary work in November 2003. Number Portability allows telecommunications users to choose an operator/service provider and change location and/or service providers without losing their number. This competition enhancing mechanism also leads to the operator satisfying the subscriber's needs and an improved provision of cost effective services to the public by providers of telecommunications services. At the time of writing the report, draft regulations were being finalised and will be published for comment in due course.

112 Emergency calls from simless phones

The Authority requested mobile operators to research the impact of barring emergency calls from simless mobile phones because the network was getting clogged and this affected the quality of service. This research was conducted over six months and was finalised in January 2004. The Authority will be making a determination on this matter shortly.

Public hearings about the needs of people with disabilities in the Telecoms and Broadcasting sector

3. COMPLIANCE

1800MHz/3G Spectrum & Mobile Cellular Telecommunication Service Licences

The Minister is empowered through sections 30A and 30B of the Telecommunications Act to make a determination on access to the 1800 MHz/ 3G frequency spectrum bands by the mobile operators. In terms of their current mobile service, licencees are allocated frequencies to provide service in the 890 – 960 MHz frequency spectrum bands. The Act provides for the Authority to issue frequency spectrum licences to the mobile operators in the 1800MHz/3G frequency spectrum bands. These frequencies will provide the operators with improved capacity in their service delivery.

The mobile operators made an offer to the Minister in respect of Universal Service Obligations for access to 1800 MHz/3G frequency spectrum bands and also applied to ICASA for issuance of frequencies in the 1800MHz/3G frequency spectrum bands.

ICASA is currently considering these applications of mobile operators.

Swiftnet Licence Amendment and Compliance

In terms of section 42(1) of the Telecommunications Act, Swiftnet (Pty) Ltd is the holder of a deemed National Wireless Data Telecommunications Licence (NWDTL).

Over the past few years Swiftnet submitted several requests to amend its licence conditions to remove limitations on the provision of its services.

In addition, the equity of the BEE shareholder in Swiftnet was bought by Telkom as a result of divestiture by that shareholder. Telkom requested that a clause of the NWDTL dealing with the Restriction on Transfer of Shares, Directorships be deleted.

The Authority is undertaking a licence amendment process which is intended to rectify the situation, while simultaneously aligning the Swiftnet licence to current legislation, taking into account technological developments. The amendment will thus follow in accordance with section 48(1) (d) and (e) of the Telecommunications Act, as the amendments are required both by technological developments and by request of the licensee.

Illegal Provision of Wireless Internet Services

In terms of section 40 of the Telecommunications Act, any person providing Internet services is obliged to do so in terms of a Value-Added Network Service (VANS) Licence issued to that person.

In terms of section 40(2), VANS licensees are obliged to provide a service by means of telecommunication facilities made available by Telkom or the SNO, until the Minister lifts this restriction by notice in the Government Gazette.

The Authority is, however, faced with various VANS licensees that are providing Internet services via wireless means, in contravention of the provisions of section 40(2). In addition, several unlicensed entities are providing wireless Internet services without a VANS licence. The wireless connectivity that is used to provide the Internet services in question is done via wireless local area networks operating in the Industrial, Scientific and Medical (ISM) frequency spectrum bands, reserved for industrial, scientific and medical use and containing various restrictions against use outside of these categories. Wireless Internet service provision constitutes a contravention of various sections of the Telecommunications Act, some of which are statutory criminal offences in terms of section 101 (b).

The Authority has embarked on a process to clamp down on illegal wireless Internet service provision and deals with these cases on a frequent basis in conjunction with the South African Police Services. This is done with the aim of ensuring that services are only provided by licensees who are properly licensed and in the interests of efficient frequency spectrum management.

Broadcasting Division

The Broadcasting Division is divided into two units, namely Policy Development and Research, and Licensing, Monitoring and Complaints. The Broadcasting Division contributes towards developing regulatory rules, sees to the issuing of licences and monitors compliance with licence conditions for all broadcasters. The regulatory functions consist of, inter alia, granting broadcasting and signal distribution licences, monitoring compliance with licences conditions, developing standards for the content of programmes, setting advertisement thresholds and encouraging programming diversity by Public, Commercial and Community Broadcasters. This division is informed by ICASA's mandate on promoting diversity in broadcasting at national, regional and local level, setting-up appropriate local content quotas and keeping broadcasting rules up-to-date in the face of rapid technological change and progress.

Broadcasting Policy Development and Research Departmental staff.

POLICY DEVELOPMENT AND RESEARCH UNIT

The responsibility of this unit is to develop policy on broadcasting, including television and sound broadcasting and make recommendations to Council.

The unit completed the following policy instruments in the 2003/04 financial year, namely:

- Position Paper on Sports Broadcasting Rights;
- Position Paper on Low Power Broadcasting;
- Position Paper on Regional Television;
- Position Paper on the Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences; and,
- Technical amendments to the ICASA South African Television Content Regulations of 2002.

Chairperson Mandla Langa listens to a submission during a Public Hearing.

Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences

The Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences had three broad aims. Firstly, it sought to review the statutory limitations on ownership and control of broadcasting services, as set out in sections 48, 49 and 50 of the Independent Broadcasting Authority Act[6] ('the IBA Act'). This was guided by, amongst others, the imperatives to encourage investment in the broadcasting industry, promote stability in the broadcasting industry, encourage ownership and control of broadcasting services by persons from historically disadvantaged groups and ensure that broadcasting services - when viewed collectively - are controlled by persons or groups of persons from a diverse range of communities in South Africa. Secondly, it sought to review the commercial sound broadcasting sector, particularly the so-called Greenfields licences, thirdly, to determine the feasibility of issuing commercial sound broadcasting licences in secondary markets[7].

The deliverable of this review process was a Position Paper on the Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences published in January 2004. The major outcomes of the position paper are, amongst others:

[6] *Act No. 153 of 1993.*
[7] *Secondary markets are geographical markets and include those areas outside the primary markets of Gauteng, Cape Town and Durban.*

- Proposed amendments to the IBA Act to allow for a certain measure of regulated consolidation in the industry and to encourage foreign investment;
- Definition of historically disadvantaged persons for the purposes of analysing ownership and empowerment issues with respect to broadcasting services by the Authority;
- The licensing of at least seven (7) new commercial sound broadcasters[8] over the next two years, thereby increasing the current number of licences from 13 to 23;[9] and
- Increased coverage areas for Greenfields stations.

Regional and Local Television

ICASA aims to promote a diverse range of broadcasting services at national, regional and local level, which - when viewed collectively - cater for all language and cultural groups and provide entertainment, education and information. The authority also aims to promote the development of public, commercial and community broadcasting services which are responsive to the needs of the public. In the context of these aims, ICASA launched a two-pronged Inquiry into Regional Television and Local Television in August 2003. There was also a legislative directive[10] that the South African Broadcasting Corporation (SABC) apply within nine (9) months of the commencement of the Broadcasting Amendment Act 2002[11] for additional regional television services.

The Position Paper on Regional Television was published in Novemeber 2003. The major outcomes of this position paper are:

- The decision not to licence regional television in the commercial and community broadcasting tiers;[12] and
- Policy guidelines to inform the SABC application for two public regional television broadcasting services aimed at meeting the needs of marginalised languages in South Africa.

The Inquiry into Local Television looked at public demand and sustainability of local television broadcasting services in the context of the three tiers of broadcasting, namely public, commercial and community. The Position Paper on Local Television is being finalised and will be published in September 2004.

ICASA panel briefs political parties about the allocation of slots for political broadcasts.

Low Power Sound Broadcasting

The Broadcasting Act created a class of licence called low power sound broadcasting and ICASA received a number of queries from members of the public interested in obtaining such a licence. In February 2003, ICASA launched an Inquiry into Low Power Sound Broadcasting in order to develop a policy and licensing framework for the licensing of low power sound broadcasting services. A challenge faced by ICASA during the inquiry was drawing a distinction between low power sound broadcasting services and community sound broadcasting services, as there was a perception that this class of licence was a duplication of what had already been put in place in respect of community radio.

ICASA published the Position Paper and Regulations for Low Power Sound Broadcasting in October 2003. The major outcomes of this process are:

- The distinction between these services and community sound broadcasting by, amongst others, limiting low power sound broadcasting to services radiating power not exceeding one (1) watt;
- The ability for ICASA to licence commercial low power sound broadcasting services, for example sports grounds, show grounds and drive-in movie theatres or similar services; and

[8] At least 3 of these commercial sound broadcasting licences to be granted in the primary markets and at least four in the secondary markets of Limpopo, North West, Mpumalanga and Northern Cape.
[9] Taking into account the re-licensing of frequencies forfeited by Punt Gesels Radio.
[10] Section 22A(1) of the Broadcasting Act, Act No. 4 of 1999.
[11] Act 64 of 2002.
[12] ICASA noted in its decision that this was not permanent and that future developments in technology and the advertising market would be grounds for review of the decision.

- The ability for ICASA to licence community low power sound broadcasting services, for example retirement villages, community centres or similar services.

ICASA members of the SABC's license renewal team at work.

Subscription Broadcasting

The aim of the inquiry into Subscription Broadcasting is to develop an appropriate policy and licensing framework for existing subscription broadcasting services, and to introduce new entrants to subscription broadcasting. ICASA commenced research on Subscription Broadcasting in April 2003. After the completion of extensive research into the Subscription Broadcasting Television Market, a Discussion Paper on Subscription Broadcasting was due to be published in April 2004. Oral hearings are planned for the second quarter of the 2004-2005 financial year.

Amendment of South African Content Regulation

Prior to the ICASA South African Television Content Regulations 2002 coming into operation in August 2003, ICASA published technical amendments to rectify discrepancies between the Position Paper on South African Content on Television and Radio and the Regulations. In order to align the Regulations with the Broadcasting Amendment Act.[13], ICASA published additional technical amendments to both the ICASA South African Music Content Regulation 2002 and the ICASA South African Television Content Regulation 2002, for public comment in March 2004.

Commissioning Procedures

ICASA attempted to establish a Commissioning Procedures Forum in 2003 to bring together Broadcasters and Independent Producers' representatives and other stakeholders to develop a voluntary fair commissioning practices code or guidelines for the industry. The Authority had to review its role as facilitator of such a forum in light of the SABC's non-participation and the forum has since been suspended. The Authority is currently drafting a recommendation to the Minister for an amendment to the IBA Act to address the issue of minimum guidelines for commissioning procedures to ensure fairness in commissioning independent production in the industry.

South African Music Forum

The Authority published a Position Paper and Regulations in February 2002 on "South African content on television and radio". One of the main objectives of the Position Paper is to establish the South African Music Forum (SAMF), to assist the Authority to ensure the success of government and industry initiatives in promoting and developing South African music. It is envisaged that membership of the SAMF would be drawn from, but not be limited to, the National Association of Broadcasters (NAB), the National Community Radio Forum (NCRF), Midi Trust, relevant NGOs, representatives of the South African recording industry and music industry and consumer groups.

The inaugural meeting of the SAMF was held in October 2003 and agreed to:

- Put mechanisms in place to ensure the optimum production of South African music across all genres;
- Monitor the recording and music industries' production of South African music and composition; and

[13] Act 64 of 2002.

- Maximise the exposure of South African music on radio.

LICENSING, MONITORING AND COMPLAINTS

SABC Licence Renewal Process

The SABC application for renewal of its sound and television licences should be seen against the background of ICASA's remit to establish a strong and committed public broadcasting service that will service the needs of all South Africans and promote the provision of public, commercial and community broadcasting services.

1. Public hearings were held in respect of SABC 1, 2 and 3, as well as Good Hope FM, Metro FM and Radio 2000.
2. The SABC Licences that were renewed are: SABC1, SABC2, SABC3, 5FM, Good Hope FM, Metro FM, Radio 2000, Ikwekwezi FM, Lesedi FM, Ligwalagwala FM, Lotus FM, Motsweding FM, Mungana Lonene FM, SA FM, Radio Sonder Grense FM, Phalaphala FM, Thobela FM, Ukhozi FM, Umhlobo Wenene FM and CKI FM.
3. The Authority's reasons for the decisions taken are available on the website: www.icasa.org.za and at the Authority's Library.

Peter Matlare, SABC Group Chief Executive, during the SABC licence renewal process.

SABC Amendment Application – Metro FM

The SABC submitted an application to upgrade Metro FM's transmitter power. In analysing the application, ICASA was guided by the need to manage frequency spectrum, which is a finite resource, in the interest of the public. The application was refused on the following grounds:

(i) The SABC motivation for the application was to put Metro FM on the same power level as their competitors in the Johannesburg market. When considering the application, ICASA took into account that Metro FM is a public broadcaster with national coverage and none of its competitors in the Johannesburg market have a national reach.

(ii) ICASA has recently indicated that it would increase the coverage areas of Greenfields licensees depending on frequency availability and against the backdrop of licensing new commercial entrants in the three primary markets. This process has not yet commenced and ICASA can find no basis upon which commercial broadcasters can be asked to delay their applications to increase their coverage areas, yet at the same time, grant coverage increase to a national broadcaster, such as Metro FM.

(iii) ICASA took into account the fact that Metro FM, given its national reach, is not in a weak position compared to its competitors in the Johannesburg market.

Self-help Stations

ICASA considered fifty nine (59) self help applications from SABC1, SABC 2, SABC 3, Radio 5 and Radio Sonder Grense as part of the SABC expansion to fulfil its public service mandate. In ensuring that the SABC services are accessible to all South Africans, ICASA approved all applications in helping the SABC to meet its public mandate.

Commercial Sound Broadcasting Services Renewals

The following licensees applied for the renewals of their commercial sound broadcasting licences in terms of section 44 of IBA Act: YFM, Cape Talk, Jacaranda, Kaya FM, P4 Cape Town and Classic FM. The applications were evaluated and analysed within the context of promoting stability and investment in the broadcasting sector. ICASA decided to grant all the afore-mentioned applications as they materially complied with their licence conditions, the regulations and provisions of the relevant legislation.

Commercial Sound Broadcasting Services – Amendments Applications

The following commercial sound broadcasting licensees applied for amendments to their licence conditions:

Cape Talk (Pty) Ltd

ICASA received an application from Cape Talk (Pty) Ltd for the amendment of its sound broadcasting licence in respect of its shareholding. The application was considered in the context of the aims of promoting a diverse range of communities in South Africa and to encourage ownership and control of broadcasting services by persons from historically disadvantaged groups. The amendment was granted as ICASA was of the view that the reduction in percentage was too insignificant to have a negative impact on the shareholding by historically disadvantaged persons.

YIRED (Pty) Ltd (YFM)

ICASA received an application from YIRED (Pty) Ltd (YFM) for the amendment of its broadcasting sound licence. In analysing the application, ICASA was guided by the need to develop local programming content and encourage ownership and control of broadcasting services by persons from historically disadvantaged backgrounds. The following amendments requested by YFM were granted:

- Shareholding amendment.
- The request to incorporate news items in the programming over weekends and not to have separate news bulletins.

The request by YFM to reduce its local content percentage from 50% to 40% was not approved as the licensee was already complying with the 50% quota and there were no compelling reasons advanced to justify the reduction from 50% to 40%.

Nail Transaction

On 31 October 2003 an application was received for ICASA's prior written approval of the Nail transaction. Members of the Tiso Consortium had a call option on the ordinary, controlling shares held by Phaphama in Nail. The Authority approved phase two of the Nail transaction on 20 January 2004.

The application was submitted on behalf of Investec Bank Limited ("Investec"), Safika Holdings (Pty) Ltd ("Safika"), Multidirect Investments 180 (Pty) Ltd, a nominee company of Tiso Capital Partners No.2 (Pty) Ltd representing Tiso Private Equity Fund ("Tiso"), Capricorn Capital Partners Holding Company (Pty) Ltd ("Capricorn") and the Mineworkers Investment Company (Pty) Ltd ("MIC") ("the Tiso Consortium").

In ICASA's view, the approval of phase two of the Nail transaction would not lead to the contravention of any of the provisions of the IBA Act, Broadcasting Act or the relevant licence conditions. ICASA therefore decided that the application should be granted without the need for a hearing and that approval be given to the Tiso Consortium to proceed with phase two of the Nail transaction as requested.

The condition of approval is such that further resulting transactions (in phase three) would have to be separately approved by ICASA in the form of a section 52 procedure.

Satellite Broadcasting

Informed by the objective of encouraging investment and promoting competition, ICASA analysed the applications submitted by Commutanet (broadcasting), Sentech (broadcasting and signal distribution), WorldSpace (signal distribution), Orbicom (signal distribution), Multi-choice (broadcasting), Deukom (broadcasting) and DMX Broadcasting (broadcasting) in terms of section 4(1) (a) of the Broadcasting Act, as amended. ICASA granted the aforementioned applicants permission to broadcast and provide signal distribution.

ICASA panel during the SABC licence renewal process.

Four Year Community Sound Broadcasting Services – Western Cape

The Authority heard the remaining Western Cape applications in November 2002. Those that were granted were Radio West Coast, Voice of the Cape, Radio 786 and Valley FM. Those that were refused were Radio Garden Route, Suid-kaap Stereo, Radio Swartland, Radio Weskus, He's Alive Radio, Voice of the Cape in Licence area 41 and Radio 7. The decisions were published on 17 April 2003. The reasons for the decisions were released on 16 September 2003. Copies are available in the library and on the Authority's website.

Four Year Community Sound Broadcasting Services - Gauteng

ICASA received fifty four (54) applications for a four-year broadcasting licence in Gauteng. In processing these applications, ICASA sought to ensure that broadcasting is regulated in the public interest and, when viewed collectively, broadcasting services are controlled by persons or groups of persons from a diverse range of communities in South Africa. The following applicants were heard:

Harvest Community Radio, Radio Pulpit, Radio Pretoria, Impact Radio, Radio Mams, Radio 7, Technikon Pretoria (Top Stereo), Oriental FM Association, Radio Rippel, Institute of Islamic Service (Radio 1584), Voice of Tembisa, Kathorus Community Radio, Radio East Rand, Oriental FM Association, Africa 1, Radio Goudrif, Al-Saut/The Voice, Radio Roepstem, Voice of Wits, Rau Radio, Can-I Community Radio Trust, Radio Today, Iscorian FM, Radio West Rand, Radio Horizon, Soweto Media Resources (Jozi FM), Rainbow Christian Community Radio, Radio Islam, Radio Oranje Farm, Vaal Community Radio, Vaal Triangle Technikon (Radio Tritech), and Radio West Rand.

The following stations merged to form one entity:

- Tembisa Community Radio merged with Voice of Tembisa and named the merged entity Voice of Tembisa; and
- Soweto Media Resources (Jozi FM) merged with Buwa Community Radio and named the merged entity Soweto Media Resources (Jozi FM).

The following stations were not heard because they either withdrew their applications or could not be traced by the Authority:

- Harvest Media (Sotho FM), Arts for All, Mams FM Stereo, Alternative Afrikanse Radio (AFM), Maranatha Community Church, Encore Stereo, Radio Good News, Radio Al-Mubeen, Lenasia Muslim Broadcasting Association, Radio Veritas, Radio Dunamis, Radio Alpha, Pulpit Stereo Gauteng Province, Medical University of South Africa (Channel Med), Radio Pretoria Network, Radio Pulpit, Radio Idwala Rock and For Your Information Radio.

In instances where there were no competing applications in a particular licence area and/or the applications had minimal or no concerns, the Authority evaluated the application on the basis of the written submission and no hearings were held. Six applicants were granted licences on this basis namely: Radio Tuks, Chinese Community Radio, New Pan-Hellenic Voice, East Wave Community Radio, Soshanguve Community Radio and Radio Technikon Northern Gauteng (Radio TNG).

The following applicants were granted four-year community sound broadcasting licences:

- Institute of Islamic Service (Radio 1584), Kathorus Community Radio, Radio Today, Soweto Media Resources (Jozi FM), Rainbow Christian Community Radio, Radio Islam, Radio Oranje Farm and Vaal Triangle Technikon (Radio Tritech).

The following applications were granted if certain conditions were met by the applicants:

- Radio Mams, Technikon Pretoria (Top Stereo), Voice of Tembisa, Radio East Rand and Rau Radio.

The following applicants were refused:

- Oriental FM, (Pretoria), Oriental (Johannesburg), Radio Roepstem, Radio Rippel, The Voice Westrand, Voice of Wits, Harvest Community Radio, Radio 7, Vaal Community Radio, Radio Horizon, Can-I, Africa One, Radio Pretoria, Radio Goudrif, Impact.

ICASA's reasons for granting or refusing four-year sound broadcasting services licenses in Gauteng were published in the Government Gazette[14].

Community Sound Broadcasting Renewals

ICASA considered renewal applications in order to ensure that broadcasting is controlled by the communities it purports to serve. Nine applications were received from the Free State Province and three applications from the Northern Cape Province for the renewal of community sound broadcasting licences. Naledi Community Radio, Overvaal Stereo, Radio Shimla and Radio Riverside were renewed administratively without a hearing. The complete list will be available in the ICASA library.

Councillors Mtimde and Bulbulia during the allocation of slots for political broadcasts.

Amendments

ICASA is responsible for providing access of signal distribution services to broadcasting licensees. The following community sound broadcasting licensees were granted amendments in order to change their signal distribution: Mokopane Community Radio, Indosakusa Community Radio, Maputaland Community Radio and Botlokwa Community Radio.

[14]*Government Gazette 26389 Notice 973 of 25 May 2004.*

Special Events Licences

A Special Event Licence can be applied for by any person, natural or juristic, to broadcast on a non-profit or not-for-gain basis a certain special event taking place in a particular community. The special event licences are assessed on the basis of their contribution to democracy, development of society, gender equality, nation building, provision of education and strengthening the spiritual morale of society. These licences are granted for a maximum of 30 days and are not renewable. During the year under review, ICASA considered a number of special event and other short-term licences. The complete list will be available in ICASA library.

MONITORING AND COMPLAINTS

ICASA's Monitoring and Complaints Unit is divided into two separate sections. The Monitoring Section's role is to assess Broadcasters' compliance with the IBA Act and the Broadcasting Act, as amended, relevant regulations and licence conditions. The Complaints Section's role, on the other hand, is the receipt, processing and adjudication of complaints. This section also acts as Registrar of Complaints for the Broadcasting Monitoring and Complaints Commission (BMCC).

MONITORING

ICASA monitoring officer at work.

The Monitoring Unit monitors broadcasters and issues monitoring reports, which entails comparing the actual performance of a broadcaster with criteria set out in the licensing conditions, regulations and the applicable legislation. Reports on the performance of licensees are used by Council when considering renewal or amendment applications. Monitoring visits are undertaken when a broadcaster is experiencing difficulties with compliance. During the period under review, serious efforts were made to improve the output of the monitoring section, which was restructured and a new monitoring format, which simplified the compilation of reports, was introduced. The restructuring was completed in June and the new format finalised in October. It has, however, proved to be highly successful as the monitors produced and published 113 reports compared to the 59 reports of the previous year.

Elections 2004

A representative of a Polictical Party draws lots for political broadcasts.

The purpose of monitoring general elections is to ensure that all political parties are equitably treated by broadcasters. ICASA is required to monitor, in terms of section 58, 59, 60 and 61 of IBA Act Party Election Broadcasts (PEBs), Political Advertisements (PAs) during an election period.

ICASA promulgated regulations governing PEBs and PAs by sound broadcasting licensees during the 2004 general elections. ICASA also published guidelines relating to the equitable treatment of political parties by broadcasting licensees (both radio and television broadcasting licensees) during the 2004 election period.

ICASA's Project Team conducted workshops with broadcasting licensees from January to April 2004 in all provinces. In line with the spirit of African Renaissance, the African Communications Regulatory Authorities Network (ACRAN/RIARC) and NEPAD, workshops were also conducted with the Southern African Broadcasters Association (SABA), and the regulatory authorities of Malawi, the Democratic Republic of the Congo and Mauritius.

The monitoring of broadcasters' coverage of the 2004 elections commenced on Monday 16th February 2004 and ceased on Saturday 17th April 2004. A total of 102 broadcasting licensees were monitored including 69 community sound broadcasting licensees, 16 public sound broadcasting services, 13 commercial sound broadcasting licensees and four television broadcasting licensees. The Authority monitored Party Election Broadcasts, Political Advertisements, Public Service Announcements, News Bulletins, Current Affairs shows and Special Election Broadcasts. ICASA monitored 44 502 items throughout the election period. The total data capture error radio of 0,15% was achieved for the duration of the project.

COMPLAINTS

The Complaints Section receives and processes complaints from the public with the view to regulate broadcasting in the interest of the public.

The Complaints Section manages about 15 - 20 complaints a month. Once received, any complaint, is processed and passed on to the relevant authority such as the Broadcasting Complaints Commission of South Africa (BCCSA) or the Advertising Standards Authority (ASA). The average time for assessing a complaint from receipt to referral is between three to four weeks.

During the period under review, the Complaints Section received 130 complaints. The complaints were categorised as follows:

CATEGORY	AMOUNT
Advertising	12
Blasphemy	16
Defamation	1
Hate Speech	4
Mismanagement	24
Other	8
Pornography	2
Programming	33
Technical	30
TOTAL	**130**

The majority of the complaints were received from the Gauteng Province and the second highest from the Eastern and Western Cape provinces. This was followed by the Free State, North West, Mpumalanga and KwaZulu Natal Provinces. Only one complaint was received from the Limpopo Province and no complaints were received from the Northern Cape Province.

The Complaints Section received 22 complaints against the SABC, eight against M-Net, five against etv, nine against some commercial sound broadcasters and 33 against community sound broadcasters. The complaints received against community sound broadcasters were mainly about mismanagement.

BROADCASTING MONITORING AND COMPLAINTS COMMISSION

The BMCC is a statutory body that convenes on an *ad hoc* basis to adjudicate complaints. On receipt of a complaint the broadcaster involved is requested to respond to the complaint. In the event a complainant is not satisfied with the response given by the broadcaster, the matter is referred to the Chairperson of the BMCC to decide whether it warrants a BMCC hearing or not. The membership of the BMCC comprises Advocate Jules Browde, SC (Chairperson); Ms Irene Baloyi; Mr Yaswant Gordhan; Advocate Fayeeza Kathree; Ms Irene Menell; Ms Keneiloe Mohafa; Ms Sophia Mosime; Prof Nomvula Mtetwa; Mhlaliseni Mthembu; Prof Nomvula Mosime; Ms Renee Smith and Prof Tina Uys. ICASA is represented on the BMCC by Councillor Nadia Bulbulia.

The BMCC meets on a quarterly basis or at such intervals as it may be deemed necessary. During the year under review, the BMCC had meetings in May, August, September and November.

Five hearings were held in respect of the following broadcasters:

Letlhabile Community Radio

On 10 April 2003 the BMCC held a hearing into the alleged contravention of Clause 11.8 by Letlhabile Community Radio which requires the licensee to retain recordings of programmes in a form acceptable to ICASA.

The BMCC found that the station failed to furnish recordings which are acceptable to ICASA. The BMCC recommended that a fine of R3 000 be imposed but that the payment thereof be suspended for the remainder of the licence period on condition that during that period there is no further contravention of Clause 11.8 of the station's licence conditions. The recommendation was ratified by the ICASA Council.

etv

A complaint was lodged against etv by ICASA based on the provisions of clause 5.3 of the IBA Regulations of 1999 on Advertising, Infomercials and Programme Sponsorships. The clause holds that a broadcaster who provides a television broadcasting service shall not obtain or accept any programme sponsorship from any person in respect of any news of current affairs programme.

The contravention was not proven to the satisfaction of the committee and the complaint was dismissed.

Radio Graaff-Reinet

A hearing was held on 31 October 2003 regarding the following alleged contraventions: failing to keep logs, failing to submit six monthly complaints reports; failing to notify ICASA in writing of any change in its address, fax, and telephone numbers prior to the changes being effected; failing to retain programmes in a form acceptable to and compatible with the equipment used by ICASA for not less than forty (40) days.

The licensee had, at the time of the hearing, submitted a complaints report and informed ICASA of its new contact details. The BMCC recommended that the licensee be given a period of four months – i.e. until the end of February 2004 - to satisfy the MCU that it was in a position to keep logs and provide the MCU with programme recordings. This deadline was accepted by Mr P Koeberg, the Chairman of the Board of the licensee.

Imonti FM

A hearing was held on 31 October 2003 because the station ceased its broadcasting services without any written permission from ICASA.

The BMCC recommended that the licensee be given two (2) months - i.e. until the end of December 2003 - to satisfy the MCU that it was in a position to go on air immediately. If they could not satisfy the MCU then it was recommended that the licence be revoked. The recommendation was ratified by the ICASA Council.

Imonti FM asked the ICASA Council in January 2004 for a further extension of six months due to severe circumstantial changes. The Council agreed to an extension until end of April 2004.

Mosupatsela FM

Due to mismanagement, the station could not maintain any formal structures to facilitate the participation of the community in the control, management, operational and programming aspects of the broadcasting service. This led to the MCU being incapacitated in carrying out its mandate. The licensee was brought before the BMCC on 9 February 2004. The BMCC recommended that the parties commit to a process as proposed by the MCU. This process, amongst other things, stated that the station hold an AGM and elect new board members and a management team. The BMCC recommended that, should the station not be successful in calling the AGM and elect the new office bearers, the renewal application should be refused. The recommendation was ratified by the ICASA Council. The station has managed to call an AGM and a new board and management team was elected.

Engineering and Technology

The Engineering and Technology Division is divided into two units, namely, Frequency Spectrum and Radio Monitoring and Regions. The responsibility of Engineering and Technology includes:

- Support in the granting of frequency and station licences, certificates and authorisations;
- The management and planning of access to the radio frequency spectrum;
- The preparation of frequency band plans;
- Investigation of radio communications interferences; and
- The assessment, adoption and management of technical standards relating to customer equipment and other devices.

Spectrum Licensing Departmental staff.

Frequency Spectrum

The Frequency Spectrum unit undertook the following projects during the period under review:

South African Band Replanning Exercise (SABRE) 1 and 2

SABRE 1 was initiated as part of the National Telecommunications Forum and Telecommunications Act development process. The purpose was to review the Frequency Plan in the range 20 MHz to 3 GHz, to align it with international developments and to provide for the migration of certain services from one band to another. Since then, market, regulatory and technological developments have set in motion significant changes in spectrum use.

In view of the above, ICASA started the process of revising the radio frequency band plan. Written submissions were received in response to the review of the frequency band plan covering the range 20 MHz to 3GHz. After that, the draft band plan was consolidated with the SABRE 2 frequency plan (3GHz to 70GHz) and published for final public review as the South African Table of Frequency Allocation (SATFA) on 30 March 2004 with the closing date of 30 April 2004. The draft band plan takes into consideration the results of the World Radio Conference 2003 (WRC03) held in June 2003 in Geneva, Switzerland. The new South African Table of Frequency Allocation (SATFA) is expected to be published in June 2004.

All new frequency assignments will be done in terms of this band plan, while the migration of those assignments that are in conflict with the band plan will take place as per the migration timetable published in the band plan.

The SABRE 1 provided for the 1800 MHz migration, to facilitate operation of the mobile and fixed line operators, i.e., Cell C, MTN, Vodacom, the SNO and Telkom. Subsequently, detailed migration plans were completed and the implementation of these plans are close to finalisation. The mobile operators i.e. Cell C, MTN and Vodacom, have been granted temporary access to the 1800 MHz band, pending final consideration of the application by mobile operators.

Review of Equipment Type Specifications

All relevant standard telecommunications technical specifications are assessed through the national Standards Technical Committee, TC 80, which is governed by Standards South Africa (STANSA) formerly known as the South African Bureau of Standards. The Standards Liaison Committee of ICASA oversees this work, as well as that carried out by the STANSA Committees TC 73 (Electromagnetic Compatibility) and TC 74 (Communications Technology). ICASA and the then SABS concluded a Memorandum of Understanding (MoU) to govern their relationship and cooperation.

Several new South African specifications were finalised during the period under review, such as Analogue TLTE regulations R226549.

Short Range Devices (SRDs)

SRDs are devices used very widely by the public, such as the case of electronic car keys, cordless phones, security systems controls and wireless LAN's, for which there is only type authorisation in certain frequency bands at very low signal levels. SRDs use frequency spectrum that has typically been allocated for Industrial, Medical and Scientific (ISM) use, e.g. telemetry, wireless audio systems and wireless LANs on the basis that individual units must be of an approved type but would not require its own frequency licence as long as it is used under the specified conditions. If not properly regulated, proliferation of this equipment may result in undesirable interferences.

There was an urgent need for the regulation of the above services. After a public enquiry, a notice was published advising the public of ICASA's intention to develop regulations relating to the use or possession of certain radio apparatus without a radio frequency spectrum licence, certificate, authorisation or permit. This regulation was published on 24 March 2004.

Telecommunications Regulators' Association of Southern Africa (TRASA) Projects

TRASA workshop in session with Councillors Hope (SA), Phosholi (Lesotho) and Lekaukau (Botswana).

Following the TRASA AGM, held in Maseru, Lesotho, in September 2003, several projects were identified for action. These included the Regional Licensing Centre; Cross-Border Co-ordination; and Regional Standards. Cross-Border Co-ordination was advanced by a Memorandum of Understanding between ICASA and Lesotho Telecommunications Authority (LTA), signed on 14 February 2002. This agreement has been implemented through the establishment of a Cross-Border Coordination Forum (CCF) [See also section on Monitoring and Regions]. The agreement legally empowers ICASA and LTA to resolve all Telecommunication and Broadcasting Regulatory cross-border issues.

Publication of an Annual Broadcasting Frequency Plan and Digital Broadcast Frequency Plan Development

Section 31(5) (a) of the IBA Act requires that ICASA reviews the Broadcasting Frequency Plan annually. The Plan provides for a broadcast frequency assignment policy framework, schedules of frequencies in the various broadcasting frequency bands allocated to the different categories of broadcasting services and assignments that are operational, licensed or spare. The annual Broadcast Frequency Plan for 2003 was published on 28 November 2003.

A Digital Audio Broadcasting (DAB) test licence was issued to Sentech, while Digital Terrestrial Television (DTT) test licences were issued to Sentech, Orbicom and MNET. A separate digital broadcast frequency plan will have to be prepared - in conjunction with the local industry and other countries in the SADC Region - to facilitate an orderly migration from analogue to digital. The ITU will be convening a Regional Conference for ITU Region 1 (Europe, Africa and the Middle East) to finalise the digital broadcasting planning guidelines in 2004 and 2005. Latest allocations were included in the Annual Broadcasting Frequency Plan of 2003.

Radiocommunications Frequency Licences

Frequency licences are issued for radiocommunications operators. These licenses are issued to a variety of users, ranging from large-scale users who hold multitudes of

ICASA Spectrum Management team.

frequencies to single frequency users who use the licences for two-way radios or burglar alarms. The list of frequency licences issued during this period about (90 000 in total) is available from ICASA's Library.

Type Approval and Licensing of Telecommunications Equipment.

The Equipment and Supplier Licensing Unit is responsible for processing applications for type approval and licensing telecommunications equipment in terms of Chapter VI of the Telecoms Act. This approval and licensing is done against relevant specifications and standards covering Technical Performance, Electrical Safety and Electromagnetic Compatibility.

Telecommunication equipment that interfaces to the Public Switched Telephone Network (PSTN) is classified as Telecommunication Line Terminal Equipment (TLTE) sometimes also referred to as Customer Premises Equipment (CPE), Terminal Equipment or Telephone Attachments. This category includes, amongst others, modems, all types of phones, fax machines, speech recorders, lightning and protection devices.

Telecommunication equipment with one or more input ports that are capable of connecting to the PSTN and a number of extension ports to which TLTE may be connected, and have the ability to interconnect incoming and extension ports together for the purpose of exchanging electronic information, is classified as a Switching System (SWS). This category includes, among others, Private Automatic Branch Exchange (PABX), Integrated Services Digital Network (ISDN), Automatic Call Distribution System (ACD) and Automatic Call Processing System (ACP).

Radio Frequency Type approval relates to manually checking the performance of equipment (from a provided test report) with respect to a given specification/standard and verifying compliance. This category includes, among others, two way radios, cellular phones and base stations.

Two categories of Line Maintenance Organisations are also licensed. These are:

- Line Maintenance Organisation type 1 (LMO-1)
  The organisation is licensed to install, alter and maintain ICASA approved PABX switching units as well as the associated extension-line cabling and terminal equipment.
- Line Maintenance Organisation type 2 (LMO-2)
  The organisation is licensed to install and maintain telephone cabling and reticulation. The list of the above licences is also available from ICASA's Library.

Several initiatives have been undertaken to put the necessary standards in place in order to conduct the type approval and licensing of telecommunication equipment as envisaged by the Telecommunications Act for example the licensing of PABX Switching Units and Suppliers regulations R1463.

ICASA frequency monitor at work.

Review of Equipment Type Specifications

All relevant Telecommunications Technical Specifications are assessed through the National Standards Technical Committee (TC80). The committee was established on

28 February 2001 following the signing of a Memorandum of Understanding on Standards Development by the Independent Communications Authority of South Africa (ICASA) and the then South African Bureau of Standards (SABS) on 11 December 2000. Combining the expertise of ICASA and SABS was beneficial to activities in the local telecommunications and broadcasting industry.

In the 2003/2004 financial year, the unit processed 331 new licences as well as type approved 503 RF devices. A total of 938 renewals were also processed during this period.

Electrical Safety

The Letter of Authority (LOA) import control system covering the electrical safety of electrical and electronic goods, as administered by the South African Bureau of Standards (SABS), will no longer apply to telecommunications equipment. In order to streamline the approval process and save time, SABS has agreed to exclude telecommunications products from the LOA scheme provided ICASA conducts the safety evaluation on these products. To give effect to this agreement, Telecommunications Equipment will be evaluated for electrical safety by ICASA as part of the licensing and type approval process.

Frequency Spectrum Assignments and Licensing Software Project

ICASA embarked on an initiative to replace the obsolete Spektrum system which was used for the licensing of radio frequencies and which does not provide further upgrade paths to facilitate new licensing categories and requirements. In addition, the Convergence Bill will bring about a need for new and revised licensing processes. There is a need to increase the number of user licences and functionality of some modules of the purchased system in order to fully cater for ICASA's requirements. The importation of data from the current system into the new LS system took longer than expected and therefore delayed completion of the project. The basic system was accepted at the end of 2003.

South African Police Services (SAPS) Closed Circuit TV (CCTV) Feasibility Study

In June 2003, the SAPS requested ICASA's assistance in investigating the feasibility of CCTV technology deployment for public safety and reduction of crime. ICASA participated in preparations regarding the use of frequency spectrum considerations. ICASA also participated in a study tour to the UK in July 2003 which was organised and financed by the British Foreign Office. ICASA's role was to investigate security CCTV spectrum use and consult with the British regulator, OFTEL, regarding regulatory aspects of the use of this technology. A joint report of this project was submitted to the SAPS senior management and subsequently used for the development of a national policy in this regard.

Joint Technical Committee 1 (JTC1)

In August 2003, ICASA was approached by Standards South Africa (STANSA), in terms of the MoU between the two organisations, to assist in facilitation of the National ICT Standards Committee (TC71). As part of this project, ICASA and STANSA participated in the plenary meeting of the JTC1 of the International Electrotechnical Commission (IEC) and International Standards Organisation (ISO) for standardisation of the ICT standards held in November 2003 in Singapore. ICT standards may be used as reference in the regulations pertinent to the ICT, telecommunications and broadcasting sectors.

MONITORING AND REGIONS

Regional Operations

The Radio Monitoring and Regions department enforces compliance with the Telecommunications Act in terms of spectrum usage and stamps out illegal spectrum usage by unlicensed defaulters. The Regional Offices conduct inspections, monitoring, interferences investigations, audit maritime surveys and maritime examinations. From a total of 467 reported cases of interferences, 443 were cleared during the reporting period.

The Durban, Port Elizabeth and Cape Town offices also perform marine surveys. These offices have technical officers who carry out marine surveys on behalf of the South African Maritime Safety Authority (SAMSA) and conduct Global Maritime Distress and Safety System (GMDSS) examinations. A total of 234 ship surveys and 649 examinations were conducted during the period under review.

ICASA frequency monitoring vehicles.

The Bloemfontein Regional Office is involved with the planning of terrestrial interference surveys for the South African national bid for the Square Kilometre Array (SKA) radio telescope project. This is a project aimed at the development of the largest-to-date radio-astronomy telescope, currently estimated at U$ 1-billion. South Africa is a strong contender with several sites identified in the Northern Cape and, as the Southern Hemisphere sites are preferred, competes with Australian sites in the Western Desert.

The regional offices are also responsible for monitoring and investigation spectrum usage to ensure compliance with the law. During the period under review, ICASA successfully clamped down on a number of illegal and unlawful usage, ranging from illegal radio operators to usage of equipment in excess of the numbers licensed. The following is a comprehensive list of the most common transgressions and actions taken:

- GSM signal jammers – located and seized;
- Illegal cordless phones interfering on SANDF and SAPS frequencies – confiscated;
- Illegal radio receivers used by tow truck operators and abalone poachers and smugglers to intercept SAPS voice communications – confiscated;
- Illegal broadcasting transmitters – identified and closed down or confiscated;
- Joint operations of the Central monitoring and the Johannesburg Region – closed down Radio Roepstem, Radio Triompf, Radio Teks FM and LM Radio (Kriel);
- Unlicensed provision of IP networks in the 2.4 GHz band – transgressors identified and cases opened with the SAPS;
- Spurious emissions from faulty RF equipment causing interference – identified and rectified by the operators; and
- Use of equipment in excess of numbers licensed – identified by licensees' audits and corrected through revised licences and fees.

All of these actions taken are an important part of IACSA's mandate of ensuring compliance, and also contributing to the clamping down of criminal activities.

Installation of fixed DF Monitoring Units

The project officially commenced on 26 March 2002. The first direction-finding monitoring unit was installed at site in Linksfield Ridge, Gauteng and has been operational since October 2002. The second DF monitoring station was installed in Cape Town during April 2003. The third one was installed in Durban and has been operational since October 2003. The fourth will be installed in Pretoria by the end of May 2004. This infrastructure will significantly improve the effectiveness of spectrum monitoring and location of sources of unlicensed radio transmissions.

Other infrastructure developments

New test equipment acquisition and upgrade of the monitoring equipment, as well as refurbishment of the coastal masts that were deteriorating and becoming safety hazards, were undertaken in the reporting period.

Database Integrity Verification Exercise (DIVE)

ICASA has embarked on an exercise to verify the accuracy of the spectrum database. The project requires that a portable case with all the necessary measurement and test equipment be designed to enable inspectors to take measurements of key parameters for the spectrum database at each installation address while on routine investigations. The measurements taken by the inspector will then be verified by the national spectrum database to determine the integrity of information sourced. The pilot project is being done by the Bloemfontein regional office and the first portable case is nearing completion and will undergo field trials within the next few months.

Memorandum of Understanding between ICASA and the LTA

During the period under review, substantial progress was made on eliminating GSM spillovers from South African mobile operators into Lesotho and from Lesotho mobile operators into South Africa. Almost all spillovers into Maseru have been eliminated. This was confirmed by the operators and independently verified by several surveys carried out by ICASA. The next phase of this project, which has already started, is to limit GSM spillover from South African and Lesotho operators into other parts of Lesotho and to limit spillover from Lesotho operators into South Africa. The Cross-Border Co-ordination Forum (CCF), formed as a result of the MoU, was also able to stop the provision of irregular GSM payphone services in "no person's land" between the South African and Lesotho border posts at the Maseru Bridge crossing as well as initiate cross-border co-ordination of radio broadcasting frequencies.

CCF guidelines have been formulated to deal with any cross-border spillover into and from South Africa. The CCF met on four occasions during the reporting period and has proved to be the best practice in dealing with cross-border cases.

The Bloemfontein regional office is also providing technical assistance to LTA on the Lesotho Spectrum Management Project.

Labelling Campaign

Retail outlets are visited to ensure that all type-approved equipment have ICASA approval labels on them. There will be a drive to increase public awareness that any radio or telecommunication equipment, especially illegal cordless telephones, that do not have ICASA approval labels on them, must be reported to the Authority. Problematic cordless telephones may render a wide band of the spectrum unavailable to licensees.

Law, Communications, Consumer Protection and Council Support

The Law, Communications, Consumer Protection and Council Support Division is divided into four units, namely: Law, Communications, Consumer Protection and Council Support.

ICASA legal services staff member.

LAW

The Law Unit is responsible for providing legal advice on a range of communications and general administrative legal issues including statutes, regulations and procedures; assistance and recommendations in adjudicatory matters before Council and management of complaints lodged with Council in terms of sections 53 and 100 of the Telecommunications Act. The support provided by the Legal Department to ICASA's core business programmes also takes the form of opinions, management of litigation, legal support to special committees, scrutiny of all regulations passed by Council and publication of notices in the Government Gazette.

Review of activities

Section 100 of the Telecommunications Act

The following Section 100 complaints and processes were dealt with: -

a. **Telkom v Globecast/ Newsforce**
Telkom lodged a complaint against Globecast Africa and Newsforce Africa, the latter being the holder of a Frequency Spectrum licence and Satellite News Gathering (SNG) Station licence and the requisite spectrum licence. Telkom's complaint was based on the allegation that these entities were providing an essentially National Long Distance Telecommunications Service or an International Telecommunications Service - services which require a PSTS licence. A pre-hearing meeting was held in March 2004, and the matter is still under the Authority's consideration.

b. **Transnet Ltd v Telkom Ltd**
During 2002 Transnet launched an urgent application against Telkom to interdict and restrain it from barring telecommunications services which it provided in accordance with its Private Telecommunications Network, after Telkom threatened to discontinue providing Transnet with such services. Telkom submitted that Transnet was illegally providing international voice telephone services which, in terms of the Telecommunications Act, could only be provided by a holder of a PSTS licence.

The court interdicted Telkom from discontinuing the service and directed Transnet to lodge a complaint with the Authority against Telkom. After the lodging of the complaint and after the parties exchanged the relevant statements of their submissions, a committee of Council was constituted. At the time of writing the report, a pre-meeting was scheduled and the matter is under the authority's consideration.

c) **Revised Section 100 Regulations**
Draft regulations for complaints' adjudication in terms of section 100 were published for comment. The regulations deal with the procedures involved in the lodging and adjudication of complaints as well as the sanctions that may be imposed on operators. These draft regulations are meant to amend and replace regulation R346 published in March 1998. Interested parties were invited to make oral submissions on the draft regulations. The committee of Council delegated for this purpose is currently finalising the regulations for comment by interested parties before their submission for Ministerial approval.

d) **Buffalo City Municipality v Telkom**

The Buffalo City Municipality lodged an application with the Authority in terms of section 44(7) of the Telecommunications Act to obtain the facilities to operate its anticipated radio network from another operator other than Telkom. The municipality submitted that Telkom had not furnished it with a satisfactory solution to the proposed system and that the system proposed by Telkom would only provide fixed links while its requirements were in respect of mobility in its system. Telkom advised that it was willing and able to provide the required solution but that the delays stemmed from the municipality's lack of sufficient information to enable Telkom to formulate a comprehensive user requirement specification.

Both parties were invited to a meeting with ICASA in April 2003 with a view to resolve the matter. However, the matter could not be resolved and the Authority appointed a committee to deal with the matter in terms of section 44(7). Upon the establishment of such committee of Council, the municipality abandoned the application and instead launched court proceedings seeking relief against its service providers and cited the Authority as an interested party. As no relief was being sought against the Authority, it was decided that the matter not be opposed.

Litigation matters

a. **Sentech v ICASA**

Sentech launched a review proceeding against the Authority to set aside the Supplementary Interconnection Guidelines published in December 2002. Sentech challenged the correctness of the procedure leading to the publication of the guidelines. The Authority filed a notice to abide by the decision of the High Court and did not oppose the court action. Sentech later withdrew the review application.

b. **Telkom v Nedtel Cellular and Others (Least Cost Routing Case)**

Telkom applied for an interdict to prohibit mobile operators and service providers from connecting customer premises equipment (including PABX) to its Public Switched Telecommunications Network (PSTN), alleging that such operators were not entitled to provide such services. Telkom submitted that its entitlement to prohibit the provision of such services stems from its licence.

The Authority decided not to oppose the matter and indicated that it would abide by the court's decision. The court held that the fact that Telkom is entitled to connect Customer Premises Equipment (CPE) to its PSTN does not mean that other licensees and/or service providers are not entitled to connect such equipment. It was held that a licence issued to one party could not be used to interpret a statute.

The Court also stated that the service provided by mobile operators is in terms of their respective licences and accordingly they are not prohibited by section 32 of the Act. The court further stated that the fitting of a Premicell device to a PABX serves only to route the call to a PLMN instead of Telkom's PSTN, and the service provided by the mobile operators remains unaffected by the connection of the device to the PABX and by the routing of the call to a PLMN.

It was therefore held that mobile operators did not contravene section 32 as alleged by Telkom and the application was dismissed with costs. Telkom has since been granted leave to appeal against the order to the Supreme Court of Appeal in Bloemfontein.

c. **Startrack Communications v ICASA**

Startrack Communications Africa (Pty) Ltd ("Startrack") submitted an application to the Authority for a Radio Frequency Spectrum Licence to provide a telecommunication service comprising asset tracking and monitoring. The Authority refused the application on the basis that Startrack has to be a holder of a telecommunication service licence as the service it proposed providing was tantamount to an international telecommunication service. Startrack launched review proceedings against the Authority's decision to refuse the granting of such licence in order to have it set aside. Pleadings have been exchanged. However, the process has been held in abeyance with the possibility of settlement being negotiated. Initial settlement proposals were not agreed upon. During the period under review Startrack had not responded to the Authority's further correspondence.

d. **BHP Billiton Aluminium v ICASA**
BHP Billiton issued summons for a refund in respect of overpaid licence fees totaling R800 000.00. The matter was settled out of court amicably between the parties.

e. **Len Marshall v ICASA**
Len Marshall issued summons for the repayment of an alleged overpaid licence fee in the amount of R95 000.00. The Authority is defending the matter and has filed an exception on the basis that the summons does not disclose a cause of action. The Authority is awaiting a date for the exception to be heard in court.

f. **The SA Jewish Board of Deputies v BMCC, Islamic Unity Convention and ICASA**
The South African Jewish Board of Deputies launched a court application to review and set aside the decision of the acting chairperson of the BMCC not to convene an oral hearing into the complaint it lodged against the Islamic Unity Convention, broadcasting as Radio 786. The Authority decided not to oppose the matter. The court decided to refer the matter back to the BMCC for it to conduct a hearing into the complaint.

g. **Radio Pretoria v ICASA**
As reported in the last annual report, Radio Pretoria applied for and was granted leave to appeal against the decision of the court which upheld ICASA's decision to refuse Radio Pretoria's application for a licence. The appeal is due to be heard at the Supreme Court of Appeal on 16 August 2004.

h. **Otherchoice (Pty) Ltd v ICASA**
Otherchoice (trading as Don't Panic TV) approached the Transvaal Provincial Division for a declaratory order to the effect that, in terms of the IBA Act and the Broadcasting Act, it is not required to hold a broadcasting licence for the service that it provides. This followed the Authority's action of instituting criminal charges against Otherchoice on the basis that it was contravening the provisions of sections 32, 39 and 66 of the IBA Act, as it was providing a broadcasting service without the requisite licence.

Otherchoice is a provider of adult entertainment television which is provided on a subscription basis in South Africa, although the channel is packaged and uplinked in Europe.

The Authority is opposing the declaratory application. Subsequent to the Authority lodging its notice of intention to oppose the matter, Multichoice Africa (Pty) Ltd applied to court for leave to intervene and join the proceedings due to the fact that it has a real and substantial interest in the outcome of the main application. By agreement between the parties, Multichoice has joined the proceedings as a co-respondent with the Authority and a date for the hearing of application is being awaited.

i. **Suid-Kaap Stereo**
Suid-Kaap Stereo launched review proceedings against the Authority's decision not to grant it a four-year community sound broadcasting licence. Subsequent thereto, the Authority filed a notice requesting Suid-Kaap Stereo to file security for costs as it was under provisional liquidation. Suid-Kaap failed to submit the security for costs and as a result the review application was dismissed.

j. Goodnews Community Radio

Goodnews Community Radio launched both an application for an interim order (to permit it to continue broadcasting until the finalisation of the review application) and a review application to set aside the Authority's decision not to grant it a four-year community sound broadcasting licence. The application was also served on Izwi Lomzantsi Community Radio, which was the successful applicant that was competing with Goodnews, in which it was to be interdicted and restrained from conducting its broadcasting service until the finalisation of the review application. The Authority opposed both applications. The court granted Goodnews the urgent interim order. The outcome of the review application is pending.

k. Telkom v ICASA, AT&T and Others

Telkom instituted review proceedings against the Authority's decision that AT&T was not acting in contravention of the Telecommunications Act by providing Value Added Network Services (VANS) to IBM. The Authority had in the ruling upheld AT&T's counter complaint that Telkom's refusal to provide AT&T with telecommunications facilities in terms of Sections 43 and 44 of the Telecommunications Act was effectively anti-competitive and gave Telkom's own VANS operations undue preference. The Authority is opposing the matter and, by direction of the Judge President of the Transvaal Provincial Division, the matter has been set down between 13 and 17 September 2004. The Authority will be submitting its heads of argument.

COMMUNICATIONS

The Communications Unit is responsible for internal and external communication, as well as the marketing needs of the Authority. These responsibilities include profiling and monitoring the image of the Authority, producing promotional material and displaying such material in industry and related exhibitions, liaising with the media, industry stakeholders and the general public in relation to the work of the Authority.

For the year under review, the Authority saw the emergence of a structured Communications Unit, with a clear strategy to guide and implement both the internal and external communication and media needs of the organisation.

A member of the Communications Unit at an ICASA exhibition stand.

Media Liaison

Throughout the year under review, the Authority - through its licensing and regulatory activities - attracted media attention which was predominantly positive. Press statements were issued and interviews granted from time to time by Councillors and managers responsible for relevant projects. These media interviews were mainly based on the Authority's activities, such as the launch of policy Discussion and Position Papers.

Some of the projects that attracted media attention include:

- Launch of the Low Power Sound Broadcasting Discussion Paper
- The Authority's recommendation to the Minister regarding the 51% of the SNO
- Regional and Local television Position Paper
- Sports Rights Position Paper

In addition, the Authority placed advertorial material in some of the industry's journals and magazines. Examples include a profile of ICASA's Broadcasting Division in the

Advantage Magazine, and a profile of all the business units of the Authority in the BMI TechnoKnowledge Communication Handbook 2003.

Media Monitoring

The strategic nature of the Authority's telecommunications and broadcasting activities requires that local and international media be constantly monitored for purposes of maintaining the image of the organisation, to track developments regarding the 'behaviour' of licensees and to keep abreast of policy and regulatory developments in the telecommunications and broadcasting sectors across the world.

To achieve this goal, the Authority, through the Communications unit, engaged the services of Electronic Watch (e-watch) to provide an international media monitoring service through an automated computer search engine capacity on a daily basis.

Stakeholder Liaison

Every year the Authority convenes Stakeholders' meetings to report on its activities for the year, as well as to provide an outline of its programs for the following twelve months. One such meeting was held in March 2003. Other stakeholder interaction includes:

- Profiling ICASA during the Minister's parliamentary media briefing.
- Producing radio public service announcements, regarding ICASA's role in the monitoring of the General Elections April 2004.
- Presentations to international delegations of fact-finding missions to South Africa to benchmark policy and regulation for the telecommunications and broadcasting sectors. Some of the delegations received consisted of Members of Parliament, as well as Commissioners and Councillors of telecommunications and broadcasting regulators from Nigeria, Malawi, the DRC and Malaysia.
- Distributing copies of the ICASA 2003 Annual Report to more than 270 stakeholder organisations.

Industry Exhibitions

The Authority took part in the following industry exhibitions during the financial year under review:

- Science, Engineering and Technology Week, held at the South African Airforce Museum, Pretoria, from 5-10 May 2003.
- Computer Faire, held at the Sandton Exhibition Centre, from 13-16 May 2003.
- Minister for Communication's Budget Speech in Parliament.
- The World Telecommunications Day, held in Rustenburg, on 31 May 2003.
- The World Summit on Information Society, held in Geneva, in December 2003.

In all the five exhibitions, ICASA distributed promotional material, including the 2003 Annual Report, to visitors.

ICASA frequency monitor displays monitoring equipment at an exhibition.

Website and the Intranet

The ICASA website continues to be the first remote point of contact with the outside world, both locally and internationally. In an attempt to continuously ensure that the site is user-friendly and predictable in terms of accessibility as well as reliability, all documents are converted to a PDF format. An audit of the website is to be conducted to ensure that the site remains relevant and interesting.

Call Centre Feasibility Study

The Authority initiated a feasibility study during March 2004 to establish the need for a Call Centre as a result of a barrage of enquiries from both stakeholders and the public in general. There is a need to record and manage all enquiries so as to ensure that these are successfully resolved by all the relevant departments of the Authority.

CONSUMER PROTECTION

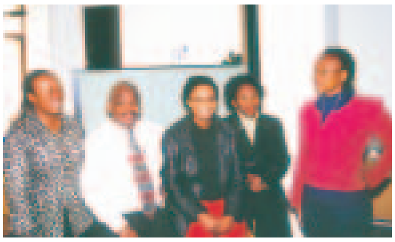
The responsibility of this Unit includes the development of plans for consumer safeguards in the form of Customer Service Guarantee Standards; the management of public education and awareness programmes and management of consumer complaints.

During the year under review, the Consumer Protection Unit intensified its outreach programmes to the greater population of South Africa. Through the outreach programmes the Unit familiarised itself with problems that people face on a day-to-day basis in relation to communications. In some areas of the country improvements in service delivery were noted. Complaints handling continues to be a critical part of the unit's activities.

Consumer complaints

A total of 197 complaints were received from members of the public in the year under review. The regional breakdown of complaints is as follows:

Eastern Cape	:	6
Northern Cape	:	3
Mpumalanga	:	3
Free State	:	9
Limpopo	:	5
North West	:	5
KwaZulu Natal	:	21
Western Cape	:	37
Gauteng	:	108



ICASA Consumer Protection Unit.

One of ICASA's major concerns was the length of time and manner in which the telecommunications operators dealt with complaints. A direct result of this concern was the signing of a Memorandum of Understanding ("MoU") between ICASA and all the telecommunications operators for the resolution of complaints. One of the purposes of the MoU is to ensure that complaints received by the Authority and forwarded to the Operators, as respondents, are resolved within fourteen days.

There has been a significant increase in the number of Asymmetric Digital Subscriber Line (ADSL) service complaints, and ICASA is currently in the process of taking action to ensure that the service to subscribers is improved.

Road shows

Road Shows were undertaken during February and March 2004 in the Northern Cape, Eastern Cape and Mpumalanga provinces with the aim of ensuring that the services of ICASA and telecommunications services in general are widely publicised in these provinces.

Road Shows in the Eastern Cape were undertaken in the following areas: Libode, Port St Johns, Qumbu and Tsolo, Umtata and Qunu. It was established that tele-density in this province is still very low.

The Road show in the Northern Cape was undertaken in the following areas: Springbok, Upington, Kakamas, Mothibistad, Kuruman, Postmansburg and surrounding areas and Barkley West and Kimberly. A distance of over two thousand kilometers along the northern part of the Northern Cape Province was covered. It was noted that service delivery in the areas visited was better than expected. Many households in the area are connected via Telkom's fixed lines and reports on faults are swiftly attended to. Community Service Telephones have not been rolled out in these areas.

During the Mpumalanga Road Shows, it was noted that this province is less developed in terms of service delivery. This has become a fast developing area due mainly to tourism. Unfortunately the rate of telecommunication service delivery is low and insufficient to support the growth of the province.

ICASA will continue research in the communities it is reaching out to and is currently compiling information on the impact of telecommunications on the lives of ordinary South Africans. A document on "Frequently Asked Questions", compiled from information received during the road shows, will be posted on the website. ICASA has also established community forums in all the provinces where it has regional offices in order to facilitate improved communication with communities.

Community Service Telephones (CSTs)

CSTs serve the dual purpose of ensuring access to telecommunications to communities in general and providing business opportunities. Towards the end of 2003, ICASA observed that the CSTs were being rolled out at a very rapid pace, especially in townships. The effect of the speedy roll out has had a negative impact on the purpose for which CSTs were intended. The outcome has been that services have been duplicated in the profitable areas of the townships, such as taxi ranks and shopping complexes, whereas rural areas are still without such a service. This has led to tensions in the townships. ICASA will devote the necessary time and resources to ensure that CSTs are introduced in the areas that are in need of access to telephony and its related services.

Constant monitoring of container telephones, to ensure that they dispense change to consumers, is also important.

Radio interviews

Radio interviews have become a critical means of communication for ICASA's effort to reach out to communities. Community radio stations, in particular, help ICASA reach out to communities in outlying areas. The success of the Mpumalanga Road Show is attributed to the support ICASA received from radio stations. Radio stations performed broadcast announcements of the details of the community meetings, raised awareness of the Authority and the services it offers the public, including the correct complaining procedures and contact numbers of the Consumer Protection Unit of ICASA.

Schools

Learners were mostly concerned about not having access to public telephones, potential career opportunities at ICASA and in the communications sector and obtaining Cyber Labs. The unit is currently researching methods on how to best address these concerns.

People with Disabilities

A special committee investigating the access to communication services and facilities available to people with disabilities is in operation and is facilitated by the Authority. In November 2003 a consultative meeting of stakeholders was held. Codes for operators are being developed for the telecommunications and broadcasting sectors for the provisioning of services for people with disabilities.

Royal Show Exhibition

The Authority participated in the Royal Show which receives over 100 000 visitors each year and enjoys national as well as international support. The Authority was placed on the A-list for events and meetings in KwaZulu-Natal and attracted numerous additional invitations for radio interviews. Our main focus at these events and during interviews is on community meetings and youth organisations.

Educational Material

ICASA has translated its education material into all the official languages in an attempt to improve on the outreach to communities. ICASA will also ensure that future material developed will be available in all official languages.

COUNCIL SUPPORT, SECRETARIAT AND INTERNATIONAL AFFAIRS

The responsibilities of this unit include secretarial support to Council and its sub-committees, co-ordination of Council's public hearing schedules and the co-operation and consolidation with other regulators on international communication matters.

Council Support & Secretariat

ICASA Council Support and Secretariat Unit.

The following hearings were conducted by ICASA during the year under review:

- Four-Year Community Radio Licences for Gauteng Applications;
- Sentech's Application to amend their licence;
- Low Power Sound Broadcasting;
- Guidelines regarding the Subsidisation of the USF;
- Chart of Accounts and Cost Allocation Manual;
- Second National Operator;
- Launch and Trial of New Services;
- Provisioning of Wireless Internet Access;
- Broadcasting Frequency Plan;
- Inquiry into Regional and Local Television;
- Inter-connection;
- Carrier Pre-Selection;
- Midi TV;
- SABRE 1 Review;
- SABC Renewals of Sound and Television Broadcasting;
- Under Serviced Area Licences;
- Commercial Radio Renewals; and
- WBS Amendment.

PA's to Council.

International Affairs

The core activity of the International Relations unit is to co-ordinate the participation and representation of the Authority in all the relevant international communications events, and to host study visits from other regulators. During the year under review, the Authority participated in the following international/regional activities:

International Relations Unit staff member.

a) **Telecommunications Regulatory Authority of Southern Africa (TRASA)**

- Nettel@africa Safari programme, Botswana.
- TRASA AGM, Maseru.
- Special General Meeting, Mauritius.
- TRASA/CATIA Low-COST VSAT Workshop hosted by the Authority.
- Revenue Generation Task Team Meeting hosted by the Authority.

b) International Telecommunications Union (ITU)

- ITU Symposium: African Roadmap to achieve NEPAD objectives at Arusha.
- ITU Council meeting, Geneva.
- ITU Regional Radio communication, Zambia.
- Forum on Telecommunication regulation in Africa, Ghana.
- 4th Annual Global symposium for Regulators, Geneva.

World Summit on Information Society (WSIS)

Preparatory Committee Meetings (PrepComs)

- PrepCom-2: Geneva.
- PrepCom-3: Geneva.
- The first phase of WSIS at Geneva hosted by the Government of Switzerland

Other WSIS meetings

- Conference on Access to ICTs: Pointe aux Piments (Mauritius)
- ITU World Radio conference: Geneva.

c) African Telecommunications Union

- ATU Preparatory Expert Group Meeting for Regional Radio Communication Conference 2004, Abidjan.

d) Broadcasting related meetings and events

- Our Media Conference, Colombia.
- International Institute of Communications (IIC) conference, London.
- Southern African Broadcasting Association Annual General Meeting, South Africa.

e) Ministerial meetings

- Asia Round Trip.
- India state visit.

f) Other Meetings

- African Forum for Utility Regulation meeting, Yaoundé.
- Visit from the regulator of the DRC.
- South African International Affairs ICT Forum Meeting (SAIAIF).

Office of Finance and Business Support (OFBS)

The Office of Finance and Business Support Unit is a critical support unit to enable ICASA to fulfill its mandate. This division comprises the following four units:

- Administration, Procurement and Library services;
- Finance;
- Information Technology and Services; and
- Human Resources.

A summary of the achievements and challenges of each unit during the 2003/2004 year follows.

Office of Finance and Business Support team

ADMINISTRATION, PROCUREMENT AND LIBRARY SERVICES

This unit provides support for the Authority to ensure day-to-day operations run smoothly. The following sets out the key areas and their significant achievements during the year:

Administration

- The roll-out of a revised Fixed Assets Policy that addresses and emphasises control over physical assets;
- Continuous improvement of security systems as guided by the Minimum Information Security Standards (MISS) and Control of Access to Public Premises and Vehicles Act 53 of 1985. Presentations on Security awareness by National Intelligence Agency (NIA) heightened security awareness at ICASA;
- Successful implementation of a Fleet Management System which provided the Administration unit with additional mechanisms to assist in the effective control and management of ICASA's fleet; and
- Implementation of the Safety, Health and Environment (SHE) Committee in accordance with the Occupational Health and Safety Act.

Procurement

- Implementation of ICASA's Procurement and Tender Policy; and
- Implementation of Source Link Electronic Purchasing System (EPS) of TradeWorld in an effort to source the best price at all times while also adhering to empowerment requirements as required by ICASA's Procurement Policy.

Library services

- The library continued to play an important part in making information relating to regulatory processes accessible to the staff of ICASA, stakeholders and the general public. The main focus on information provision was on the USAL process and various position papers launched in the year under review;
- In an attempt to provide an effective information service and building the knowledge base in the SA Telecoms sector, the library acquired reference sources (both print and electronic) that will enable ICASA to meet its objectives; and
- The introduction of a records management project with its main objective to establish organisation-wide records management practices with uniform filing and storage systems that comply with the National Archives of S.A. Act 43 of 1996.

FINANCE

The finance department has the responsibility of managing and controlling ICASA's finances and, on an ongoing basis, providing support to the organisation with the implementation and enforcement of corporate policies and procedures; evaluating internal controls and processes to ensure adequate separation of duties and systems of internal control; rendering support for the strategic risk assessment to the Internal Audit unit; and overseeing compliance with the Public Finance Management Act (PFMA) and South African Generally Accepted Accounting Practice (GAAP).

During the financial year, the finance unit achieved the following:

- The management reporting systems were improved, allowing for more accurate, comprehensive and regular reporting on financial performance;
- Payment procedures, amongst others, were constantly improved in order to deliver a more efficient service to the organisation;
- The testing phase of the electronic funds transfer system was successfully completed;
- A number of Finance policy and procedure documents were reviewed and updated. Efforts were undertaken to ensure that all staff understand and implement these policies; and
- The management systems for Telecommunications and Broadcasting licences were integrated with internal financial management system and the respective accounting and collection functions were centralised within Finance.

INFORMATION TECHNOLOGY AND SERVICES

Building on the consolidated infrastructure implemented during 2002, the IT unit has completed a number of projects that support the business activities of the organisation:

IT manager inspects ICASA main server room.

- Undertook a database audit of ICASA's Oracle Software usage and investment and made recommendation on:
  * Licensing Oracle Software and Maintenance;
  * Licensing Models for future Oracle use; and
  * Consolidation plan for Oracle Licenses;
- Commisioned a Master Systems Plan (MSP) to align ICASA's business objectives with underlying information technology and projects. All future IT projects will be based on the MSP;
- Completed the following projects to improve customer service:
  * Installed a generator/UPS system to avoid system downtime and disruptions during hearings and other business related activities;
  * Acquired new data and video projectors;
  * Installed the telephone On-Hold, Auto-Attendant and After Hour facilities for improved service delivery and to increase efficiencies;
- Initiated a process aimed at consolidating all storage into a Storage Area Network to enable easier integration of systems. The SAN will contain resilient elements that can be implemented with Business Continuity in mind;
- Ensured that the IT environment remains secure and up to date by:
  * Updating the Authority's Microsoft and NetWare servers with the latest virus pattern and engine files;
  * Upgrading GroupWise version 6.0 to version 6.5; and
  * Upgrading the Authority's website from the old/traditional technology to .net technology;
- Initiated a number of projects, including an Internet Policy and Management System, Management Information System and Integrated fax/email facility. The internet management and monitoring system ensures availability at all times and assists in prohibiting employee's access to non-work related websites;
- Stabilised the user environment and, as a result, have reduced registered incidents by approximately

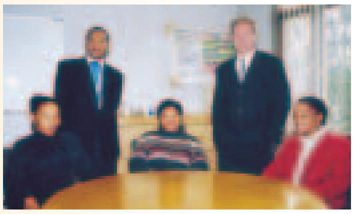
ninety-eight percent (98%) and improved on resolution times; and

- Completed the Disaster Recovery Policy.

Certain planned projects were delayed until the 2004/2005 financial year. It is envisaged that, with the MSP and SAN in place and the required budget available, planned projects for the forthcoming year will further enable ICASA and the IT unit to fulfill its mandate efficiently.

HUMAN RESOURCES

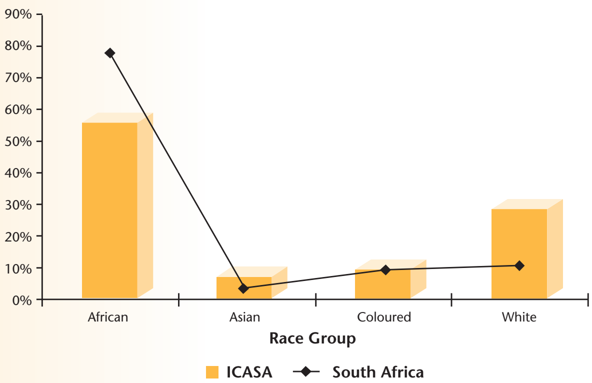
Major human resource challenges have been identified, setting the stage for continuous improvement and more effective service delivery. These include the need for a more effective, efficient and economical HR composition. Representation levels that reflect the White Paper on transformation in the Public Sector must still be attained, especially in the engineering and technology areas.



ICASA Human Resources Unit.

An analysis of ICASA's demographics as at 31 March 2004, against the official Census 2001 statistics of race distribution within South Africa, reveals the following:

Figure 1: Comparison of ICASA race statistics to South African official population statistics



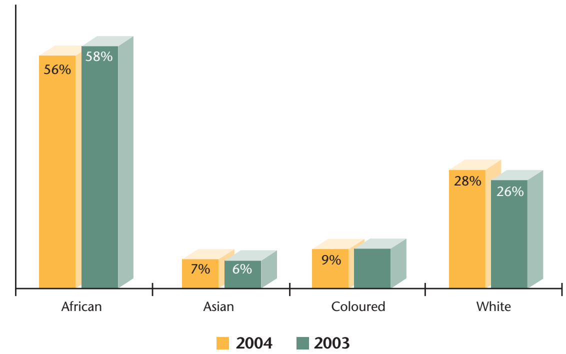
While ICASA has some way to go in achieving representative statistics that mirror the demographics of South Africa, the Authority continues to concentrate on ensuring diversity and empowerment within the organisation. It is pleasing to note that the majority of staff (more than 70%) employed by ICASA are from the previously disadvantaged groups.

Table 1: Staff Complement as at 31 March 2004

Population Group	Total	% In each group March 2004	% In each group March 2003	% Variance
African	152	55.9	58.3	(2.4)
Asian	18	6.6	6.3	0.3
Coloured	25	9.2	9.4	(0.2)
White	77	28.3	26.0	2.3
Grand Total	**272**	**100.0**	**100.0**	

The above statistics are presented below in Figure 2 graphically. ICASA has noted a downward shift in African representation with concern and has committed itself to reversing this.

Figure 2: Comparison of Staff Complement March 2004 versus March 2003



The decrease in Africans can largely be ascribed to the fact that they are offered lucrative packages by the private sector once they have obtained the necessary experience and qualifications. ICASA simply cannot compete with these packages offered in order to retain these skills.

Closer analysis indicates that the race distribution across the divisions is not evenly distributed. This analysis is visible in the breakdown of population group per division in table 2:

Table 2: Comparative Analysis per Race by Division as at March 2004

Branch	African	Asian	Coloured	White	Total
Broadcasting	23	0	4	3	30
CEO's office	0	1	0	0	1
Council	15	4	4	5	28
Engineering & Technology	55	7	11	57	130
OFBS	36	2	3	8	49
Internal Audit	0	0	1	0	1
Legal, Communications & Council Support	14	2	1	0	17
Telecommunications	9	2	1	4	16
Grand Total	**152**	**18**	**25**	**77**	**272**

From the above, it appears that under-representation of the targeted groups is evident in the technically advanced areas of Engineering and Technology. This is an area which has remained historically white male dominated and the availability of appropriately qualified and experienced previously disadvantaged individuals remains a concern. However we intend on embarking on programmes for staff retention and training and also actively recruit other groups with relevant qualifications and experience.

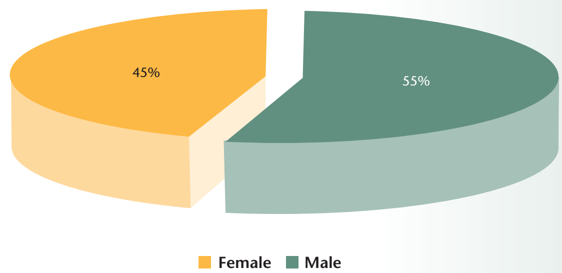
An analysis of gender representation in ICASA reveals that, as shown in table 3, women constitute 44.9% of ICASA's workforce, which is a minor improvement on the previous year. Further it is important to note ongoing efforts are being put in place to address this issue.

Table 3: Comparative Gender Status by Division as at March 2004

Division	Female	Male	Total	% Female		%
				2004	2003	Variance
Broadcasting	18	12	30	60.0	48.0	12.0
CEO's office	1	0	1	100.0	33.3	66.7
Council	19	9	28	67.8	66.6	1.2
Engineering & Technology	38	92	130	29.2	28.1	1.1
OFBS	28	21	49	57.1	57.4	(0.3)
Internal Audit	0	1	1	-	-	-
Legal, Communications & Council Support	11	6	17	64.7	87.5	(22.8)
Telecommunications	7	9	16	43.7	68.8	(25.1)
Grand Total	**122**	**150**	**272**	**44.9**	**44.5**	**0.4**

An area for concern, as reported above, is within the environment of Engineering and Technology, which will have to be addressed by means of the Employment Equity Plan.

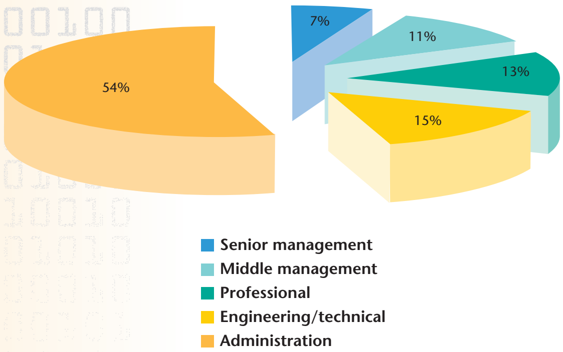
Figure 3: Staff complement at 31 March 2004 by Gender



Rank and Race

The distribution of staff amongst the various levels within the organisation is depicted in figure 4.

Figure 4: Staff complement by rank



The application of employment equity policies across the organisation continues to be a priority at ICASA. However a comparison to the previous year indicates a downward trend, largely attributable to a decline in the number of African management and professional staff, who have left ICASA for better opportunities in industry.

Table 4: Comparative Rank Status as at March 2004

Rank	African	Asian	Colour	White	Total	% PDI	
						2004	2003
Senior Management	9	2	3	4	18	77.8	80.0
Middle Management	16	4	4	6	30	80.0	85.7
Professional	24	2	0	5	31	83.9	85.0
Engineering/ Technical	10	6	3	23	42	45.3	62.2
Administration	93	4	15	39	151	74.2	88.6
Grand Total	**152**	**18**	**25**	**77**	**272**	**71.7**	**82.8**

Rank and Gender

Currently 44.9% of ICASA's workforce is female. However, as reflected in table 5, only 11.9% of women are represented in positions requiring technical skills.

Table 5: Comparative Rank and Gender Status as at March 2004

Rank	Female	Male	Total	% Females		%
				2004	2003	Variance
Senior Management	6	12	18	33.3	35.0	(1.7)
Middle Management	9	21	30	30.0	42.9	(12.9)
Professional	15	16	31	48.4	37.5	10.9
Technical	5	37	42	11.9	24.4	(12.5)
Administration	87	64	151	57.6	57.0	(0.6)
Grand Total	**122**	**150**	**272**	**44.9**	**44.5**	**0.4**

The variances reflected in the percentages above can be attributed mostly to the resignations of employees in support, middle and executive management positions over the past year. Some of the critical areas where ICASA has experienced loss of staff include Telecommunications, Finance, Council Support and Law. The current recruitment drive will, in many ways, assist with addressing the gender representation in the organisation as a whole.

Recruitment and Selection

The year ended 31 March 2004 has seen Human Resource Management and Development focus on finalisation of the restructuring process, with the confirmation of employees to positions at the end of 2003. The focus in quarter one of 2004 was on the filling of the outstanding vacant positions to populate the structure in line with the approved budget. It is envisaged that all the positions identified in this final stage of populating the organisational structure will be filled by the end of 2004.

Performance Management

One of the key deliverables for Human Resources in the 2003/2004 financial year was the development and implementation of an approved performance measurement system.

Human Resource Management commenced with the plan to roll out the Balanced Scorecard performance management process, including workshops with the executive management team which culminated in the drafting of a high- level scorecard. The focus will be on achieving the following milestones:-

- Balanced Scorecard Readiness Assessment Framework
- Development of second level scorecard
- Design and development of a Performance Contracting System by the fourth quarter of 2004.

It is envisaged that the roll out to Executive Senior Managers and Managers will be completed by the end of September 2004.

Recognition Agreement

In the first quarter of 2004, the ICASA negotiating team concluded a Recognition Agreement with the Communication Workers Union. This was a milestone achievement towards building a stronger working relationship between ICASA and the CWU.

Training and Development

ICASA's ongoing focus has been on the development of skills in Technical, Financial and Managerial Competencies. A number of employees also attended training on business and report writing skills, and workshops on the Convergence Bill were also held. In the year ahead priority will be placed on Leadership and Management Development programs for employees. Study Assistance in the form of Bursaries was also made available to employees and substantial focus was given to the development of employees with no tertiary qualifications.

The Human Resource Department also participated in the development of HRD best practices within the Telecommunication Regulatory Authority of Southern Africa (TRASA) which supports Human Resource Development in the SADC region. A Proposed HRD best practice manual will be presented at the TRASA Annual General meeting to be held in August 2004.

Key challenges facing Human Resource Management and Development in 2004/2005

Staff Retention

The resignation of staff in the critical key areas of the organisation as a result of lucrative packages available in industry remains a challenge. Strategies for attracting and retaining these skills will therefore remain a major focus area.

Establishment of a performance management culture

With the implementation of a Balanced Scorecard Performance Management process, the key challenge is the preparation of the environment as well as the establishment of a performance management culture at ICASA.

Pension Fund integration

ICASA currently operates three different pension funds. This project is aimed at the integration of these funds.

Leadership and Management Development program

With the finalisation of the restructuring process as well as the population of structures, ongoing efforts will be placed on developing the leadership and managerial competencies within the organisation.

Financial Statements

Contents

Approval of annual financial statements

The annual financial statements set out on pages 56 to 77 have been approved by the Chief Executive Officer.

Jackie Boitumelo Manche
Chief Executive Officer
1 July 2004

Audit Committee Report

Report of the Audit Committee on the Annual Financial Statements for the year ended 31 March, 2004

Introduction

The Audit Committee of ICASA has pleasure in presenting to Parliament its report for the financial year ended 31 March 2004.

In accordance with its Charter, the Audit Committee has met five times since its 2003 report. The membership and attendance at these meetings was as follows:

Audit Committee membership and record of attendance:

Member	Meetings attended
Graham Rosenthal (Chairperson)	5
Ismail Mamoojee (External Member)	4
Portia Nobanda (External Member)	3
Lilian Zondo (External Member)	3
Mandla Langa (Chairperson of ICASA)	5
Nadia Bulbulia (Councillor of ICASA)	*4
Nkateko Nyoka (CEO - resigned 31 December 2003)	1
Tracy McDonald (Acting CEO - 1 December, 2003 - 30 April 2004, resigned)	1
Gerhard Petrick (Acting CEO - 1 May, 2004 - 30 June 2004, term ended)	2
Jackie Manche (CEO – appointed 1 July 2004)	1

** Leave of absence for one meeting*

Audit Committee responsibilities

The Audit Committee has:

- complied with its responsibilities and obligations as set out in section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13; and
- complied with and discharged all its responsibilities according to the Audit Committee Charter, which regulates its formal terms of reference.

The Effectiveness of Internal Controls

The system of internal controls is effective as the various reports of the Internal Auditors, the Auditor-General's report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General have not, in the opinion of the Audit Committee, reported any significant or material non-compliance with prescribed policies and procedures.

ICASA's Executive management continues to devote time and effort to improving internal controls and related policies and procedures. It has identified the ongoing implementation of these internal controls and related policies and procedures as a priority.

The internal audit function was established at the beginning of 2003 and led to the completion of the Internal Audit Plan and the continuous updating thereof based on the Risk Assessment process, the Fraud Prevention Plan and the Fraud Hotline. As stated in our 2003 report, the benefits of the internal audit function will be felt in their entirety during the 2004/5 financial year.

The quality of Monthly Management Reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is reasonably satisfied with the content and quality of monthly reports prepared by the Accounting Officer during the year under review. However, there is room for improvement therein, on which the Audit Committee will work with the newly appointed CEO and CFO during the 2004/5 financial year.

Evaluation of Financial Statements

The Audit Committee has reviewed:

1. the audited annual financial statements and discussed them with the Auditor-General, the acting CEO as Accounting Officer and Executive management;
2. the Auditor-General's management letter and related management responses; and
3. changes in accounting policies and practices.

There were no significant adjustments resulting from the audit. The Audit Committee is satisfied that the Financial Statements comply in all material respects with Generally Accepted Accounting Practice (GAAP).

The Audit Committee is operating effectively so as to enable it to meet its obligations and responsibilities as set out in the PFMA, Treasury Regulations and Audit Committee Charter.

The Audit Committee accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that these financial statements be accepted and read together with the report of the Auditor-General.

Graham Rosenthal
Chairperson, Audit Committee
28 July 2004

Report of the Auditor-General

Report of the Auditor-General to Parliament on the financial statements of the Independent Communications Authority of South Africa (ICASA) for the year ended 31 March 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 56 to 77 for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Independent Communications Authority of South Africa at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Payments to the National Revenue Fund

Section 15(3) of the Independent Communications Authority of South Africa Act, 2000 (Act No.13 of 2000) requires that all revenue received by the authority, other than the amounts appropriated by Parliament should be paid into the National Revenue Fund within 30 days after receipt.

Contrary to this stipulation, the revenue received during the year under review was not always paid over within 30 days.

4.2 Collection of licence fees

The following matters were identified in respect of the granting of licences and collection of the relevant fees:

a) Broadcasting licences

Although measures were in place to collect licence fees due, cases were identified where the authority granted licences, but licence fees were not yet collected.

b) Frequency spectrum licences

In respect of frequency spectrum licence fees receivable at 31 March 2004, the Council of ICASA approved the writing-off of R5,9 million and a provision of R10 million for bad and doubtful debts. These amounts were either irrecoverable or incorrectly billed and were outstanding for periods ranging from three to five years.

During the audit, it was identified that weaknesses in the collection of licence fees and hence, the enforcement of the relevant conditions and terms of licences, still existed.

5. APPRECIATION

The assistance rendered by the staff of the Independent Communications Authority of South Africa during the audit is sincerely appreciated.

Imran Vanker
for Auditor-General
JOHANNESBURG
27 July 2004

Income Statement

for the year ended 31 March 2004

	Note	**31 March 2004**	31 March 2003
		R	R
Revenue	2	**123,954,190**	106,197,950
Other operating income	3	**–**	113,562
Total revenue		**123,954,190**	106,311,512
Operating expenditure	3	**112,272,260**	128,147,854
Profit/(loss) from operations		**11,681,930**	(21,836,342)
Finance costs		**4,676,859**	29,360
Interest on late payment of VAT	4	**4,651,924**	–
Other interest paid		**24,935**	29,360
Net operating surplus/(deficit)		**7,005,071**	(21,865,702)

Balance Sheet

at 31 March 2004

	Note	31 March 2004 R	31 March 2003 R
Assets			
Non current assets		**14,404,067**	12,038,069
Property, plant and equipment	5	**14,404,067**	12,038,069
Current assets		**100,471,130**	531,501,334
Other receivables	6	**13,039,840**	334,500
Prepayments		**1,819,314**	1,764,309
National Revenue Fund administered assets	7	**32,345,695**	470,417,867
		47,204,849	472,516,676
Cash and cash equivalents	8	**53,266,281**	58,984,658
Total Assets		**114,875,197**	543,539,403
Equity and Liabilities			
Reserves		**9,279,908**	2,274,837
Accumulated deficit		**(24,451,434)**	(31,456,505)
Start-up fund		**33,731,342**	33,731,342
Current liabilities		**105,595,289**	541,264,566
Trade payables	9	**24,492,968**	33,020,562
Provisions	10	**10,518,168**	7,649,850
National Revenue Fund creditor	11	**33,216,056**	470,417,867
		68,227,192	511,088,279
Deferred income - government grants	12	**37,368,097**	30,176,287
Total Equity and Liabilities		**114,875,197**	543,539,403

Statement of Changes in Equity

for the year ended 31 March 2004

	Note	Accumulated Surplus/(Deficit) R	Start-up Fund R	Total R
Balance at 1 April 2002		**2,636,131**	**33,731,342**	**36,367,473**
Change in accounting policy	22	(12,226,934)	–	(12,226,934)
Restated balance at 1 April 2002		**(9,590,803)**	**33,731,342**	**24,140,539**
Deficit for the year		(21,865,702)	–	(21,865,702)
Balance at 1 April 2003		**(31,456,505)**	**33,731,342**	**2,274,837**
Surplus for the year		7,005,071	–	7,005,071
Balance at 31 March 2004		**(24,451,434)**	**33,731,342**	**9,279,908**

Cash Flow Statement

for the year ended 31 March 2004

	Note	31 March 2004 R	31 March 2003 R
Cash generated by operating activities		**1,371,451**	24,399,466
Cash received, being total revenue		**123,954,190**	106,311,512
Cash paid to employees and suppliers		**(112,225,289)**	(123,437,791)
Net cash generated/(utilised) by operating activities	13	**11,728,901**	(17,126,279)
Applied to the (increase)/decrease in working capital	14	**(10,357,450)**	41,525,745
Cash utilised in investing activities		**(7,089,828)**	(4,550,558)
Acquisition of property, plant and equipment	5	**(7,089,828)**	(4,672,942)
Proceeds on disposal of property, plant and equipment		–	122,384
Net (decrease)/ increase in cash and cash equivalents		**(5,718,377)**	19,848,908
Cash and cash equivalents at the beginning of the year		**58,984,658**	39,135,750
Cash and cash equivalents at the end of the year	15	**53,266,281**	58,984,658

1. Accounting policies

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared under the historical cost basis and incorporate the following principal accounting policies, which are consistent in all material respects with those applied in the previous year, except where stated otherwise.

1.1 Adoption of South African accounting standards

During the current year, ICASA has adopted the following South African Accounting Standards for the first time: AC134 Government Grants.

Adoption of this standard has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statement presentation.

1.2 Income/Government grants

The Authority is financed from money appropriated by Parliament. Government grants to cover operating expenditure are accounted for in the income statement in the year to which they relate.

During the year, the Authority changed its accounting policy with respect to the treatment of government grants, in respect of long-term projects and capital expenditure, to comply with IAS20 (AC134) - Accounting for government grants and disclosure of government assistance. Previously there was no deferral of grant income received. The change in accounting policy resulted in the restatement of comparative information for the year ended 31 March 2003 and an adjustment to the accumulated surplus as previously reported at 1 April 2002.

Government grants relating to specific long-term projects are deferred, where appropriate, to recognise them as income in the same period as the relevant expense incured, so as to match them with the costs for which they are granted.

Government grants relating to the purchase of property, plant and equipment, are included in current liabilities as deferred income and are recognised as income over the periods and in the proportions in which depreciation on the property, plant and equipment is charged.

1.3 Depreciation and property, plant and equipment

All property, plant and equipment are stated at historical cost, less accumulated depreciation. Costs include all costs directly attributable to bring the assets to working condition for their intended use.

Depreciation is calculated on historical cost using the straight-line method over the estimated useful lives of the assets, which equates to the following rates per annum:

Office equipment	20 %
Computer equipment	33.33 %
Monitoring equipment	20 %
Furniture and fittings	16.70 %
Motor vehicles	20 %
Test equipment	20 %
PABX	20 %
Computer software	50 %
Other equipment	20 %

Expenditure on capital projects in progress is capitalised as Capital Work in Progress and only allocated to the relevant asset category when the property, plant and equipment is commissioned and brought into use. Such assets are only depreciated once the asset is brought into use.

Repairs and maintenance are generally expensed during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Authority. Major renovations are depreciated over the remaining useful life of the related asset.

1.4 Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

1.5 Interest received

All interest earned on surplus funds is paid across to the National Revenue Fund.

1.6 Taxation

No provision has been made for income tax as the Authority is exempted in terms of section 10 (1) (cA) (1) of the Income Tax Act, 1962 (Act No.58 of 1962).

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and bank current accounts.

1.8 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.9 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

1.10 Retirement benefits

Pension benefits are provided for employees by means of separate pension funds to which contributions are made by employees and the Authority. The Authority's contributions to the funds are charged to the income statement in the year to which they relate.

1.11 Termination benefits

Termination benefits, including those resulting from a restructuring program, are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

1.12 Start-up Fund

In terms of section 20(1) of the Independent Communications Authority of South Africa Act No. 13 of 2000, "All assets, rights and obligations, which immediately before the establishment date [of ICASA], vest in the former authorities pass to the Authority on that date." Accordingly this start-up fund which arose from the transfer of assets to the SA Telecommunications Regulatory Authority by the Department of Communications (DoC) with effect from 1 April 1997, transferred to ICASA on 1 July 2000.

1.13 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:
- The Public Finance Management Act (PFMA), and
- Regulations issued in terms of the PFMA by National Treasury.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.14 Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when ICASA becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables
Trade and other payables are stated at their nominal value.

1.15 National Revenue Fund (NRF)

In terms of section 15(3) of the Independent Communications Authority Act no. 13 of 2000, the Authority is required to pay all licence application and annual fees received and held on their behalf to the NRF within 30 days after receipt of such revenue.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the NRF. Whilst ICASA derives no direct economic benefit from these funds, it has an obligation in terms of statute to administer these funds on behalf of National Treasury and to pay them across within a prescribed time limit.

Accordingly, the licence fees received and banked are accounted for on a cash receipts basis and the balance of licence fees received not yet paid across to the NRF are separately disclosed as Administered Assets under current assets in the balance sheet. The corresponding obligation to pay these funds across to the NRF is reflected as a creditor under current liabilities in the balance sheet.

It should be noted that in the year ended 31 March 2003, the above information was not included in the balance sheet, but merely reported by way of a note to the annual financial statements. This change in accounting treatment has had no impact on the income statement, but has required a restatement of certain comparative information.

1.16 Comparative figures

Where necessary, comparative figures have been re-classified to conform with changes in presentation in the current year.

2. Government grants

	Note	31 March 2004 R	31 March 2003 R
Grants received based on original allocation from DoC		**116,376,000**	111,189,710
Additional funds received from DoC		**14,770,000**	2,957,593
Funds received from DoC for VAT		**7,204,000**	36,581,651
		138,350,000	150,728,954
VAT funding reflected as a reduction of amount due from DoC	6	**(7,204,000)**	(36,581,651)
		131,146,000	114,147,303
Amounts transferred to Deferred income - government grants		**(7,191,810)**	(7,949,353)
- Long-term projects	12	**(2,747,405)**	2,624,164
- Capital expenditure	12	**(4,444,405)**	(10,573,517)
		123,954,190	106,197,950

3. Net operating surplus/(deficit)

Included in the net operating surplus/(deficit) are the following:

	Note	31 March 2004 R	31 March 2003 R
Other operating income			
Profit on disposal of property, plant and equipment		–	64,950
Insurance recovery on property, plant and equipment stolen		–	48,612
		–	113,562
Operating expenditure			
Auditors' remuneration		**436,644**	(14,971)
Current year		**56,116**	260,029
Prior years		**380,528**	–
Overprovision prior year		–	(275,000)
Bad debts provision	18	**3,715**	1,898,863
Depreciation	5	**4,621,536**	4,750,525
Property, plant and equipment adjustments	17	**(2,866)**	53,848
Loss on disposal/write-off of property, plant and equipment		**28,687**	–
Operating lease rentals		**20,239,477**	17,008,060
Office equipment		**3,671,898**	3,601,627
Office premises		**16,567,579**	13,406,433
Professional fees		**7,299,300**	20,745,541
Staff costs		**57,931,800**	61,486,217
Salaries		**55,911,585**	58,372,306
Pension costs		**2,020,215**	3,113,911
Executive Management & Councillors' remuneration included in staff costs above	16	**6,394,912**	5,619,949

4. Interest on late payment of VAT

Fruitless and wasteful expenditure		**4,651,924**	–

The above amount relates to a provision for interest for late payment of VAT (refer note 10). Provision has been made for this as the Authority has not received sufficient funds to pay the VAT due on grants received, thus there remains an amount owing to SARS on which interest has accrued.

5. Property, plant and equipment

	Office equipment R	Computer equipment R	Monitoring equipment R	Furniture and fittings R
31 March 2004				
Cost				
Balance at 1 April 2003	1,898,777	5,934,242	18,637,828	3,416,715
Additions	64,080	475,307	1,812,163	–
Movement in Work in Progress	–	–	7,278,306	–
Disposals	–	–	–	–
Asset write off	–	(195,058)	–	(1,089)
Assets reinstated	–	–	840,528	4,899
Assets impaired	–	(73,437)	–	(3,036)
Balance at 31 March 2004	**1,962,857**	**6,141,054**	**28,568,825**	**3,417,489**
Accumulated Depreciation				
Balance at 1 April 2003	1,621,755	4,283,013	18,433,802	2,860,577
Charge for the year	80,649	809,207	565,360	359,956
Asset write off	–	(166,371)	–	(1,089)
Disposals	–	–	–	–
Assets reinstated	–	–	840,528	4,617
Balance at 31 March 2004	**1,702,404**	**4,925,849**	**19,839,690**	**3,224,061**
Net Book Value at 31 March 2004	**260,453**	**1,215,205**	**8,729,135**	**193,428**
31 March 2003				
Cost				
Balance at 1 April 2002	1,678,278	5,090,517	19,665,643	3,541,572
Additions	257,683	989,568	38,472	37,832
Movement in Work in Progress	–	–	–	–
Disposals	–	(57,435)	–	–
Asset write off	(37,184)	(88,408)	(1,066,287)	(162,689)
Balance at 31 March 2003	**1,898,777**	**5,934,242**	**18,637,828**	**3,416,715**
Accumulated Depreciation				
Balance at 1 April 2002	1,547,287	3,630,130	19,146,388	2,575,681
Charge for the year	99,614	734,134	353,702	422,536
Asset write off	(25,146)	(81,251)	(1,066,288)	(137,640)
Disposals	–	–	–	–
Balance at 31 March 2003	**1,621,755**	**4,283,013**	**18,433,802**	**2,860,577**
Net Book Value at 31 March 2003	**277,022**	**1,651,229**	**204,026**	**556,138**

Motor vehicles R	Test equipment R	PABX R	Computer software R	Other equipment R	Work in progress R	Total R
4,541,551	11,451,119	1,178,092	10,180,219	289,366	5,898,337	63,426,246
500,660	169,577	–	1,100	128,579	3,938,362	7,089,828
–	–	–	654,731	–	(7,933,037)	–
–	–	–	–	–	–	–
(44,800)	–	–	–	–	–	(240,947)
–	11,818	–	–	–	–	857,245
–	–	–	–	–	–	(76,473)
4,997,411	**11,632,514**	**1,178,092**	**10,836,050**	**417,945**	**1,903,662**	**71,055,899**
4,407,603	10,803,274	1,126,862	7,698,807	152,484	–	51,388,177
150,602	287,061	12,765	2,300,997	54,939	–	4,621,536
(44,800)	–	–	–	–	–	(212,260)
–	–	–	–	–	–	–
–	9,234	–	–	–	–	854,379
4,513,405	**11,099,569**	**1,139,627**	**9,999,804**	**207,423**	**–**	**56,651,832**
484,006	**532,945**	**38,465**	**836,246**	**210,522**	**1,903,662**	**14,404,067**
4,619,522	11,729,131	1,167,525	8,857,904	197,790	4,083,948	60,631,830
68,412	33,357	16,584	726,252	94,330	2,410,452	4,672,942
–	–	–	596,063	–	(596,063)	–
(146,383)	–	–	–	–	–	(203,818)
	(311,369)	(6,017)	–	(2,754)	–	(1,674,708)
4,541,551	**11,451,119**	**1,178,092**	**10,180,219**	**289,366**	**5,898,337**	**63,426,246**
4,331,368	9,896,107	918,524	6,237,178	122,233		48,404,896
222,618	1,209,448	214,355	1,461,629	32,489	–	4,750,525
–	(302,281)	(6,017)	–	(2,238)	–	(1,620,861)
(146,383)	–	–	–	–	–	(146,383)
4,407,603	**10,803,274**	**1,126,862**	**7,698,807**	**152,484**	**–**	**51,388,177**
133,948	**647,845**	**51,230**	**2,481,412**	**136,882**	**5,898,337**	**12,038,069**

	31 March 2004 R	31 March 2003 R

5. Property, plant and equipment (continued)

Capital work in progress comprises:		
Monitoring equipment	–	4,380,830
IT Software and related project costs	**1,530,868**	1,517,507
Fixed direction–finding (DF) equipment	**372,794**	–
	1,903,662	5,898,337

The amount of R 1 530 868 (2003: R 1 517 507) in respect of software costs relates to the implementation of the Spectrum Management system. This project is ongoing and it is anticipated that the system will be fully implemented during the 2004/2005 financial year .

The Authority has classified certain direction–finding equipment as capital work in progress. This equipment had not been commissioned by year end and therefore has not been depreciated.

6. Other receivables

Amount due from Department of Communications	**12,459,391**	–
Funding for VAT on grants received	**19,663,391**	36,581,651
Amounts received to date	**(7,204,000)**	(36,581,651)
Staff debtors	**422,890**	201,136
Staff debtors	**510,048**	300,239
Provision for bad debts	**(87,158)**	(99,103)
Deposits	**156,359**	128,638
Sundry debtors	**1,200**	4,726
	13,039,840	334,500

	31 March 2004 R	31 March 2003 R

7. National Revenue Fund administered assets

In order to achieve fair presentation the Authority separately discloses the amount held in bank accounts that relate to the licence fees and income collected on behalf of the NRF, as these do not represent assets owned by the Authority.

	31 March 2004 R	31 March 2003 R
Cash and cash equivalents	**32,345,695**	470,417,867

Due to administrative backlogs, in certain instances during the year, not all payments were made within the 30 day time limit.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash and short term, highly liquid investments, that are held with registered banking institutions with maturities of three months or less and that are not subject to significant interest rate risk. The carrying amount of these assets approximates their fair value.

9. Trade payables

	31 March 2004 R	31 March 2003 R
Trade creditors	**7,155,372**	3,774,813
Accruals	**2,755,186**	1,080,461
SA Revenue Services – value added tax	**14,295,592**	27,683,982
Other sundry creditors	**286,818**	481,306
	24,492,968	33,020,562

10. Provisions

	Provision for interest on VAT R	Leave pay Provision R	Bonus Provision R	Provision for Restructuring R	Provision for RSC levies R	Total Provisions R
Opening balance	–	6,318,373	1,168,427	–	163,050	7,649,850
Additional provisions	4,651,924	–	161,338	750,071	–	5,563,333
Utilisation of provisions	–	(2,531,965)	–	–	(163,050)	(2,695,015)
Closing balance	**4,651,924**	**3,786,408**	**1,329,765**	**750,071**	–	**10,518,168**

Provision for interest for late payment of VAT of R 4 651 924 has been made. The Authority is liable for VAT on grants received from the DoC. However funding for the full liability has not been received from the DoC. Accordingly ICASA has been unable to pay the VAT to SARS in full, resulting in interest due on late payment being levied by SARS.

The leave and bonus provision relates to the estimated liabilites arising as a result of services rendered by employees.

As part of an ongoing restructuring program, ICASA is currently in negotiation with certain employees regarding an offer for voluntary retrenchment. The matter has not been resolved and accordingly a provision based on the best estimate of the final settlement has been made.

11. National Revenue Fund creditor

	31 March 2004 R	31 March 2003 R
The amount held on behalf of the NRF is represented by the following under the administration of the Authority.		
Balance outstanding at the beginning of the year:	**460,513,667**	10,528,689
Licence, application and annual fees received	**973,266,476**	904,059,490
Broadcasting	**22,166,083**	15,660,147
Telecommunications	**805,740,037**	741,926,453
Frequency Spectrum	**120,103,479**	123,991,778
Interest received	**25,256,877**	22,481,112
	1,433,780,143	914,588,179
Paid to NRF	**(1,404,114,772)**	(454,074,512)
Revenue received to be paid to NRF	**29,665,371**	460,513,667
Unallocated receipts and other payables	**3,550,685**	9,904,200
	33,216,056	470,417,867

The amount owing to the NRF was paid over subsequent to the year end. The amount disclosed as unallocated receipts and other payables relates to amounts received in the licence fee bank accounts, which have not been allocated to the relevant licensee by year end. This is merely a timing issue and ongoing reconciliation of these accounts is done. Once the origin of the receipt is established it is transferred to the account of the relevant licensee and paid across to the NRF.

	31 March 2004	31 March 2003
	R	R

12. Deferred income – government grants

Long term projects		
Balance at 31 March 2003	**7,375,836**	10,000,000
Movement for the year		
Grants to be utilised in a future period	**2,747,405**	(2,624,164)
Balance at 31 March 2004	**10,123,241**	7,375,836
Capital expenditure		
Balance at 31 March 2003	**22,800,451**	12,226,934
Movement for the year	**4,444,405**	10,573,517
Grants to be realised over the useful life of the assets	**7,629,653**	2,794,416
Grants to be utilised in a future period	**2,078,407**	10,762,382
Realised in the current year	**(5,263,655)**	(2,983,281)
Balance as at 31 March 2004	**27,244,856**	22,800,451
	37,368,097	30,176,287

13. Net cash generated/(utilised) by operating activities

Net operating surplus/(deficit)	**7,005,071**	(21,865,702)
Adjustment for non cash items:		
Loss/(profit) on disposal/write–off of property, plant and equipment	**28,687**	(64,950)
Depreciation	**4,621,536**	4,750,525
Impairment of assets	**76,473**	–
Asset (write up)/write down	**(2,866)**	53,848
	11,728,901	(17,126,279)

14. (Increase)/decrease in working capital

Decrease/(Increase) in other receivables, prepayments and NRF administered assets	**425,311,827**	(466,201,572)
(Decrease)/Increase in trade payables, provisions and NRF creditor	**(442,861,087)**	489,777,964
Increase in deferred income - government grants	**7,191,810**	17,949,353
	(10,357,450)	41,525,745

15. Cash and cash equivalents

		31 March 2004 R	31 March 2003 R
Cash and cash equivalents included in the cash flow statement comprise the following amounts:			
Current accounts		**45,518,008**	51,234,661
Call account		**7,387,627**	7,387,626
Deposit account		**348,306**	353,567
Petty cash		**12,340**	8,804
		53,266,281	58,984,658

16. Executive Management & Councillors' remuneration

Details of remuneration paid are as follows:

		31 March 2004 R	31 March 2003 R
Chairman			
M Langa		**608,970**	563,862
Councillors		**2,773,813**	2,407,829
N Bulbulia		**472,809**	328,340
J N Hope		**472,809**	437,787
M Mohlala		**472,809**	328,340
L Mtimde		**472,809**	328,340
L M S Ncetezo		**472,809**	437,787
G Petrick	Appointed 21 May 2003	**409,768**	–
N Smuts	Resigned 30 September 2002	–	218,894
Y T Carrim	Term ended 30 June 2002	–	109,447
W H Currie	Term ended 30 June 2002	–	109,447
L Lloyd	Term ended 30 June 2002	–	109,447
Executive Management		**3,012,129**	2,648,258
N Nyoka (CEO)	Resigned 31 December 2003	**609,669**	716,412
P Hlapolosa		**480,492**	373,578
T Mc Donald	Acting CEO from 1 December 2003	**480,492**	78,802
J Naidoo		**480,492**	446,543
E Nhlapo		**480,492**	446,543
W Skowronski		**480,492**	446,543
H Moolla	Resigned 31 July 2002	–	139,837
		6,394,912	5,619,949

	31 March 2004 R	31 March 2003 R

17. Property, plant and equipment adjustments

The following property, plant and equipment adjustments were made to correct the accounting records to the fixed asset register:

Cost	**(857,245)**	1,674,708
Accumulated depreciation	**854,379**	(1,620,860)
	(2,866)	53,848

A complete count of assets was performed during the current financial year which has necessitated that adjustments be made to the financial records to accurately reflect physical assets on hand at year end.

18. Bad debts provision

Bad debts provision relating to Broadcasting debtors	–	1,807,429
Staff debtors	**(11,945)**	91,434
Other	**15,660**	–
	3,715	1,898,863

Prior to July 1999 the former IBA was entitled to retain licence fees collected to fund it's operations. Included in the receivables of the Authority were balances brought forward for licence fees not yet collected and related to prior to July 1999. A provision was raised against these receivables in the prior year.

19. Capital Commitments

Approved and contracted for	**3,721,413**	1,647,994
Approved not yet contracted	**7,395,000**	2,691,374
	11,116,413	4,339,368

This expenditure will be financed by cash resources and capital grants received from the DoC.

	31 March 2004 R	31 March 2003 R

20. Future minimum operating lease payments

The future minimum lease payments under operating leases for property and equipment are as follows:

	31 March 2004 R	31 March 2003 R
Within one year	**19,760,835**	18,804,106
Between two and five years	**95,424,095**	87,493,303
After five years (a)	**16,683,883**	44,375,511
	131,868,813	150,672,920

(a) Relates to a long–term property lease expiring on 31 October 2009.

21. Contingent liabilities

	31 March 2004 R	31 March 2003 R
Penalties for VAT:		
Independent Broadcasting Authority	**2,072,600**	–
ICASA	**970,564**	–
Litigation	**600,000**	–
	3,643,164	–

During the 2002/2003 financial year a significant liability for VAT on grants received in prior years by IBA, SATRA and ICASA was settled. An in principle agreement was negotiated with SARS to waive all penalties thereon. To date the Authority continues to receive statements of account from SARS which include the above penalties. It is anticipated that these penalties will be reversed by SARS, as agreed previously with them. However, in the absence of a recent written confirmation that they will waive the penalties, the potential claim by SARS for penalties on late payment of VAT remains a contingent liability.

Trinity Broadcasting Network was awarded costs on appeal to the Supreme Court in Bloemfontein. ICASA is awaiting a final bill of costs which is conservatively estimated to be in the region of R600 000.

22. Change in accounting policy

As noted in 1.1 and 1.2, the Authority changed its accounting policy with regard to government grants in respect of long–term projects and capital expenditure in the current year in order to comply with Generally Accepted Accounting Practice. Accordingly, the comparative figures for the year ended 31 March 2003 have been restated.

Furthermore, in light of the effective date of the statement being 1 July 2000, there is a requirement to adjust the opening reserves for the impact of this change in accounting policy. In the absence of information being available to identify project and capital expenditure versus operating expenditures in the prior years, the adjustment to opening reserves for the effect of the change in accounting policy has been accounted only on the net book value of the property, plant and equipment at 1 April 2002 of R 12 226 934. This will ensure that depreciation charged in future against assets acquired during the period 1 July 2000 to 31 March 2002 can be matched to the relevant grant received.

	31 March 2004 R	31 March 2003 R
Accumulated (deficit)/surplus at 1 April – as previously reported	**(3,247,443)**	2,636,131
Restatement of accumulated surplus/(deficit) due to change in accounting policy:	**(28,209,062)**	(12,226,934)
Current year	**(17,949,353)**	(12,226,934)
Prior year	**(12,226,934)**	–
	(30,176,287)	(12,226,934)
Amount previously accounted for as a receipt in advance now included in Deferred Grants	**1,967,225**	–
Accumulated deficit at 1 April – as currently reported	**(31,456,505)**	(9,590,803)

23. Financial instruments

Forward foreign exchange contracts

No foreign exchange contracts were entered into during the current year under review.

Interest rate swaps

No interest rate swaps were entered into during the current year under review.

Loans receivable

There were no loans receivable during the current year under review.

Bank loans

There were no bank loans during the current year under review.

Credit risk

Financial assets which potentially subject ICASA to concentrations of credit risk consist principally of cash, short-term deposits and receivables. The cash equivalents and short-term deposits are placed with high credit quality financial institutions. Receivables are presented net of the allowance for doubtful receivables. ICASA has no significant concentration of credit risk.

Interest rate risk

Cash and short term deposits have maturities less than three months and are not subject to significant interest rate risk.

Fair values

At 31 March 2004 and 2003 the carrying amounts of cash and cash equivalents, other receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities.

Detailed Income Statement

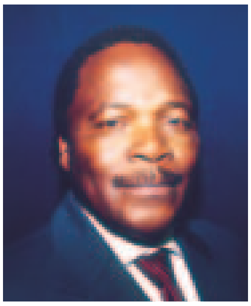
for the year ended 31 March 2004

	Note	31 March 2004 R	31 March 2003 R
Income		**123,954,190**	106,311,512
Government grants	2	**123,954,190**	106,197,950
Profit on disposal of property, plant and equipment		–	64,950
Insurance recovery on property, plant and equipment stolen		–	48,612
Operating expenditure		**116,949,119**	128,177,214
Auditors' remuneration	3	**436,644**	(14,971)
Current year		**56,116**	260,029
Prior years		**380,528**	–
Overprovision prior year		–	(275,000)
Bad debts	18	**3,715**	1,898,863
Bank charges		**178,434**	113,513
Depreciation	3	**4,621,536**	4,750,525
Equipment rental	3	**3,671,898**	3,601,627
Property, plant and equipment adjustments	17	**(2,866)**	53,848
General expenses, stores and supplies		–	23,033
Impairment of property, plant and equipment	5	**76,473**	–
Information technology		**3,246,239**	2,299,739
Insurance		**1,030,313**	970,443
Finance costs		**4,676,859**	29,360
Loss on disposal/write–off of property, plant and equipment	3	**28,687**	–
Regulatory bodies and related expenditure		**850,331**	462,245
Motor vehicle expenses		**844,886**	1,197,000
Office premises rental and related costs		**19,262,124**	17,763,903
Office maintenance and repairs		**1,925,469**	1,366,645
Printing and stationery		**849,850**	1,235,739
Professional fees	3	**7,299,300**	20,745,541
Publications		**307,100**	179,526
Publicity and advertising		**1,283,713**	1,464,219
Restructuring costs		**833,071**	149,544
RSC levies		**280,890**	76,256
Salaries and related expenses	3	**57,931,800**	61,486,217
Telephones, postage and fax		**3,918,244**	3,985,918
Training and conferences		**911,679**	1,837,399
Travelling and subsistence		**2,482,730**	2,501,082
Net operating surplus/(deficit)		**7,005,071**	(21,865,702)

Executive Management

Nkateko Nyoka
(Chief Executive Officer until Nov 2003)

Jackie Manche
(Chief Executive Officer from July 2004)

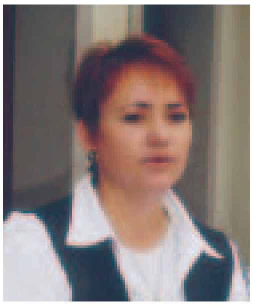


Eric Nhlapo
(GM - Broadcasting Division)

Wojtek Skowronski
(GM - Engineering & Technology)

Peter Hlapolosa
(GM - Telecommunications Division)

Jayshree Naidoo
(GM - Legal, Communications, Consumer Protection and Council Support)



Tracy McDonald
(Chief Fianancial Officer until April 2004)

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Notes

ICASA

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