



## promoting competition, choice and diversity

between different countries) – completed ITU frequency registration forms for each frequency assignment in the plan. Council approved the registration of frequencies with the ITU, and the registration of frequencies with the ITU in the Master International Frequency Register

- Nodal Points Frequency Assignments. The generation of frequencies for the nodal points community radio stations to support the Integrated Rural Development Strategy.

Several member-countries have requested the ITU to convene regional radio conferences to plan the migration from analogue to digital technology for broadcasting services.

The digital migration policy process is part of the broader socio-economic imperative of bridging the digital divide, creating jobs and promoting electronic government and education, as well as encouraging diversity and choice.

The first of these Radio Communication Conferences (RRC-04) was held in Geneva in May 2004. The conference sought to establish the technical basis for the planning of the digital terrestrial broadcasting service for both radio and television in the frequency bands 174-230 MHz (Band III) and 470-862 MHz (Band IV/V) for parts of Region 1 (Europe, Africa and the Middle East) and Region 3 (Islamic Republic of Iran).

The second RRC session will establish a new regional agreement for these bands to be used for terrestrial digital broadcasting. ICASA participated in task teams established by the Department of Communications (DoC) to formulate a South African plan which was subsequently sent to the ITU in February 2005.

### Broadcasting

ICASA published a Discussion Paper on Subscription Broadcasting in April 2004 for public comment and held public hearings in August 2004.

The policy aims to provide for the licensing of new entrants into the subscription broadcasting market. This policy process is part of a licensing framework that seeks to promote investment and create jobs in the formal economy.



*Value added network services hearings*

### 3. PROMOTING COMPETITION, CHOICE AND DIVERSITY

Since inception, the telecommunications and broadcasting sectors have been dominated by state monopolies in many countries around the world. Recent economic reforms call for the introduction of competition through the licensing of new market players and service providers. With competition comes affordability and choice, as well as quality of service for the general public.

In telecommunications, processes to license the second national operator to compete with Telkom in the fixed line market and licensing of VANS to provide a variety of telecommunications services are all measures intended to promote competition and choice for the consumers of telecommunication services in South Africa.

#### Telecommunications

The Chart Of Allocations/Cost Allocation Manual (COA/CAM) is a reporting framework for telecommunications operators that deals with the underlying costs of providing a particular service such as a local or national long-distance call.

Costs can then be compared to the charge for the service levied by the operator and a decision made regarding the reasonableness of the charge taking into account the relevant costs. This enables ICASA to monitor operator charges to ensure that customers are not overcharged for services. ICASA undertook a review of COA/CAM for mobile operators, and the relevant regulations were promulgated in the year under review. Proposed implementation

plans were received from the mobile operators as required in terms of the regulations.

ICASA embarked on a major exercise to review Telkom's tariffs, culminating in the publication of Rate Regime Regulations<sup>1</sup>. These Regulations 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 telecommunications service (PSTS) operators such as Telkom. The Rate Regime Regulations allow for restrictions on price adjustment proposals by Telkom<sup>2</sup> 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.

A consultation document on the Rate Regime was developed and published for public comment. Written representations were received and hearings were held. Draft regulations were generated, taking into account inputs obtained through the consultation process. The thrust of the proposed regulation is to ensure that Telkom achieves efficiencies in its service delivery processes that can then result in lower tariffs to its customers.

Following the submissions received on the draft regulations, ICASA published the regulations for a further round of consultation. ICASA is in the process of finalising these regulations which should be implemented by September 2005.

The Telecommunications Act requires ICASA to develop a numbering plan for telecommunications services. With the imminent licensing of the Second Network Operator and under-

<sup>1</sup>Government Gazette 22870, Notice 1248, of 26 November 2001 (Rate Regime Regulations)

<sup>2</sup>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%.



## promoting competition, choice and diversity continued

serviced area licences, the numbering plan is anticipating meeting the operators' numbering requirements.

The numbering plan is neutral and clearly structured, identifying various number ranges for specific telecommunications 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 included.

ICASA has finalised the numbering plan through the normal regulation-making process and is awaiting the promulgation of the numbering plan by the Minister.

Number portability allows telecommunications users to choose an operator/service provider and to change location and/or service providers without losing their number. ICASA embarked on rule-making processes in order to meet the number portability requirements of the Telecommunications Act. Draft Number Portability and Functional Specification regulations were published for public consultation.

Written representations were received on the draft regulations and hearings were conducted. The regulations have been finalised, and ICASA is on track to meet the implementation timeline of the end of 2005.

### Broadcasting

The licensing of public, commercial and community broadcasting services provides not only competition among the various

broadcasters, but also choice for the public. The following commercial sound-broadcasting licensees applied for amendments to their respective licences:

#### Radio Oranje (Pty) Limited

ICASA approved an application for some technical amendments from Radio Oranje. These include the reactivation of the transmitter site in Boesmanskop and Springfontein, the establishment of a transmitter site in Sasolburg and a power reduction at the transmitter sites in Ladybrand and Christiana.

#### Cape Talk

ICASA approved an application for the Cape Talk shareholding amendment to its broadcasting licence.



SABC Licence Amendment

### **Jacaranda FM (Pty) Limited**

ICASA approved the Jacaranda FM (Pty) Limited shareholding amendment to enable New Africa Investment Limited (NAIL) to dispose of its media stake as envisaged in the NAIL/Tiso Consortium transaction.

### **Kaya FM (Pty) Limited**

The Authority approved the Kaya FM (Pty) Limited shareholding amendment application to enable New Africa Investment Limited (NAIL) to hold their shares in Kaya FM directly and not through its wholly owned subsidiary, New Africa Media Holdings (NAMH).

### **P4 Radio Cape Town (Pty) Limited**

ICASA approved a shareholding amendment to allow P4 International to dispose of its stake in P4 Radio Cape Town (Pty) Limited.

### **P4 Radio Durban (Pty) Limited**

ICASA approved a shareholding amendment to allow P4 International to dispose of its stake in P4 Radio Durban (Pty) Limited. Furthermore, ICASA renewed P4 Radio Durban (Pty) Limited's commercial sound broadcasting licence.

### **East Coast Radio (Pty) Limited**

ICASA approved an application to amend the shareholding structure of East Coast Radio (Pty) Limited, allowing Kagiso Media Limited to own 100% of the issued shares in East Coast Radio. The East Coast Radio Share Trust will also be replaced by a Profit Participation Scheme.

### **Midi TV (Pty) Limited (e-tv) – Self-help Stations**

ICASA considered 20 self-help station applications from e-tv as part of e-tv's expansion to fulfil its mandate of universal coverage. ICASA approved 19 self-help stations. The self-help station in Hex River Valley was refused and e-tv was ordered to put the previously granted 519.25 MHz frequency at the Hex River into operation.

### **M-NET LICENCE AMENDMENT PROCESS**

In June 2004, ICASA gave notice of its intention to effect various amendments to M-Net's licence. In broad terms these amendments are to:

- delete all references to the open window, thereby resulting in M-Net providing a purely encoded service, unavailable to anyone other than subscribers to the M-Net service; and
- ensure that ICASA's consent be obtained, whether by way of an amendment in terms of the IBA Act or by a prior written consent process, to various direct and/or indirect shareholder changes.

Hearings were held in January 2005. A committee of Council, after the hearings, decided to continue with the process and issue a notice in terms of section 52(5) that essentially repeats only the provisions of the first notice with respect to the closure of the open window, thereby making no amendment to the ownership and control provisions in the M-Net licence.