



promoting economic growth and job creation

Furthermore, ICASA approved an application to amend the licences of SABC 1 and SABC 2 in order to allow for the expansion of these services to the Supingstad, Madibogo, Motswedi and Kuruman areas. ICASA also granted an application for the power upgrade of the SABC 1 and 2 transmitters in Ulundi and Harrismith, to enable the SABC to meet its universal service obligations. Meanwhile, the SABC has also applied to increase the coverage area of Ikwekwezi FM by means of two additional frequencies namely, 106.3 MHz in Johannesburg and 106.0 MHz in Pretoria.

The Position Paper for Low Power Sound Broadcasting defines a low power sound broadcasting service as a community or commercial sound broadcasting service which radiates power not exceeding 1 Watt. The introduction of Low Power licences would encourage investment in the broadcasting industry 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. This type of licence would also ensure fair competition between broadcasting licensees, address issues of diversity in languages, and promote the objectives of the second economy and ownership by the previously disadvantaged.

ICASA has decided to license two categories of low power sound broadcasting services:

- Commercial low power sound broadcasting services – services operating from and broadcasting to shopping malls/centres, sports grounds, showgrounds and drive-in movie theatres, or any other similar service ICASA may deem appropriate, and

- Community low power sound broadcasting services – services operating from and broadcasting to old age homes, links between places of worship, links between places of worship and retirement villages, or any other similar service ICASA may deem appropriate.

In November 2004 ICASA published an invitation for communities in the 13 nodal point areas identified in the government's Integrated Rural Development Strategy to apply for community sound broadcasting licences. The nodal point areas have been identified by government to serve the needs of the rural areas in South Africa. ICASA is committed to deliver on government's request to provide community radio stations in these areas. This invitation called on applicants to submit application forms for 18 frequencies as allocated by ICASA on or before 1 June 2005.

ICASA launched a Discussion Paper on Local Television in August 2003. A Community Television Broadcasting service is a service which is fully controlled by a non-profit entity and is provided for non-profit purposes; and encourages members of the community served by it or persons associated with or promoting the interests of such community to participate in the selection and provision of programmes to be broadcast in the course of such broadcasting service. In addition to the Discussion Paper, the industry and the public were also invited to comment on an economic study on the viability of commercial regional and local television.

The Position Paper and regulations on Community Television Broadcasting Services was published in November 2004. ICASA decided that at this stage it would not be appropriate to license commercial local television and decided to focus only on the licensing of community television broadcasting services. The aim

is to fulfil the commitment made in ICASA's Triple Inquiry Report, 1995, of encouraging the freeing of the airwaves and continue the process that began with the licensing of community sound broadcasting services. This process will promote diversity and choice and provide communities with a voice and platform for development.

In December 2004, ICASA published a Discussion Paper on self-help stations followed by a Position Paper. Self-help stations promote access to broadcasting services in areas which operators do not view as economically viable. A self-help station is a community owned and funded relay station which transmits the signal of a broadcaster (in the licence area) in cases where, for technical or other reasons, the broadcaster's signal cannot be received. The purpose of the Discussion Paper was to review ICASA's current policy and regulations. Current policy was originally conceived and implemented as a technical and administrative solution and did not take into account policy considerations such as universal service and the diversity obligations of broadcasters using self-help stations.

2. PROMOTING ECONOMIC GROWTH AND JOB CREATION

ICASA plays an important role in promoting economic growth and job creation in both the first economy and the emerging economy. Telecommunications is a R99 billion industry, contributing 6% to the country's GDP, while broadcasting contributes R9 billion. Both sectors have recorded impressive growth in their figures in the past year.

Telecommunications

In September 2004, the Minister announced 1 February 2005 as the date for the introduction of further liberalisation in the telecommunications industry through the following measures:

- VANS could obtain facilities from operators other than Telkom
- VANS could provide voice services over their networks
- Mobile operators could provide their own fixed links
- PTNS may resell spare capacity

The Telecommunications Act makes provision for the granting and issuing of a licence to a Second Network Operator (SNO) to provide public switched telecommunication services, and to compete with the current monopoly incumbent, Telkom. In February 2005, the Minister granted the SNO to a consortium made up of Communitel, Two Consortium, Esitel (Eskom), Transtel, Nexus Connection and TATA Communications. Once the shareholder structure and business plan have been submitted to ICASA, a licence will be issued to the SNO.

ICASA has embarked on a licence amendment process in terms of the Telecommunications Act regarding the Public Switched Telecommunications Service licence held by Telkom. ICASA has proposed amendments to the licence and this has been presented to Telkom. The amendments to Telkom's licence are meant to prepare Telkom for operating in a competitive environment. The rationale for this amendment process emanates from the impending competition being introduced against Telkom. The process seeks to level the playing fields for all by allowing the SNO to compete with Telkom in an equitable manner. The two licences will be issued on similar terms, with the SNO licence being issued on terms that are no less favourable than those of Telkom.



promoting economic growth and job creation continued

Value-added network services (VANS) are telecommunication services that provide services such as electronic data exchange, electronic mail, protocol, conversion and managed data network services among others. The September 2004 Ministerial Determinations changed the regulatory framework for value added network services (VANS) licensees. ICASA proposed a new regulatory framework for VANS and conducted public hearings in this regard.

In January 2005, ICASA submitted the proposed amended VANS regulations to the Minister for consideration and approval in terms of the Act. The new regulatory framework seeks to enable VANS to enter other segments of the telecommunications market and compete with Telkom, the SNO, USALs and other operators. The regulations require applicants to ensure participation by historically disadvantaged persons in terms of management and control, procurement, enterprise and skills development. Further, the regulations require licensees with turnover above R1 million to achieve 15 and 30 percent equity ownership by historically disadvantaged persons within 12 and 24 months of the issue of the licence, respectively.

Frequency Management

One of ICASA's key mandates is the management of radio frequency spectrum. This is a finite national resource which, if unmanaged, would obstruct the delivery of essential broadcasting and telecommunication services.

The Telecommunications Act calls for ICASA to issue radio frequency spectrum licences to the Mobile Cellular Telecommunication Service (MCTS) licensees in the 1800MHz and

3G frequency spectrum bands. Access to these frequencies will provide the MCTS operators with improved capacity for their delivery of services.

ICASA has already issued radio frequency spectrum licences in the 1800MHz frequency spectrum band to Vodacom and MTN, in which the two operators made an undertaking to the Minister of Communications to provide 5 000 000 SIM card connection packages and 250 000 terminal equipment units. Both undertakings would be delivered according to an implementation timetable approved by ICASA. Cell C was also licensed with access to the 1800MHz frequency spectrum band.

Both Vodacom and MTN applied for test licences during 2004 to undertake 3G (third generation) trials to test their equipment. This was to inform their procurement decisions in order to maximise



Councillor Mamodupi Mohlala making a point at an ICASA hearing

the benefits of this technology. In December 2004, ICASA issued Vodacom with a 3G licence, subject to Internet access universal service obligations determined by ICASA.

One of the important aspects in the management of frequency spectrum is the maintenance of the table of frequency allocations. The South African Table of Frequency Allocations (SAFTA) is a national assignment of radio frequency spectrum in line with International Telecommunications Union (ITU) requirements.

The South African Table of Frequency Allocation was published in August 2004. It currently covers frequencies from 20MHz to 70GHz. ICASA will embark on the re-planning of high frequency (HF. 9 KHz -20 MHz) in the next financial year.

For the period under review, the following frequency spectrum assignments were processed:

Frequency Spectrum Applications:

Applications completed	2 018
Frequencies assigned	3 014
Cancellations	764
Co-ordination (cross border)	83

During the reporting period over 5 000 new frequency spectrum licences were issued. In total more than 85 000 licences (new and renewals) were issued during the year under review. Approximately 8 500 licences were cancelled either on request or due to non-payment. The total number of valid licences in each category is listed below:

Valid Licences Per Category

Category	Number of valid licences in 2005
Aeronautical	5 268
Amateur	6 341
Exams & Certificates	19 175
Fixed	60
Land Mobile	46 119
Maritime	4 049
Radio Dealer	5 378
Satellite	223
TOTAL	86 613

In support of ICASA's mandate and policy decisions, a number of broadcasting spectrum initiatives were undertaken for the year under review:

- The annual review of the terrestrial broadcast frequency plan in accordance with the IBA Act
- Participation in the deliberations of the SABC licensing process in terms of the Amendment Act of 2002
- Formulation of the Digital Broadcasting Plan. This includes the development of a plan for the digital migration as an initial submission to the International Telecommunications Union in order for South Africa to meet the ITU February 2005 deadline
- Secondary Markets Frequency Assignment. The generation of frequencies for the secondary, commercial radio broadcasting markets for Limpopo, North West and the Northern Cape
- ITU Frequency Protection (aimed at coordinating the protection of frequencies to prevent cases of interferences)