



*TELECOMMUNICATIONS
DIVISION*

The Telecommunications Division comprised of the Policy Analysis and Development, as well as the Licensing, Enforcement and Numbering Administration departments. Its responsibilities were to:

- review the activities of telecommunications service licensees and their regulatory accounting practices,
- assess the rates, terms and conditions of licensed telecommunications services,
- oversee the evolution of competition within the regulated telecommunication services
- issue licences to telecommunication service providers, and
- monitor and ensure compliance with relevant legislation, regulations and licence conditions by telecommunications service providers.

POLICY ANALYSIS AND DEVELOPMENT (PAD)

The Policy Analysis and Development Department was responsible for all regulatory policy initiatives undertaken with regard to the telecommunications industry. The department dealt with the following policy projects:

- Chart of Accounts and Cost Allocation Manual (COA/CAM),
- Number Portability Regulations,
- Handset subsidies,
- Interconnection and Facilities Leasing Guidelines,
- Interconnection Agreements,
- Market Definition,
- Market Intelligence, and
- Tariffs.

Chart of Accounts and Cost Allocation Manual (COA/CAM)

The Chart of Accounts and Cost Allocation Manual (COA/CAM) is an accounting separation methodology that seeks to detail the underlying cost of providing telecommunication

services, i.e. local or long-distance call. Such cost can then be compared to the charge levied by the operator in order to determine whether the change is reasonable.

(COA/CAM) for Mobile Communication Services

During 2006, Vodacom and MTN requested an extension for the submission of their audited Regulatory Financial Statements (RFS). These were submitted in February and March 2007 respectively. The Authority is in the process of reviewing and analysing the RFS. This information will also inform the call-termination and facilities leasing projects that are currently being undertaken as parallel processes.

(COA/CAM) for PSTS Operators Volume 3

The Chart of Accounts and Cost Allocation Manual (COA/CAM) for Public Switched Telecommunications Services operators was finalised in July 2002. Telkom submitted its audited regulatory financial statements in September 2004, based on Current Cost Accounting and Long-run Incremental Cost required by the regulations at the end of 2006. The Authority is in the process of reviewing Telkom's regulatory financial statements.

Number Portability

Number Portability regulations afford telecommunications users the right to choose an operator or a service provider, and/or to change location without losing their numbers. Number portability regulations provide consumers with choice, and ultimately encourage competition among operators.

The Minister promulgated Number Portability Regulations in September 2006. However, operators requested an extension for the date of implementation to enable them to perfect their systems. This resulted in delays in the implementation of mobile number portability in November 2006.

The licensing of Neotel, as a Second Network Operator, has provided the impetus to introduce number portability for public switched telecommunication services.

Enquiry into Handset Subsidies

The Enquiry into Handsets Subsidies was aimed at reviewing the relationship between subsidies of a handset, contract period and any other barrier preventing consumers from changing mobile operators.

After the publication of the document containing the Authority's findings and conclusions in February 2006, the Authority published draft regulations on mobile handset subsidies in June 2006.

Written representations were received from stakeholders, and public hearings were held in April 2007. Regulations are to be promulgated in the new financial year.

Interconnection and Facilities Leasing Regulations

Emanating from the promulgation of the Electronic Communications Act, the Authority deemed it necessary to prepare regulations setting out the framework and principles on interconnection and facilities leasing. The regulations will be published in the new financial year.

Interconnection and Fixed Links Agreements

The following interconnection and fixed-links agreements between operators were approved:

- Telkom and Bokone Telecoms,
- Telkom and Ilizwi Telecommunications,
- Telkom and Kingdom Communications,

- Telkom and Thinta Thinta Telecoms,
- Telkom and Neotel,
- Telkom and Cell C,
- Telkom, Cell C and Sentech,
- ECN Telecommunications (Pty) Ltd and Vodacom (Pty) Ltd,
- MTN Network Solutions (Pty) Ltd and Vodacom (Pty) Ltd, and
- Dimension Data (Pty) Ltd trading through its division Internet Solutions and Vodacom (Pty) Ltd.

Market Intelligence

The Authority embarked on a Market Definition project to gather information about the telecommunications market, and to minimise disjointed information. The findings of the report will enable the Authority to regulate the telecommunications industry more efficiently.

Market Definition

The Authority embarked on a Market Definition project to identify dominant industry players in the relevant wholesale and retail electronic communication markets. The outcome of this process will enable the Authority to identify possible regulatory instruments that may be used to level the 'playing field'. The discussion document on Wholesale Call Termination was published in January 2007, and comments were due by the end of March 2007.

Tariffs

VODACOM TARIFFS AUDIT TRAIL:2006/2007				
File No	Nature of Filing	Filing Date	Decision Date	Decision
1	Tariff Plans Amendments: Decrease of tariffs on messenger Tariff Plan	12 Apr 2006	18 Apr 2006	Approval
2	New SMS bundles on Prepaid and 4U contract tariff plans	25 Apr 2006	02 May 2006	Approval
3	3G Bolt on and Combi tariff plans for contract customers:	25 Apr 2006	02 May 2006	Approval
4	Big Bonus Voucher Tariff Plan, One Month Contract Packages and VANS off net tariffs	23 Jun 2006	30 Jun 2006	Approval
5	SOHO Tariff Plan	04 Jul 2006	11 Jul 2006	Approval
6	Tariff Plans Amendments: GPRS/3G Lodgement of Prepaid and Top up data bundles (Bolt-on)	13 Jul 2006	20 Jul 2006	Approval
7	Vodafone Passport Roaming Tariff Plan	04 Aug 2006	11 Aug 2006	Acknowledgement
8	Annual Tariff Filing	19 Sep 2006	26 Sep 2006	Approval
9	Decreases of out of bundles data services	29 Sep 2006	06 Oct 2006	Approval
10	Top Up 75S tariff plan	23 Oct 2006	30 Oct 2006	Approval
11	Data 85 Tariff Plan Introduction of additional bundles on the Corporate Direct Tariff Plan	14 Dec 2006	21 Dec 2006	Approval
12	Tariff Amendment: Data Roaming Tariff	15 Dec 2006	22 Dec 2006	Approval
13	Lodgement of new tariff for Premium MMS services	15 Mar 2007	03 Apr 2007	Approval
14	Data tariff plans amendment	23 Mar 2007	30 Mar 2007	Approval

MTN TARIFFS AUDIT TRAIL:2006/2007				
File No	Nature of Filing	Filing Date	Decision Date	Decision
1	Lodgement of call per second for all Tariff Plan and adjustments to other prepaid Tariff Plans	31 May 2006	07 Jun 2006	Approval
2	Amendments to the Corporate Mobility Tariff Plan	24 July 2006	01 Aug 2006	Approval
3	Lodgement of prepaid and hybrid roaming tariffs	12 Oct 2006	02 Nov 2006	Approval
4	Lodgement of Push to Talk over cellular phones tariff plan	04 Jan 2007	11 Jan 2007	Approval
5	Lodgement of 350 and 500 MB data tariff plans	16 Jan 2007	08 Feb 2007	Approval

CELL C TARIFFS AUDIT TRAIL:2006/2007

File No	Nature of Filing	Filing Date	Decision Date	Decision
1	Lodgement of Virgin Mobile's prepaid and post paid tariff plans	15 Jun 2006	26 Jun 2006	Approval

TELKOM TARIFFS AUDIT TRAIL:2006/2007

File No	Nature of Filing	Filing Date	Decision Date	Decision
1	Annual Rate Filing_Volume 1	05 Jun 2006	28 Jun 2006	Approval
2	DSL Filing_Volume 1	20 July 2006	17 Aug 2006	Approval
3	Spaces stream and supremecall calling plans_Volume 2	12 Apr 2006	N/A	Acknowledgement
4	Telkom Closer Calling Plans_Volume 2	17 May 2006	N/A	Acknowledgement
5	Annual Rate Filing_Volume 2	05 Jun 2006	N/A	Acknowledgement
6	Additional Telkom Closer Calling Plans _Volume 2	26 Sep 2006	N/A	Acknowledgement

Tariff evaluations

Tariff Filing for Under Service Area Licences (USALS) and Data Telecommunications Licensees

Nature of Filing	Filing Date	Approval Date
Karabotel Prepaid tariffs reduction	16 Jan 2007	22 Jan 2007
Wireless Business Solutions (WBS)_ Notification of changes in tariff structure	03 Apr 2006	21 Apr 2006
Wireless Business Solutions (WBS)_ Notification of changes in tariff structure and package names	29 Mar 2007	20 Apr 2007

LICENSING, ENFORCEMENT AND NUMBERING ADMINISTRATION (LENA)

The Licensing, Enforcement and Numbering Administration Department analysed and processed applications for telecommunications service licences, monitored compliance of licensees with applicable regulations, legislation and their respective telecommunications service licence conditions, and administered the numbering plan to ensure the fair and efficient use of numbers for present and future generations.

The Authority dealt with a number of licensing, enforcement and numbering-related activities, including the following:

- Neotel, the Second National Operator (SNO)
- Licensing of Value-added Network Services and Private Telecommunication Network Services
- Under-serviced Area Licences (USALs)
- New Numbering Plan
- Collection of the Universal Service Fund (USF)
- Universal Service Obligations (USOs), and
- Enforcement

Neotel, the Second National Operator (SNO)

Neotel, the Second Network Operator, launched its range of wholesale services in August 2006.

Neotel continues to interact with the Authority on issues relating to access to frequency spectrum bands, application for numbering, community service obligation roll-out, network roll-out targets, and other pertinent issues in terms of its licence to provide a full range of public switched telecommunication services.

Licensing of Value-added Network Services and Private Telecommunication Network Services

The Authority received a total of 89 applications for Value-added Network Services VANS licences and successfully licensed 81 applicants. A total of 15 out of 16 applications

for Private Telecommunication Network Services (PTN) were also licensed.

Under-serviced Area Licences (USALs)

During the second licensing phase, the Minister published an Invitation to Apply (ITA) for 14 Under-serviced Areas. Public hearings were conducted in February and May 2006. Recommendations regarding the granting of the Under-serviced Area Licences were submitted to the Minister for consideration and decision.

In August 2006, the Minister awarded the following Under-serviced Area Licences:

1. Northcom Communications (Pty) Ltd – Northern Free State District – Free State Province
2. Nkangala Telecoms (Pty) Ltd – Nkangala District – Mpumalanga Province
3. Ukhahlamba Communications (Pty) Ltd – Ukhahlamba District – Eastern Cape Province

The Minister further granted the following licences, which have not yet been issued, subject to the submission of outstanding information:

4. Nyakatho Telecommunications (Pty) Ltd
5. Ilembe Communications (Pty) Ltd
6. Metsweding Telex (Pty) Ltd
7. Dinaka Communications (Pty) Ltd
8. ZeroPlus Trading (Pty) Ltd
9. PlatiTel (Pty) Ltd.

The Minister determined that the following licences will be granted and issued upon merger:

10. Eastern Cape Province – DC 13 Chris Hani District Municipality;
11. Limpopo Province – DC 34 Vhembe District Municipality;
12. Free State Province – DC 19 Thabo Mofutsanyana District Municipality; and
13. Mpumalanga – DC 30 Eastvaal (Gert Sibande) District Municipality.

The fourteenth (14th) Under-serviced Area licence application for the West Rand District Municipality is still under consideration.

In the third (3rd) phase of licensing an Invitation to Apply for licences was published for six (6) Under-serviced Areas. In April 2006, the Authority received a total of fourteen (14) applications for the six (6) Under-serviced Areas in question, namely:

1. Umzinyathi District Municipality
2. Uthukela District Municipality
3. Uthungulu District Municipality
4. Umgungundlovu District Municipality
5. Mopani District Municipality
6. Sekhukhune District Municipality.

Public hearings for these applications were held during November and December 2006. The Authority is in the process of finalising this licensing process.

New Numbering Plan

Following the development of a new Numbering Plan, the Authority published a notice to launch the New Numbering Plan, which introduced the mandatory ten-digit dialling format for local calls. This required fixed-line subscribers within the Republic to dial both the area code and the current seven-digit telephone number as from 16 October 2006.

Community Service Telephones (CSTs)

Vodacom	22 000
MTN	7 500
Cell C	52 000
Total	81 500

The new Numbering Plan also replaced the international dialling prefix '09' with '00'.

Owing to its neutrality and non-discriminatory structure, as well as its ability to reserve certain number ranges not currently in use for future growth, the new Numbering Plan accommodates new service demands and yields additional benefits for the provision of telecommunications services.

Collection of the Universal Service Fund (USF)

The Authority is required to collect contributions to the Universal Service Fund from licensed operators. These contributions are calculated as 0.2% of the annual turnover derived from the provision of the telecommunication services.

Further details regarding the revenue collected by the Authority for the National Revenue Fund are appended with the financial statements.

Universal Service Obligations (USOs)

As part of the licence conditions, the Authority imposes Universal Obligations (USO) on licensees. The imposition of such USOs is determined in accordance with the country's socio-economic needs, and thus varies from one licensee to the other. To date, the Authority has imposed the following USOs in the telecommunications sector:

Provision of Internet access to public/rural schools

Vodacom	5 000
MTN	5 000
Cell C	5 000
Sentech	1 500
WBS	1 000
Neotel	2 500
Total	20 000

Provision of Internet Access to Institutions for People with Disabilities (IPWDs)

Vodacom	140
MTN	140
Cell C	140
Total	420

Provision of Internet Access to Rural Clinics

Neotel	2 500
Total	2 500

Provision of Sim-card connection packages

Vodacom	2 500 000
MTN	2 500 000
Cell C	2 500 000
Total	7 500 000

Provision of terminal equipment (handsets)/1800MHz/Additional 3G USO

Vodacom	125 000
MTN	125 000
Cell C	125 000
Total	375 000

Provision of terminal equipment to Institutions for People with Disabilities (IPWDs)

Vodacom	1 400
MTN	1 400
Cell C	1 400
Total	4 200

Enforcement

The Enforcement Department was responsible for enforcing telecommunications licence conditions.

Swiftnet

With regard to the requirement that 30% of its shareholding must be vested in the hands of historically disadvantaged individuals, Swiftnet was in breach of its National Wireless Data Telecommunications Licence (NWDTL).

In January 2007, Swiftnet submitted an application to the Authority for the approval of a transfer of 30% of its shares to an entity of persons deemed to be compliant with Black Economic Empowerment requirements.

The matter is currently being analysed by the Authority so that a decision can be made in this regard.

MTN/ICASA/Cell C dispute

In 2004, MTN reviewed a decision made by the Authority which approved roll-out plans submitted by Cell C for the deployment of its obligation to roll out 52 000 Community Service Telephones (CSTs).

Judgment in the matter, handed down in February 2007, set aside the decision taken by the Authority to approve the roll-out of CSTs by Cell C.