

**WRITTEN COMMENTS ON THE PROPOSED DRAFT AMENDMENT OF UNIVERSAL
LICENCE OBLIGATIONS PUBLISHED IN GOVERNMENT GAZETTE NO.37071 ON 27
NOVEMBER 2013 AND THE EXTENSION OF THE SUBMISSION DATE PUBLISHED IN
GOVERNMENT GAZETTE NO.37190 ON 20 DECEMBER 2013**

21 JANUARY 2014

SENTECH SOC Ltd Reg no:

1990/001791/06

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1. EXECUTIVE SUMMARY

- 1.1 SENTECH thanks ICASA for the opportunity to make written submissions on the proposed draft Amendment of Universal Service and Access Licence Obligations published on 27 November 2013.
- 1.2 SENTECH acknowledges and appreciates the importance of its Universal Service and Access Obligation, with particular reference to provision of internet access in rural and public schools.
- 1.3 In terms of the converted licence, SENTECH is obliged to provide internet access in schools on an e-rate basis.
- 1.4 This obligation was linked to terrestrial spectrum assigned to SENTECH to enable the company to offer broadband services.
- 1.5 SENTECH was required in terms of the aforementioned obligation to provide internet access in 1500 schools over a period of nine (9) years.
- 1.6 To date SENTECH has connected 121 schools.
- 1.7 SENTECH has engaged ICASA on its obligation on several occasions by way of meetings and submissions during the past twelve (12) months.
- 1.8 SENTECH submits that ICASA should correct the error in paragraphs A and B of the published draft amendments to obligations. The corrected paragraphs should indicate that SENTECH's current obligation is to connect 1500 instead of 5000 and that to date 121 schools have been connected.
- 1.9 SENTECH has had discussions with the Regulator regarding the returning of the broadband spectrum, a request SENTECH has satisfied by relinquishing spectrum in April 2013.
- 1.10 SENTECH has effectively returned 246 MHz of spectrum and is no longer earning revenue on the returned spectrum.
- 1.11 SENTECH's VSAT business accounts for less than 3% of the company's revenue.
- 1.12 SENTECH chose VSAT as the technological method to fulfil its obligations.
- 1.13 SENTECH's I-ECNS core business is signal distribution and it will be appropriate that its obligations are in line with the company's core business.
- 1.14 It is SENTECH's view that section 62(3) of the EC Act (as amended) adequately covers the company's obligation in line with its core business.

2. SENTECH

- 2.1 SENTECH was awarded a Multimedia Services Licence on terms of section 32C (1) (b) and section 32C (6) of the Telecommunications Act of 1996 (as amended).
- 2.2 The repealed Act in section 32C (2) instructed SENTECH to “provide the multimedia service as a common carrier on a reasonable, equitable and non-discriminatory basis”.
- 2.3 SENTECH’s Multimedia Services Licence included two obligations;
 - 2.3.1 Universal Service Fund Obligation;
 - 2.3.1.1 Annual contribution to the “Universal Service Fund as prescribed by regulation”.
 - 2.3.2 Community Service Obligations;
 - 2.3.2.1 Internet access provision in a total of 1500 rural public schools over a nine year period starting from April 2005.
 - 2.3.2.2 In terms of SENTECH’s obligations (Annexure A of the licence), internet access means the “provisioning of internet connectivity” which only includes the ‘necessary telecommunications access link and bandwidth to connect” the schools.
 - 2.3.2.3 The obligations further states that the internet connectivity “shall be made available at the 50% discount rate”.
 - 2.3.2.4 Section A.13 (b) of the licence clearly states that it is SENTECH’s responsibility to conclude “all contractual arrangements necessary for the provision of the internet access services” at the stipulated discount rate.
 - 2.3.2.5 The internet access should be provide via “VSAT or by means of any other appropriate technology”.
- 2.4 To enable the provisioning of Multimedia Services, in September 2003 ICASA issued SENTECH with a spectrum licence assigning the following frequencies;
 - 2.4.1 2500 – 2550 MHz (50 MHz); and
 - 2.4.2 3400 – 3414 MHz paired with 3500 – 3514 MHz (2 x 14 MHz)
- 2.5 In April 2013, SENTECH relinquished the spectrum to ICASA. This included the 10.5 GHz (2 x 28 MHz) and 26 GHz (2 x 56 MHz) spectrum.
- 2.6 Currently SENTECH has no spectrum portion that will enable the company to rollout mobile services and consequently, the company earns no revenue from mobile services.
- 2.7 SENTECH currently offers internet connectivity services via VSAT predominantly as part of fulfilling its licence obligations.
- 2.8 SENTECH’s VSAT business accounts for less than 3% of the company’s revenue.

3. COMMENTS ON THE DRAFT AMENDMENT UNIVERSAL SERVICE AND ACCESS LICENCE OBLIGATIONS

3.1 Imposition of Universal Access and Service Obligations in Lieu of Spectrum/ECS/ECNS Licence

- 3.1.1 ICASA states on paragraph 4 of the publication that obligations were imposed for spectrum or licences issued. SENTECH would like to point out that it has returned the mobile services spectrum issued to it in terms of its licences.
- 3.1.2 ICASA has not provided an exhaustive list of licensees to which spectrum/licences have been issued and has not provided any explanation for such exclusion.
- 3.1.3 ICASA is required to indicate the criterion used to compile the obligation requirements to enable the public and interested parties to make informed written submissions.

3.2 Current Universal Service Licence Obligations Imposed

- 3.2.1 In the aforementioned gazette, ICASA published a table under paragraph A indicating that SENTECH's current obligation is to connect 5000 rural public schools over a period of 9 years and only connected 103 schools.
- 3.2.2 SENTECH would like to state that in terms of its converted licence its obligation is to provide internet access in 1500 schools on erate basis over a period of nine (9) years. To date SENTECH has connected 121 schools both in the provinces of Free State and Kwa-Zulu Natal.

4. Draft Amendment Universal Service Licence Obligation (Proposed)

- 4.1 Paragraph B (1) of the published draft amendments intends to reduce the number of schools to be connected from 5000 to 1500 within five (5) years.
- 4.2 SENTECH would like to submit that its licence required connectivity to 1500 and not 5000 as set out in the gazette. As a result, ICASA is urged to correct this error
- 4.3 Paragraph B (2) of the published draft amendments provides that each licensee should connect no less than three hundred (300) schools in the 2013/2014 financial year.
- 4.4 SENTECH submits that the requirement to connect 300 schools in the current financial year is not practical, considering that allocation of schools has not taken place and the process will entail the conclusion of contracts with individual schools etc. As a result, ICASA is implored to revise the timelines.

**5. EXPLANATORY MEMORANDUM ON THE DRAFT AMENDMENT
UNIVERSAL SERVICE AND ACCESS OBLIGATIONS (“explanatory
memorandum”)**

- 5.1 In terms of paragraph 9 of the explanatory memorandum published on 20 December 2013, ICASA states that one of the aims of the proposed amendments is to reduce the total number of schools to be connected by licensees.
- 5.2 SENTECH would like to state that the total number of schools that it has to connect has not been reduced as per the aforementioned paragraph 9 of the explanatory memorandum and remains the same.

6. CONCLUSION

- 6.1 While acknowledging the challenges with regards to the roll out of internet connectivity in schools, ICASA should be cognisant of the fact that the company’s core business is signal distribution.
- 6.2 ICASA must acknowledge the fact that SENTECH has relinquished spectrum suitable for broadband/mobile services which was attached to the initial obligations.
- 6.3 SENTECH’s I-ECNS core business is signal distribution and it will be appropriate that its obligations are in line with the company’s core business.
- 6.4 It is SENTECH’s view that section 62(3) of the EC Act (as amended) adequately covers the company’s obligation in line with its core business.
- 6.5 ICASA must also take into consideration that SENTECH is rolling out infrastructure throughout the Republic of South Africa even in non-profitable areas for purposes of ensuring universal access of broadcasting services.