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South Africa telecommunications overview, commentary, and statistics (policy brief)

Submitted by Editor on 2 May, 2001 - 22:39.

South African telecommunications policy-making is at a crossroads. The path towards national economic growth and equitable development within the information, communication and technology (ICT) sector has been tortuous, given the difficult and sometimes conflicting tasks of liberalization. The critical question is how the government should approach changes in the telecommunications sector to foster the emergence of a globally competitive information economy in South Africa that will encourage the use of ICTs to improve people's lives.

This report looks at the current telecommunications sector of South Africa, focusing on existing and proposed government policy, and describing the interests of telecom businesses and other constituencies that influence government decision-making. It also provides analysis and recommendations for balancing the needs of ICT users and the concerns of the public and private sectors, while fostering competition and bringing down telecommunications costs.

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Introduction

South African telecommunications policy-making is at a crossroads. The path towards national economic growth and equitable development within the information, communication and technology (ICT) sector has been tortuous, given the difficult and sometimes conflicting tasks of liberalization. The Government has been uncertain about committing to difficult choices, and has pursued a phased and partial privatisation of state assets, short-term policy planning, and an attempt to maximize the value of the forthcoming Telkom IPO, possibly at the expense of long-term economic growth. The critical question is how the government should approach changes in the telecommunications sector to foster the emergence of a globally competitive information economy in South Africa that will encourage the use of ICTs to improve people's lives.

This report looks at the current telecommunications sector of South Africa, focusing on existing and proposed government policy, and describing the interests of telecom businesses and other constituencies that influence government decision-making. It also provides analysis and recommendations for balancing the needs of ICT users and the concerns of the public and private sectors, while fostering competition and bringing down telecommunications costs.

Background

Telecommunications deregulation can be a critical component of a government's plan to promote a low-cost telecom environment, encourage the widespread diffusion of the ICT sector, and enable broader economic and societal benefits from technology integration. In numerous countries, deregulating telecommunications has successfully brought down communication prices and made Internet connections more affordable,

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encouraging people to use technology and foster economic growth. Naturally, telecommunications is only one piece of the puzzle and policy reform is often required in other sectors as well.

The South African Government has stated its commitment to promote the technology sector in order to stimulate economic growth. [1] As part of that strategy the Government has been engaged in limited telecommunications deregulation activities for a number of years since granting wireless operator licenses in 1993 and implementing the provisions of the Telecommunications Act of 1996.

Currently, there is one fixed line operator in South Africa -- the 67% government-owned Telkom -- and two mobile operators -- Vodacom (50% Telkom owned) and MTN (partially government owned). In 1997, Telkom was given a five-year monopoly in providing non-wireless telecommunications infrastructure in South Africa through its public switched telecommunication service license issued under the Telecommunications Act 103 of 1996 on 7 May 1997. This license expires in May 2002. [2] During the monopoly period Telkom is tasked to meet detailed license targets on issues such as quality of service and rural access, of which it is has achieved most. Telkom has absolute monopoly over all public switched telecommunications services (PSTS): [3] including local, national, and international telephony, as well as value added network services (VANS) like voice over Internet Protocol (VoIP, which is currently banned by Telkom). [4]

MTN and Vodacom were issued mobile licenses in 1993, [5] and a third mobile (GSM) license was to be announced in July 2000, but was delayed. In February 2001, the third license was awarded to the Cell C Consortium, which is expected to be active by Christmas 2001. [6]

The Government's proposed telecommunications deregulation plan

The Government has proposed new regulations that will bring limited competition into the fixed-line and mobile markets. On 16 March 2001 the Minister of Communications proposed a managed liberalisation strategy to deregulate telecommunications. The new policy directions extend fixed line services into the mobile arena, provide for the sharing of infrastructures, make the 1800kHz band open to fixed and mobile carriers, address digital divide and universal access issues, allow for a limited used of voice over IP, ensure black empowerment criteria are met, maintain government interest in the telecommunications sector, alleviate communications costs for certain schools, introduce number portability, and set clear timeframes for new licensing regimes.

Specifically, the main points of the plan include:

- The creation of a duopoly for public switched telephone network (PSTN) services by issuing a PSTN license to a second national operator (SNO) for international services, national long distance services, pay-phone, local access services and value-added networks services (VANS). The SNO will use the current Telkom infrastructure for three years. The convergence of fixed and mobile licenses will enable Telkom and the SNO to provide international, national and local services as well as compete in the wireless carrier market. The status quo will remain until the 4th quarter of 2005, at which time a third national operator will be licensed, unless it is found that the market cannot support one.
- All major licenses have a 30% black empowerment prerequisite and 49% international ownership limit.
- The SNO is to include 35% ownership by Eskom (electric company) and Transtel (transportation company) -- both state owned entities -- in its license application.
- The license of Sentech, a distributor of satellite signal, is to be amended to include international long-distance services directly to consumers as well as the provision of multi-media services. This furthers Sentech's existing role in transmitting broadcast signals. The Government has a vested interest in Sentech.
- The Minister of Communications will be able to grant VANS licenses for the provision of voice over IP to small and medium enterprises (SMEs) and telecommunications collectives in under-serviced areas with low telephone penetration (that is, with a teledensity of less than

1%).
- The 1800Mhz band is to be licensed to all fixed and mobile carriers.
- Carriers are to contribute 0.5% of their turnover to the Universal Service Fund from April 2003, a fund managed by the Universal Service Agency to ensure that infrastructure is implemented in areas currently without telecommunications services.
- An e-rate is to be introduced to government-funded schools whereby operators will give a 50% discount on calls made for Internet access.
- Number portability (i.e. the ability for users to continue using their existing telephone number when changing carriers) is to be introduced. The mechanism catering for this will be a central database operated by the ICASA.
- Public emergency communications centres are to be established, and accessed by means of a 112 number service.

Time-frame for Government decision-making

A formal statement of the proposed regulations (a 'Government Gazette') was published on 23 March 2001, opening up the debate to public comment for 30 days. The deadline for comment was 2 May 2001. 34 responses to the new policy directives were made directly to the Department of Communications; many submissions were the result of various forums convened in South Africa. [7] The policy directions will come into immediate effect, except where amendments are needed to the Telecommunications Act and to Telkom's license.

Stakeholders in the New Policies

A number of stakeholders and contributors are involved in the policy-making process, including:

- Congress of South African Trade Unions (COSATU) -- a federation of organized labour movements in South Africa, and one of three alliance members in the current government;
- Department of Communications (DoC) -- responsible for advising the Minister of Communications on policy matters, including the nature of competition;
- Department of Trade and Industry (DTI) -- concerned with trade policy, foreign investment;
- Eskom and Transnet -- state owned electric and transportation companies; [8]
- Independent Communications Authority of South Africa (ICASA) -- replaced the South African Telecommunications Regulatory Authority (SATRA), and is responsible for the regulation of the ICT sector;
- Ministry of Public Enterprises (DPE) -- determines policy processes for the public sector;
- South African Information Technology Industry Strategy (SAITIS) -- a project convened in 1994 and supported by the government, to develop a national ICT sector development framework; and
- Universal Service Agency (USA) -- statutory body established by the Telecommunications Act of 1996, aimed at promoting universal access.

The Department of Trade and Industry advocates early and open deregulation to encourage foreign investment, while the Department of Communications is pushing for extending the monopoly to raise Telkom's IPO value and foster more equitable development. Externally, Telkom and COSATU are advocating slow deregulation and job security, through maintenance of Telkom's monopoly for years to come. The business community, many individual Telkom users, and ICASA, South Africa's nascent regulatory authority, are pushing for rapid deregulation of telecommunications and value added services. ICASA's powers are effectively limited by its position relative to the Department of Communications and a lack of resources.

The Second National Telecommunications Colloquium

On 2-4 February 2001, the Department of Communications hosted the *Second National Telecommunications Policy Colloquium* in Gauteng to give the public and private sectors the opportunity to discuss the government's telecommunications policy plans. A number of stakeholders submitted recommendations for policy at this event. [9] Many felt that the

Department of Communications used the colloquium to fast-track the policy-making process, that it paid scant attention to the private sector submissions, and then disregarded constructive input by sticking to its original plans for managed liberalization. Critics claimed that the colloquium was merely a facade for a participatory policy process, and the proposed legislation announced on 23 March ignored feedback from the colloquium.

Policy Implications

The main thrust of the managed liberalisation is a restructuring of the telecommunications market in South Africa so that the demands of organised labour are balanced with generating state revenues. However, this does not take into consideration the need to ensure South Africa's competitiveness within a global economy. The plan does little to address the lack of consumer confidence in regulated services. The high access costs for fixed line or mobile users will continue and further raise Internet access costs. The new policy does not meet the global and local voice and data communication needs of corporate business and SMEs. There is an ongoing perception that a privatised telecommunications sector will negatively effect job creation. Furthermore, the policy debate has begun to illustrate the uncoordinated efforts by various government departments to develop a national ICT framework.

What do the proposed policies mean for the current monopoly operator?

In broad terms the phased deregulation of Telkom's monopoly entails the limited unbundling of telecommunications services, the introduction of price competition among five operators, a decreased responsibility for the roll-out of universal access services, and an increased role for ICASA in regulating Telkom's commercial relationship with the SNO. These proposed changes have also increased market speculation over the viability of the proposed Telkom IPO later this year. More specifically, Telkom will retain its PSTS license, thus continuing its role as infrastructure provider and value added service provider in the telecommunications market. The current monopoly on these services will become a duopoly with the addition of the SNO.

Under the new regulations, Telkom will maintain a monopoly over VoIP, despite a October 1997 ruling by SATRA that Internet access services do not fall under public switched telecommunications services, [10] . Value added network service providers can provide VoIP at reduced costs, but this is restricted by the current telecommunication regulations. The business community and others have heavily criticized Telkom's control over VoIP and other VANS, since it will negatively impact on South Africa's ability to compete globally in telecommunications and electronic commerce services. [11] Telkom's argument in favour of this restriction is that this monopoly over value added network service ensures their revenues so that Telkom can fund the provision of universal access to the under served (mainly rural) areas.

A third implication for Telkom is the possible rise of self-regulated private telecommunications networks (PTNs). [12] These networks are not restricted from providing voice over IP or data services. The restriction on a private telecommunications network is its inability to bypass Telkom's infrastructure, especially a call that originates outside of its network. The potential of a private telecommunications network, however, lies in the decentralisation of telecommunication network services at a regional or local level.

Finally, the issuing of a second PSTS license means that the SNO will have to duplicate the Telkom infrastructure over time as well as shadow Telkom's costs in the interim period. The network economics, in this instance, impact both on the SNO's profitability and the costs passed on to consumers. Telkom has advocated this position as it effectively protects its interests for another few years while the SNO builds its infrastructure. It is worth noting that the Unions also support this position, as they are trying to protect jobs within the sector. However, under the proposed duopoly, the SNO is disadvantaged because it has to rely on the existing Telkom infrastructure to roll-out its services, it has to include Transnet and Eskom's telecommunication assets, it cannot encourage significant international investment, and has tight time-frames (with resultant penalties) in which to meet the licensing directives set by Government – a deferral, in many ways, of some of the obligations which Telkom itself has not even met, for

example, the implementation of telecommunications networks to ensure universal access.

What is the impact on mobile operators?

The new policy direction effectively creates five telecommunications operators in South Africa. The extension of Telkom and the SNO's fixed carrier license into the mobile arena, while encouraging the convergence of networks and services, places a significant burden on the market's ability to sustain competition. While "Telkom and the second operator are to be licensed for fixed-mobile services with technology-neutral licenses, all operators, including MTN and Vodacom, are to be given access to the data-rich 1800MHz GSM frequency spectrum at a fee. All operators are also to be offered third-generation licenses at an unspecified future date." [13] The resultant price war may drive one or more players out of business within the next few years. Consequently, the future telecommunications sector could look much like the current status quo.

Anti-competitive deals may occur between the three mobile operators. Telkom has a 50% stake in Vodacom and, as a result, price collusion could occur across a fixed-mobile service network incorporating the Telkom and Vodacom networks. On the other hand, Johnnic, through its subsidiary M-Cell (owner of MTN), may secure the SNO licence, in which case it may lead a MTN-based convergence of fixed-line and mobile communications. The implications for Cell C, the third mobile provider entering the market, are less clear even though their late entry into the market may allow them to take advantage of convergence technologies and strategic alliances within the telecommunications sector.

Telecommunications deregulation in the context of the South African political division

The current and forthcoming policy seems likely to perpetuate political division in South Africa if it follows the current course. The Government voices support for economic growth in the ICT sector but it ignores business interventions in the policy process and over-compensates for equitable development in its policy-making process. [14] The division within government (namely, that of the opposing agendas of the Department of Communications, on the one hand, and the Department of Trade and Industry and Department of Public Enterprises, on the other) has created a situation where the social imperatives of job creation, empowerment and redress are pitted against strategies for sustainable development in the ICT sector. A high-level national policy framework that all departments work within and towards would help. The situation is exacerbated as the government tries to satisfy the needs of its shareholders (the voters) and its clients (the taxpayers), because for historical reasons in South Africa these two constituencies often have widely diverging agendas and objectives.

Responses to the proposed legislation

The Government faces significant challenges to its proposal. Overall, the South African business community and the media have expressed pessimism about the prospects for the plan: the proposed policies for telecommunications have not gone far enough. In particular, the recent decision to license only one fixed-line telecommunications operator to rival the monopoly of Telkom has come under sharp criticism. International business leaders point out that the policies do not go far enough to encourage investor confidence. Similarly, the US Trade Representative may lodge a complaint to enforce World Trade Organisation (WTO) rules on competition. The local business community continue to express fears about South Africa's ability to compete globally in the e-commerce arena due to high bandwidth costs. The regulatory authority, ICASA, raised concerns that the plan will undermine its independence and ability to regulate the ICT sector.

Conclusions and recommendations

Telecommunication policy has been inconsistent as the Government pursues ICT enabled economic growth, but is unwilling to take the path that this requires. The Government must put forward a coherent high-level national policy framework that all departments work within and towards. This policy should include the rapid licensing of at least one additional fixed-line operator, and the de-bundling and licensing of VANS from basic telephony.

Even rudimentary competition would improve the current low quality of service and reduce high costs. Universal Service Provisions should be retained for all licenses to promote equitable development. The current spider's web of conflicting state interests in the various telecommunications companies must be disentangled. Additionally, telecommunications infrastructure should be de-bundled from telephone service to prevent the needless duplication and fracturing of infrastructure. Moreover, the independence of South Africa's regulatory authority, ICASA, must be established to avoid conflicts of interest in the future.

Recommendations

- The South African Government should open up competition in telecommunications infrastructure services, Telkom should interconnect with the SNO on fair terms, and these terms should be regulated by ICASA.
- Regulatory disputes and uncertainty are a disincentive to investment. ICASA must be given the power to effectively enforce regulation within a competitive environment.
- The proposed policy limits price reductions as a result of competition. This contradicts stated Government policy to encourage development of the ICT sector, and it should be removed.
- The SNO should not be required to develop its own infrastructure. This is unnecessary duplication and may affect the financial viability of the SNO. Better to build on the current network, with attendant benefits to Telkom. The current network should be seen as a national asset.
- The Government should recognize that greater competition will not necessarily adversely affect the Telkom IPO. There are many examples to prove this.
- Technology neutral policy should be applied. The ban on carrying VoIP for all except Telkom, the SNO and SMEs in areas with less than 1% teledensity is illogical. Where it has been introduced it has led to increased traffic, and a decrease in prices.
- Innovation, growth, and job creation should be encouraged in the ICT sector, so that South Africa can compete globally in the new economy. A key element is cheap, widely available communications, particularly for SMEs.

ANNEX 1: Additional resources

Marina Bidoli and James Eedes. *Mobile Commerce: A pedestrian business?,* Future Company, 16 March 2001. http://www.futurecompany.co.za/2001/03/16/covstory.htm – a feature article on the state of the mobile commerce market in South Africa.

Marina Bidoli. *Local not lekker if you're used to better*, Financial Mail, 13 April 2001.

http://www.futurecompany.co.za/2001/04/13/covstoryb.htm – a feature article on how the Telkom monopoly and an ineffective regulator are discouraging foreign investment.

Matthew Tattersall. *A Leash for Telkom*, Business Day, 23 February 2001. http://www.bday.co.za/bday/content/direct/1,3523,798197-6078-0,00.html – article arguing for the need to introduce phased competition into the South African telecommunications market.

Telecommunications Act (Act 103 of 1996). http://www.info.gov.za/gazette/acts/1996/a103-96.htm.

Key governmental presentations on telecommunications policy as of 1994 can be found at: http://www.doc.gov.za/regulations.htm.

ANNEX 2: Fixed-Line market growth and statistics
Telkom was granted fixed-line market growth exclusivity for five years as of May 1997. During this time Telkom was tasked to meet detailed license targets.

Statistics for the 1998/99 financial year:
Telkom met 14 of its 16 licence targets for the financial year, but failed to meet the targets set for repairing business and residential faults.

- New lines installed: 502,750
  Licence target: 460,000
  Connected over 1,370 new customers every day.
- Customer base as of end March 1999 brought to 5,075,417
- Telecommunications services brought to 920 new villages
  Licence Target: 610 (therefore exceeded by 50%)
- Modernisation of existing lines: 518,105
  Licence Target: 13,000 (almost a 40 fold improvement gained)
- Installation of new pay-phones: 27,271
  Licence Target: 25,000
- New services to priority customers: 4,774
  Licence Target: 3,845

Statistics for the 1999/2000 financial year:
15 of the 16 license targets met during this financial year - the best Telkom performance in the three years since the issuing of the license. All line roll-out targets set in the license were met, with a cumulative:

- Total new lines installed: 1,470,343
  Licence Target: 1,316,466
- New lines installed in under-serviced areas: 1,017,799
  Licence target: 915,863
- Telecommunications services brought to 2,038 new villages
  Licence Target: 1,710 (exceeded target by 328)
- Modernisation of existing lines: 350,440 (allowing for value added services)
  Almost 99% of 5.5 million phone lines now connected to digital exchanges
  Cumulative Total: just over 1 million
  Cumulative Licence Target: 98,000
- Installation of new pay-phones: 85,887
  Licence Target: 68,027
- New services to priority customers: 13,748
  Licence Target: 10,820
- Repairing Business Faults (target missed in 1998/1999) within 48hrs: 14.4% improvement
- Repairing Residential Faults (target missed in 1998/1999) within 48hrs: 15.4% improvement

Operational Statistics	**2000**	**1999**
Main telephone services	**5 492 838**	**5 075 417**
Payphones	173 064	153 476
Manual exchanges	**74**	**89**
Total automatic exchange units		
Digital exchange units	**3 697**	**3 512**
Analogue exchange units	3 666	3 388
Percentage working lines connected to digital exchanges	31	124
Transmission circuits (1 000 km)	99%	92.5%
Optic fibre (1 000 km)	**318 000**	**256 694**
	910	**360**

Booming data traffic

Data and multimedia revenues grew by 39% to R3.5 billion in 1999/2000, driven by increased customer demand, product enhancements, the development of additional sales channels, price reductions on data and Internet-based products, and the ongoing reduction of Integrated Services

Digital Network (ISDN) and Diginet backlogs.

Bandwidth availability, one of the drivers behind the current convergence of the telecommunications, information technology and broadcasting industries, remains a key focus for Telkom. The *total number of 2MB circuits grew by 53% in 1999/2000*, with even higher *growth of 78% in ISDN primary rate services*.

Telkom piloted *new technologies* like *Digital Subscriber Line (DSL)* and Dense Wavelength Division Multiplexing (DWDM), which will increase the capacity of their fibre networks by 40 times in the next two years. *ISDN* services have consistently shown exceptional growth since the commercial launch in April 1995, and are now growing at an average rate of 7% per month. The key factors behind the ISDN success were the cuts in monthly rental rates in both 1999 and 2000, and the increase in availability of basic rate ISDN in the network to 96%.

At the cutting edge of technological development

In the new financial year, Telkom will begin the migration towards *a Next Generation Network (NGN)* that will support one connection capable of handling voice, data and video. Through this connection, customers will have access to high bandwidth and optimum availability, while being able to manage their communication devices, whether fax, phone, modem or data lines, through just one phone number.

DSL technology is expected to be deployed during the latter part of the next financial year, as is use of DWDM to enhance capacity. Apart from that, the transport network has been updated with the latest asynchronous digital hierarchy (SDH) equipment over optic fibre self-healing rings, and started deploying Asynchronous Transfer Mode (ATM) technology extensively across the country in 1999.

The *core ATM network now covers most of the major metropolitan areas*. This technology has an important role to play in the evolution of the network, as it provides a sound platform from which to support Internet Protocol. A growing number of corporate customers are migrating towards ATM technology.

ANNEX 3: Mobile market growth and statistics

- Source: www.cellular.co.za.
- Market size as of March 2001 - 8.9 million users (*Note:* 80% of these are active users). Potential by 2005: 15-16 million users
- The SA market is currently worth SA Rands 13 billion and will grow to around SAR 23 billion by 2004. (US$1 = SA Rands 7.90)
- The wireless market is dominated by MTN (www.mtn.co.za) and Vodacom (www.vodacom.co.za) who operate at GSM 900 Mhz. Vodacom has 55% (5 million), and MTN (3.9 million) has 45% market share.
- Growth from 1997 to 1998 was dominated by prepaid service, which grew by 161%.
- Most of the urban areas and national roads in South Africa have GSM 900 coverage.
- Together the two GSM networks cover more than 71% of the population
- A third GSM license was to be awarded in July 2000, but was been delayed because of political reasons. In Feb 2001, it was awarded to the Cell-C Consortium and is planned to go live by Xmas 2001.
- **MTN**
  - License awarded 1993. Commercial by July 1994.
  - *Shareholders*: Johnnic Holdings owns 39.5% of M-Cell (the telecommunications division of Johnnic Communications), MTN is a subsidiary of M-Cell. Johnnic Communications owns 14.4% of M-Cell. The government owns 24.5%, which has been put up for international sale.
  - *Service providers*: M-Tel, SuperCall, RadioSpoor, AutoPage, Nashua, Plessey Cellular, NedTel Cellular.
- ***Vodacom***
  - License issued in late 1993, went live March 1994, official launch June 1994.

- *Shareholders*:
  1. ***Vodafone Airtouch Plc owns 31,5%*** of Vodacom Group (Pty) Ltd.
     Vodafone AirTouch Plc is the world's largest mobile telecommunications company and is headquartered in Newbury in the United Kingdom

  2. ***Telkom SA Ltd owns 50%*** of Vodacom Group (Pty) Ltd.
     Telkom SA Ltd is presently South Africa's sole fixed-line telecommunications operator. In May 1997 the South African Government sold a 30% stake in Telkom to SBC Communications and Telekom Malaysia for R5,54 billion. The telecommunications utility was granted a five-year exclusivity period during which no competition would be allowed on fixed-line telephony. In return Telkom and its equity partners have agreed to deliver 2,8-million new lines and meet service, quality and upgrading targets.

  3. ***Hosken Consolidated Investments own 5%*** of Vodacom Group (Pty) Ltd.
     Hosken Consolidated Investments (HCI) is a trade union investment vehicle and is controlled by the SA Clothing and Textile Workers' Union (Sactwu) and the National Union of Mineworkers (NUM). HCI's market capitalisation has grown from about R400 million at the time the Mineworker's Investment Company (MIC) and Sactwu took control to R2,7 billion at present. It has a net asset value of R3,5 billion. Recently it unbundled about R1,5 billion worth of investments to shareholders, half of this going to trade union backers.

  4. ***Rembrandt Group Limited owns 13,5%*** of Vodacom Group (Pty) Ltd.
     Rembrandt is an investment holding company based in Stellenbosch.

  5. *Service providers*: **Vodac,** Afritel, Teljoy Cellular, Afrilink, **GSM Renta Fone,** CellPhones Direct, **NedTel Cellular,** Firstcall, **SuperCall,** RadioSpoor Cellular, AutoPage Cellular, Nashua Cellular, Plessey Cellular, Mobile Direct**,** SmartCall**,** and Orchid.
  6. Vodacom switched 8,5 million calls and 700 000 SMS messages in the first hour of the new millennium, the busiest time ever for the network.
  7. Average *current* connection rate ratios: 88% prepaid, 12% subscription.
  8. Over 9000 users sign up per day (mostly prepaid).
  9. People in previously under serviced areas are making over 35 million calls (65 million minutes) per month from Vodacom's 2 135 community phone shops.
  10. Vodago is Vodacom's prepaid package and was launched in November 1996 and now accounts for more than 90% of all new connections to the Vodacom network.
  11. Vodacom's network currently switches 30% of telephone volumes in South Africa and 10% of Africa's.
  12. During the last financial year (ending March 31, 2000), Vodacom spent more than R2,3 billion increasing its network capacity. Vodacom has invested some R10 billion in its network to date.
  13. Vodacom's network covers almost 13 000 km's of national roads, about 80% of the country's population and 52% of the total land surface.

ANNEX 4: List of submissions to the Second National Telecommunications Colloquium

1. AFRC
2. AmVia
3. AT&T
4. African Telecommunications Forum (ATF)

5. Black IT Forum
6. Council for Scientific and Industrial Research (CSIR)
7. Communications Users Association of South Africa (CUASA)
8. Mr Dermod Judge
9. Dimension Data
10. Electronic Industries Federation (EIF)
11. Envirocom
12. Ericsson
13. Eskom Enterprises
14. Fleetcall
15. Gary-Paul Consultancy Service cc
16. GD Communications cc
17. Gestalt Corporate Engineers
18. Information Systems (IT), Electronics & Telecommunications Sector Education & Training Authority (ISETT SETA)
19. South African Chapter of the Internet Society
20. Jasco Electronic Holdings Limited (Jasco)
21. Mr John Doe
22. Mr John Joslin
23. Mr John Morrisby-Rolfe
24. Learning Information Networking Knowledge Centre (LINK)
25. Lytek Communications
26. Marconi Communications South Africa
27. M-Cell
28. M-Net
29. Motorola
30. MTN
31. Nashua NedTel Communications
32. National Telephone Cooperative Association
33. Phambili Communications
34. Professional Mobile Radio Association Of S.A.(PMRA)
35. Mr Robert Breyer
36. South African Broadcasting Coporation (SABC)
37. South African Electrotechnical Export Council (SAEEC)
38. South African Foundation for Language and Speech Technology Development (SAFLAST)
39. South African Institute of Electrical Engineers (SAIEE)
40. Southern African TETRA Association (SATA) - Emergency Comms
41. Southern African TETRA Association (SATA)
42. SA Value Added Network Services Association (SAVA)
43. Sentech and Infoline
44. Siemens
45. Skyway Management Limited
46. Trans Africa Telecommunication Networks (T.A.T.N.)
47. Telephone Action Group
48. Telesciences(Pty) LTD
49. Telkom
50. Thornton & Morris Attorneys
51. Telecoms Manufacturers Association (TMA)
52. Transtel
53. City of Tshwane Metropolitan Municipality
54. UUNET SA
55. Vodacom

Footnotes

[1] The Government's commitment has been demonstrated through both the telecommunications and e-commerce policy processes, and most notably by President Thabo Mbeki in his 9 February 2001 State of the Nation address to Parliament launching the Presidential International Task Force on Information Society and Development and the Presidential National Commission on Information Society and Development. See http://www.gov.za/speeches/index.html.

[2] See Annex 1, Fixed-line market growth and statistics.

[3] Public switched telecommunications services (PSTS) include:

- National long-distance telecommunication service;
- International telecommunication service;

- Local access telecommunication service;
- Public pay-telephone service;
- All or any telecommunication facilities to be used by any person for the provision of value added network services;
- All or any telecommunication facilities comprising fixed lines to be used by any Operator for the provision of Mobile Telecommunication Services; and
- All or any telecommunication facilities to be used by any person for the provision of any Private Telecommunication Network.

[4] A value added network is essentially a data network, and a value added network service (VANS) may be defined as a computer-based telecommunication service which transforms and stores information for future consumption. In terms of the section 40(b)(2) of the Telecommunications Act of 1996, VANS are, yet not limited to, "electronic data interchange, E-mail, protocol conversion, access to a database or a managed data network service". All these licensed services, however, are to be supplied by means of Telkom's infrastructure. VoIP was excluded from all VANS licenses.

[5] See Annex 2, Mobile market growth and statistics.

[6] The issuing of the third wireless license has been contested by NextCom, a losing bidder for the license. For a review of the events surrounding the issuing of this wireless license, see www.cellular.co.za, follow the link "Timeline for the license" in the focus section of the homepage.

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[8] Telecommunications deregulation falls within a wider context of privatization in the country. The government is also undertaking the privatization of electricity (Eskom), defense (Denel) and transport (Transnet).

[9] See Annex 3 for a list of the parties who provided submissions.

[10] See Reinhardt Buys (ed). *Cyberlaw @ SA: The Law of the Internet in South Africa*, Pretoria: Van Schaik Publishers, 2000; and with reference to Government Gazette No. 18272 of 1997.

[11] For criticisms from the South African VANS Association (SAVA) see Philip de Wet, *VoIP ban will make SA a laughing stock*", *ITWeb.co.za*, 27 March 2001, http://www.itweb.co.za/sections/telecoms/2001/0103271307.asp.

[12] A PTN is a privately owned data and voice network, and is located on private land (or adjoining land parcels) owned by the same legal entity (for example, Eskom and Transnet have PTNs). A PTN is only licensed when it interconnects and uses the facilities of a public switched network.

[13] Phillip de Wet, *Cabinet approves telecoms duopoly*, ITWeb.co.za, 15 March 2001, http://www.itweb.co.za/sections/telecoms/2001/0103151116.asp.

[14] "Equitable development" encapsulates the notion of socio-economic development, improved quality of life, historic redress, and black economic empowerment.

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