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GENERAL NOTICE

NOTICE 1516 OF 1999

SOUTH AFRICAN TELECOMMUNICATIONS REGULATORY AUTHORITY



NOTICE IN RESPECT OF LICENCE CONDITIONS CONTEMPLATED IN SECTION 35(4) OF THE TELECOMMUNICATIONS ACT, 1996 (ACT NO. 103 OF 1996).

The South African Telecommunications Regulatory Authority ("the Authority") hereby gives notice in terms of section 34(3) (c) of the Telecommunications Act, 1996 (Act No. 103 of 1996), of the licence conditions contemplated in section 35(4) of the Telecommunications Act, 1996 (Act No. 103 of 1996) in respect of the licence to provide a mobile cellular telecommunication service, applications for which were submitted in terms of the "Invitation to Apply for One Mobile Cellular Telecommunication Service Licence in terms of section 34(2) (a)(ii) of the Telecommunications Act, 1996" issued by the Minister for Posts, Telecommunications and Broadcasting and published in Notice 314 in Government Gazette 19806 dated 26 February 1999.

**MR HNL MAEPA, PrEng, PE
CHAIRPERSON - SATRA**

This licence is issued to < > ("the Licensee") for the provision of mobile cellular telecommunication service in terms of Section 37 of the Telecommunications Act No. 103 of 1996 ("the Act").

Section 2 - The Licence

- ### Section 3 - Service Authorisation

3.1.1 The Licensee shall provide mobile cellular telecommunication service authorised hereby to subscribers within the territorial limits of the Republic of South Africa, according to the technical standards set forth in Annex 4 hereto.

- 3.1.2 The Licensee shall provide comprehensive services, which shall include at a minimum, voice telephony, data transmission, and emergency, directory and operator-assisted services, as described in Section 4. In addition, the Licensee may provide to subscribers any mobile cellular telecommunication services not inconsistent with the Licensee's obligations and not otherwise in conflict with South African law.

- 3.1.3 The Licensee may provide domestic as well as international roaming services.**

3.1.4 The Licence shall provide all services without discrimination between similarly situated subscribers and shall not unfairly deny any request for service to subscribers or authorised roamers.

3.2 Service Provision. The Licensee may provide retail services directly to end users and the licensee may provide wholesale services to Service Providers who provide services to end users. The licensee shall remain responsible for the quality of the services and fees and charges for services provided to end users through Service Providers.

Section 4 - Service Requirements and Quality Standards

4.1 Rollout Requirements in respect of Network Coverage and Universal Access and Universal Service Obligations. Set forth in Annex 1 hereto.

4.2 Service Quality. Services shall be provided in accordance with the following quality standards:

4.2.1. Network Availability. The Licensee's network shall be available and providing service 24 hours per day, seven days per week, at least 98 percent of the time averaged over the entire network and over any 12-month period.

4.2.2. Call Completion Rate. The Licensee's network shall maintain a Busy Hour call completion rate of at least 95 percent averaged over any 12-month period.

4.2.3 Call Quality. The Licensee's network must provide at least the nominal call quality to classes of subscriber units in accordance with the standards set forth in Annex 4 hereto, as such standards may be amended or modified from time to time.

4.2.4 Quality of Service Tests. The Authority shall from time to time check that service levels adhere to the standards set out in this clause and may impose penalties subject to the relevant provisions of the Act and regulations.

4.3 Network Monitoring and Emergency Restoration. The Licensee's network shall be monitored by a Network Management Centre or Centres 24 hours per day, 7 days per week, every day of the year. Emergency response personnel shall be properly equipped and available at all times. The Licensee shall develop and implement a complete emergency response plan, describing trouble reporting and service restoration procedures and levels of fault and response procedures related thereto. This plan shall be made available to the Authority upon request.

- 4.4 Customer Service. Customer Service Representatives of the Licensee shall be available to subscribers 24 hours per day, 7 days per week, every day of the year. The Licensee shall develop and implement a complete customer service Code of Conduct in consultation with the Authority, describing the training of Customer Service Representatives, the staffing of Customer Service Centres, the service activation and change processes, the handling of customer questions and complaints, the availability of detailed billing data upon customer request and the development and retention of records related thereto. Service may not be provided to customers prior to the Authority's approval of the Code of Conduct.
- 4.5 Emergency Services. Calls from mobile terminals accessing the Network shall be connected to an appropriate emergency response centre without charge.
- 4.6. Operator Services. Directory assistance and related Operator Services shall be provided by the Licensee through human operators, 24 hours per day. Charges for Operator Services may be applied by the Licensee.
- 4.7 Customer Interaction. The Licensee shall make reasonable efforts to interact with customers in the preferred language of the customer.
- 4.8 Records. The Licensee shall promptly provide to the Authority, upon request, such information or access to such information as may be necessary to verify and assure the compliance of the Licensee's network and services with the quality standards set forth herein. Regulatory accounts shall be maintained in accordance with the relevant COA/CAM.

Section 5 – Schedule of Commitments; Performance Guarantee

- 5.1 Schedule of Commitments. The Licensee agrees to the Schedule of Commitments as set forth in Annex 1 hereto. Any penalties prescribed by the Authority for failure to meet the commitments in Annex 1, if imposed, shall be paid first from the monies set aside under the Performance Guarantee, described in Section 5.2 below.
- 5.2 Performance Guarantee. Contemporaneous with the execution of the Licence, the Licensee shall establish a Performance Guarantee in the amount of Fifty Million Rand (R 50 000 000), in the manner set forth in Annex 2 hereto, to guarantee the satisfactory performance of its Schedule of Commitments over the first six years of the Licence. This Guarantee shall be held in an interest-bearing escrow account.

Section 6 - Numbering

- 6.1 Numbering. The Licensee shall initially use the prefix 084 for the provision of services.
- 6.2 Number Portability. The Licensee shall implement its network in a manner that facilitates the provision of portability between any licensed telecommunications service providers.

Section 7 - Licence Fees

- 7.1 Telecommunication Service Fixed Licence Fee. In compensation for the grant of the Licence, the Licensee shall pay to the Authority a Fixed Licence Fee of One Hundred Million Rand (R 100,000,000.00), payable as follows:

- 7.1.1 Payment may be amortised over the Initial Term of the Licence.
- 7.1.2 No payment of principal shall be due until the third anniversary of the issuance of the Licence, unless the provisions of Section 8 below apply before that time.
- 7.1.3 From the third to the fifteenth anniversary of the Licence issuance, payments of principal shall be due annually.
- 7.1.4 Interest shall be due annually, from the date of the issuance of the Licence, in accordance with prevailing prime interest rates, adjusted annually.

The payment of the Fixed Licence Fee shall be guaranteed pursuant to the mechanism set forth in Annex 3 hereto.

- 7.2 Annual Variable Telecommunication Service Licence Fee. An annual amount constituting 1 percent of the audited Net Operational Income of the Licensee payable after the end of the third year of the Licence and thereafter quarterly on assessed Net Operational Income to be adjusted immediately on receipt of the audited annual statements of the Licensee. The first payment will only be based on the Net Operational Income generated during the preceding twelve month period. This fee shall be reviewable by the Authority after the fifth anniversary of the Licence issuance date.

Section 8 - Licence Term

- 8.1 Initial Licence Term. The Initial Term of the Licence shall be for a period of fifteen (15) full consecutive years commencing on the date of issue of the licence.
- 8.2 Forfeiture or Cancellation of Licence. The Licensee shall have the right to request the cancellation of the Licence, and wind up its business (including through the sale or other disposal of assets) on not less than 180 days notice, without objection or penalty by the Authority or other competent authority. However, the Licensee's obligation to pay the Telecommunication Service Fixed Licence Fee, with accrued interest, and the Annual Variable Telecommunication Service Licence Fee accrued and owing, shall remain in full force and effect. The Licence shall forfeit any remaining portion of the Performance Guarantee, immediately and in full. The Telecommunication Service Fixed Licence Fee Payment Guarantee mechanism set forth in Annex 3 hereto shall be immediately triggered by the Licensee's request to cancel the Licence.

Section 9 - Secrecy of Information

- 9.1 Content of Communications. The Licensee shall not disclose the content of any communication transmitted over its Network, unless ordered to do so by law or court order.
- 9.2 Subscriber Information.
- 9.2.1 The Licensee shall not use any information on its past, current or potential subscribers for purposes other than those for which the information was obtained, unless the subscriber gives prior written consent to such other use.
- 9.2.2 The Licensee may publish a directory of subscribers and their numbers. The Licensee may charge a reasonable fee in connection with the sale or distribution of this directory. Subscribers shall have the right to request that their information be withheld from such a directory, without charge to the subscriber, and the Licensee has a corresponding obligation to inform subscribers of such right.

Section 10 - Miscellaneous Provisions

- 10.1 Adherence to International Standards. Licensee shall be designated as a "Recognised Private Operating Agency" and shall comply with all Conventions and Administrative Regulations of the International Telecommunications Union regarding same.

- 10.2 Legal Compliance. The Licence is subject to the Act and the regulations of the Authority, each of which shall have precedence over the Licence in the event of a conflict. The Licensee shall comply with all applicable South African law and international obligations to which South Africa is bound.
- 10.3 Access to Network Facilities. Upon request, the Licensee shall provide access to its network facilities for inspection by the Authority.

List of Annexes

1. Schedule of Commitments
2. Performance Guarantee
3. Guarantee for the Payment of the Telecommunication Service Fixed Licence Fee
4. Regulatory Reference for Licensee's Technical Standards

Annex 1 - Schedule of Commitments

The Licensee commits to the following:

Category	Commitment
Network coverage	
Universal access and universal service obligations	
Empowerment	
Economic Development	
Other, etc.	

Annex 2 - Performance Guarantee (Indicative)

On letterhead of <an appropriate South African Bank>
Letter of Guarantee

SATRA
Attention: ◇
Pin Mill Farm, Block B
164 Katherine Street
Sandton 2196
South Africa

Re: Licence to Provide Mobile Cellular Telecommunication Service in the Republic of South Africa

Submitted by: <Name of Licensee>

We understand that the South African Telecommunications Regulatory Authority ("SATRA") has issued a Licence dated ◇ to <insert name of Licensee> (hereinafter "the Licensee") concerning the provision of Mobile Cellular Telecommunication Service in the Republic of South Africa.

We, on behalf of the Licensee, irrevocably undertake the obligation as Guarantor to pay SATRA according to SATRA's direction the amount of Fifty Million Rand (R50,000,000), or such lesser amount as reflected in the following paragraph, immediately upon SATRA's first demand notwithstanding any contestation by the Licensee or any other person or party, if SATRA declares in its demand the Licensee to be in default of its Schedule of Commitments under the Licence Agreement.

We shall return twenty percent (20%) of the guarantee amount to the Licensee on the 31st of January of each year from 2002 to 2006, unless SATRA notifies us in writing between 1st January and 21st January of any given year in said time period that the Licensee has failed to satisfy the Schedule of Commitments specified in its Licence for the preceding year or is otherwise in substantial violation of the terms and conditions of its Licence. In such event, and immediately upon the first demand notwithstanding any contestation by the Licensee or any other person or party, we shall pay to SATRA the amount specified by SATRA for default as it directs.

This Letter of Guarantee is payable as required upon SATRA's demand and the instructions SATRA provides to us in writing. This Guarantee will remain in force up to and including the earlier of SATRA's return of this Letter to us or 31 January 2006.

Authorised Signature of Bank Officer

Date of Issue

Annex 3 - Guarantee for the Payment of the Telecommunication Service Fixed Licence Fee

<Licensee to propose a guarantee mechanism for the payment of the Telecommunication Service Fixed Licence Fee, including interest. While SATRA remains flexible on the mechanism, an appropriate insurance policy from a reputable business insurance provider, with SATRA as the payee/beneficiary, and with proof of the payment of premiums., may be acceptable.>

Annex 4 - Regulatory Reference For Licensee's Technical Standards

<To be determined, in part, from Licensee's application and will state the international standard or standards and recognised governing organisations for the radio technology employed by the Licensee.>

**PROPOSED
FREQUENCY SPECTRUM LICENCE
TERMS AND CONDITIONS**

This licence is issued to < > ("the Licensee") in terms of Section 30 of the Telecommunications Act No. 103 of 1996 ("the Act").

1. Initial Frequency Spectrum Authorisation.

The Licensee shall be authorised to operate on and to provide mobile cellular telecommunication service through the following frequencies:

<to be determined from the Licensee's frequency spectrum application, e.g.:>

1.1

- 1.1.1. ___ to ___ MHz (for mobile stations)
 ___ to ___ MHz (for base stations)

- 1.1.2. The frequencies shall be utilised in transmit and receive pairs with a channel spacing of ___ kHz and a duplex separation of ___ MHz.

And/or

1.2

- 1.2.1. ___ to ___ MHz (for mobile stations)
 ___ to ___ MHz (for base stations)

- 1.2.2. The frequencies shall be utilised in transmit and receive pairs with a channel spacing of ___ kHz and a duplex separation of ___ MHz.

And/or

1.3. IMT-2000 Spectrum (Pending on WRC-2000 finalisation)

- 1.3.1. Terrestrial FDD ___ to ___ MHz
 ___ to ___ MHz
 TDD ___ to ___ MHz

- 1.3.2. Satellite ___ to ___ MHz
 ___ to ___ MHz

1.3.3. The frequencies shall be implemented according with the carrier spacing of ____MHz.

2. Additional Frequency Spectrum Authorisation.

Upon written application to the Authority, the Licensee may from time to time request authorisation of additional frequencies.

3. Term of Licence.

The term of this licence shall run concurrently with the relevant corresponding mobile cellular telecommunication service licence.

4. Frequency Licence Fees.

4.1 The Licensee shall pay annually a Basic Licence Fee of five million Rand (R5,000,000.00)

4.2 The Licensee shall pay annually a Frequency Spectrum Licence Fee determined as follows:

**Channel Spacing (kHz) X Number of Assigned Frequency Channels
utilised anywhere within the Republic of South Africa x One Hundred
Rand (R100.00)**

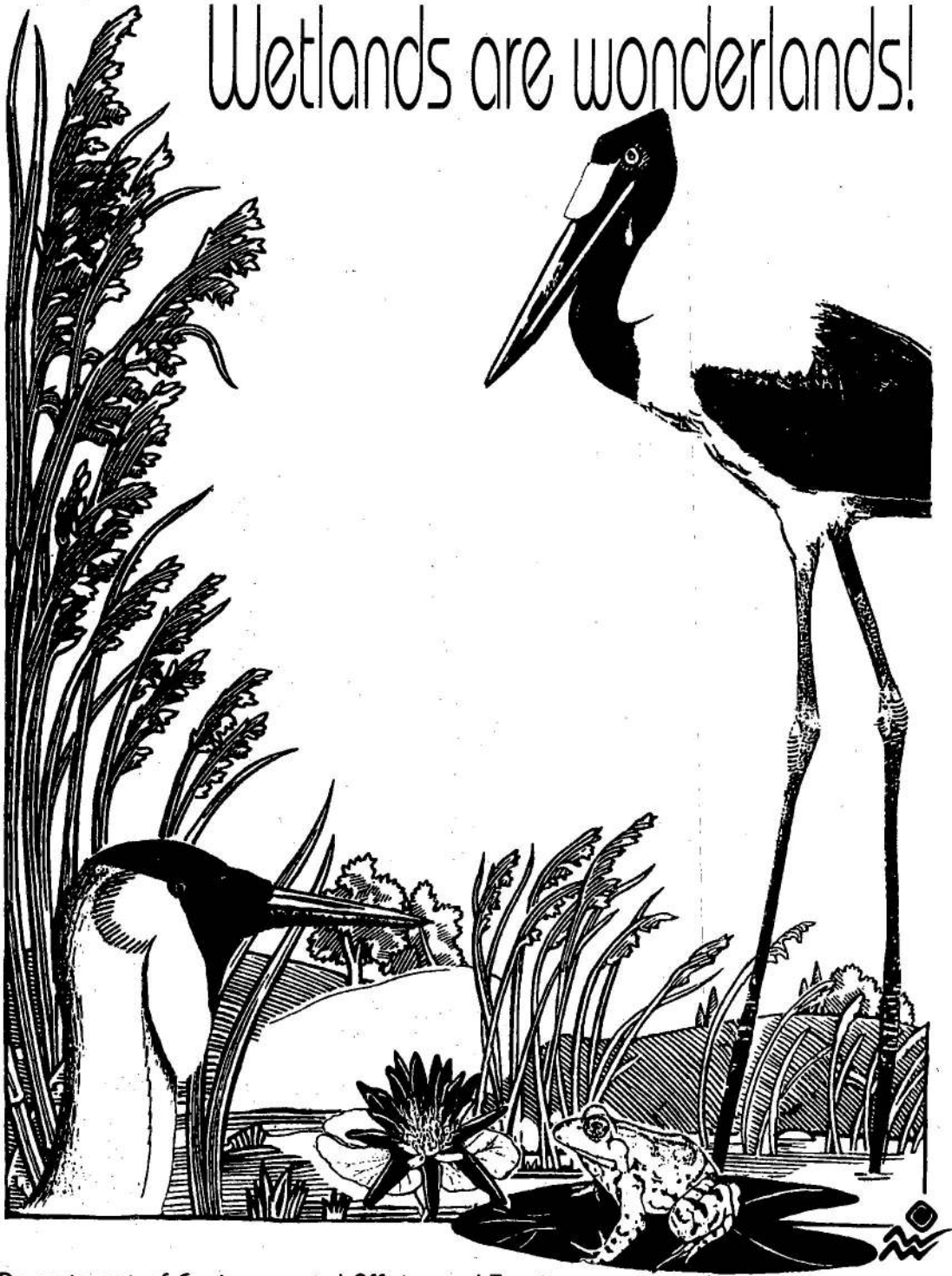
4. Use of Equipment.

The Licensee shall be permitted to use any equipment necessary for the efficient and effective use of the frequencies used herein; provided, however, that such equipment has received type approval by the Authority.

5. Operating Power.

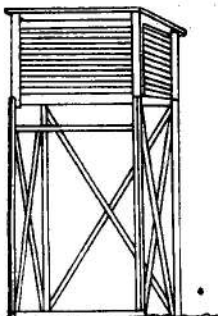
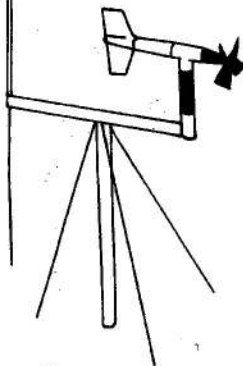
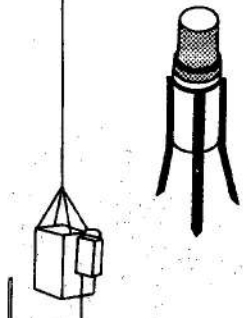
The maximum effective radiated power of base station transmitters shall be < > Watts.

Wetlands are wonderlands!

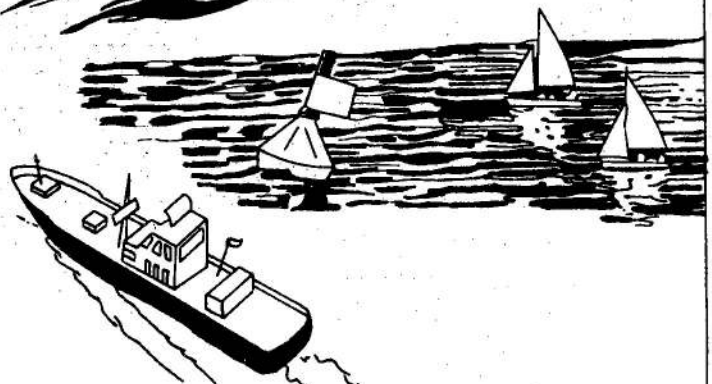
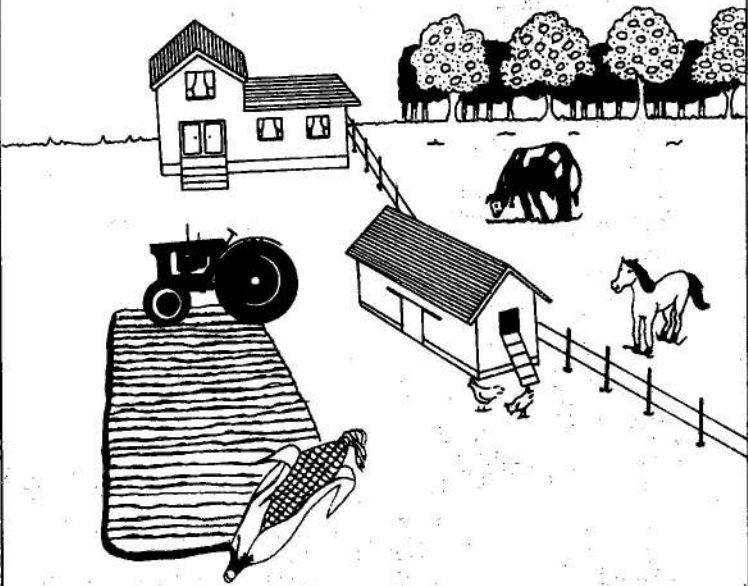
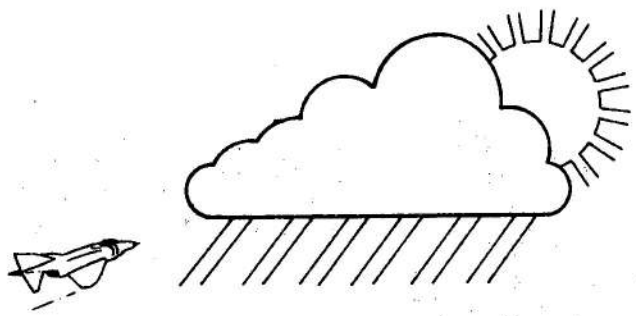


Department of Environmental Affairs and Tourism

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