PS TELECOMMUNICATION - GENERAL

1998

Satra seeks US aid on callback issue

(2b7) BD 15/1/98

Simon Barber

WASHINGTON — The SA Telecommunications Regulatory Authority (Satra) has taken steps to enlist the support of its US counterpart, the US Federal Communications Commission (FCC), against US-based callback operators offering cheap international telephone rates to SA customers.

However, the authority still had a number of hurdles to cross before the commission would consider acting, Jeanne Gellman of the FCC's international bureau said yesterday

The FCC has said that although it broadly favours callback services because they increase competition, it is prepared, if asked, to use its licensing powers to block US companies from providing services in countries that have declared callback services illegal.

In a September 26 letter to then FCC chairman Reed Hundt, recently placed in the FCC's public files, Satra chairman HNL Maepa said although the authority's attempt to ban callback under the 1996 Telecommunications Act was being tested in court, "callback operations remain illegal in SA".

On the strength of the letter and an attached copy of Satra's anticallback regulations, the FCC placed SA on a list of eight countries considered to have "begun the process" of securing FCC co-operation, Gellman said.

The others are Hungary, Indonesia, Malaysia, Peru, Saudi Arabia and the Cook Islands.

If it is to intervene, as it did last year in the Philippines against callback provider Global Link, the FCC will require a list of the companies involved and "evidence" that they are providing illegal services and that bona fide efforts have been made to enforce the law (assuming it is upheld in SA).

There is however one other catch. The FCC will proceed only against callback operators who use a technique called "uncompleted call signalling".

This has been the standard method under which the customer calls a US switch and then hangs up before a chargeable connection is made

The switch then identifies his number, calls him back and allows him to complete his call as if he had originated it in the US.

This approach is now rapidly being rendered obsolete, Gellman said. She noted that although the FCC had ordered Global Link to stop offering the "uncompleted call signalling" services in the Philippines, the company was still active in the callback services market using other techniques which the FCC found permissible

Communications duopoly on horizon

BD 7/1/98 (267)

Robyn Chalmers

GOVERNMENT has committed itself to a duopoly in the telecommunications market in 2004, when Telkom's monopoly ends, Post and Telecommunications Minister Jay Naidoo says.

He said the commitment had been made in government's submission to the World Trade Organisation's general agreement on trade services on liberalising its telecommunications services. Government committed itself to allowing at least a duopoly in the telecommunications sector after 2003 and would consider the feasibility of additional suppliers thereafter.

The pace of SA's telecommunications liberalisation has been highly contentious, with many in the private sector believing that the sooner competition was allowed, the better.

Government argued that it needed between five and six years to deliver telephone lines to underserviced rural areas, meet service quality targets and upgrade the network. As a result, Telkom's licence — issued in February last year — entrenched the monopoly for six years and set stringent delivery and service targets. It expires on December 31 2003.

Telkom chief operating officer Mac Geschwind said recently that once the telecommunications sector was opened up, competing firms would look at the most lucrative areas first. He was confident that Telkom would be in good shape to cope with competition.

Naidoo said at a recent briefing that government would not impose measures that would restrict entry into the market or the operation of the telecommunications service. Government would grant at least one additional mobile cellular licence by next year.

As part of the liberalisation strategy, government sold 30% of Telkom last year to a consortium of US-based SBC International and Malaysia Telekom for R5,7bn. Naidoo said Telkom's restructuring would provide universal access to telephony and transform the parastatal into an operator which provided improved quality of service with a representative work force.

Western Cape, Gauteng pass rates decline

BD 7/1/98

Kevin O'Grady

WESTERN Cape and Gauteng both posted declines of 4,1 percentage points in their matric pass rates last year, to 76,3% and 51,5% respectively, they said yesterday.

This means the failure rate has climbed in all provinces except Mpumalanga, prompting criticism of government, teachers, pupils and parents and calls for Education Minister Sibusiso Bengu's resignation.

Western Cape achieved the highest pass rate while Northern Province fared the worst with 31,8%.

Gauteng education MEC Mary Metcalfe said although the drop was "statistically insignificant", it was "cause for concern and some disappointment".

Last year's matric pupils had experienced the worst of apartheid education and school conditions had begun stabilising only in the past 18 months, she said. "We believe that we are dealing with the systemic problems that

Continued on Page 2

Post Office's quest for profit 'ahead of schedule'

BD 8/1/98 (267)

Robyn Chalmers

THE Post Office could break even in three rather than five years but government may have to inject capital into the parastatal if it is to meet its delivery targets in underserviced areas, a report has found.

Price Waterhouse and Ebony Financial Services conducted a due diligence exercise and review of Post Office operations last year which would lay the basis for its restructuring.

A summary of the report, still being circulated for industry comment, said a projection of the Post Office's financial position over the next five years showed it could break even in three years. Government's subsidy of postal services has averaged about R500m over about the past five years Post, Telecommunications and Broadcasting Minister Jay Naidoo has vowed this would be eradicated in a maximum of five years.

The universal service obligation — including delivery of 4-million postal addresses to underserviced areas — should ideally be financed by profit from monopoly and nonmonopoly business lines, said the report. "During the period of moving to a profit position, a problem area will be the nonavailability of funds to rebalance or expand the (postal) network Recapitalisation of the Post Office balance sheet will also not be possible without additional injection of capital," it said.

Price Waterhouse proposed a one-time capital injection, or capital injections over a period, to cover the cost of specific capital and operational needs of the Post Office

A regulatory authority was necessary to oversee postal activity — either a ministerial authority or the communications department The Post Office's position as a service provider should be entrenched in legislation.

A working committee — made up of Post Office board, management and ministry officials to evaluate the proposals — identified future issues for the parastatal These were to continue improving performance, rationalise and extend the network as well as break even within three to five years

A number of sources of potential higher income were identified, including renegotiating agency agreements to ensure realistic compensation for services and growing the letter market by promoting direct marketing

The introduction of a state lottery would generate additional income for the Post Office and it was well-placed to undertake a pension payment function due to its network

Upgrading of products and technology infrastructure would boost income growth for the Postbank while the development of new products such as Securemail, Easipost shops and electronic mail would also generate income

Comment: Page 7

Callback operators work despite ban

BD 14/1/98 (2b7)

Robyn Chalmers

CALLBACK operators are quietly going about their business in SA despite last year's decision by the SA Telecommunications Regulatory Authority (Satra) to ban their activities

Spokesmen for both the SA Callback Association (Sacba) and Satra said yesterday they were awaiting a court date to settle a dispute over the legality of callback operators.

Satra spokesman Esta Gouws said, however, that the authority was in the process of collecting evidence to submit charges against callback operators to the attorney-general.

"We are proceeding with our decision to ban callback operators ... we have not backed down Whether we lay charges before or after the case is heard depends on the date of the court hearing," she said

Industry players said business was going well for callback operators and few clients had been lost as a result of the ban.

There has been a public slanging match between Satra and callback operators following the banning order, announced in August, with effect from September 1 last year. Sacba and 10 local callback operators served legal papers on Satra shortly after the ruling in a bid to have the ban overturned, on the grounds that it acted beyond its powers.

This was postponed indefinitely. The association then proceeded with an application to the Johannesburg High Court for a ruling. A hearing is expected in March or April this year.

At the time of the ruling, Satra chairman Nape Maepa said in terms of the Telecommunications Act, telecommunications services could be provided only by licensed entities. Telkom was the only organisation licensed to provide international services on an exclusive basis for a five- to six-year period.

Contravention of the law could result in a fine of up to R500 000 or two years in prison, or both, he said.

Maepa said a major objective of the act was to allow Telkom a period of exclusivity to provide telephones to previously disadvantaged areas and to give Telkom the chance to prepare for a competitive environment.

Drumbeat of change pulses across African telecom lines

ST (BT) 18/1/98 (267)

SA telecommunications companies are moving towards becoming major players in Africa, writes THABO KOBOKOANE

SA TELECOMMUNICATIONS companies are poised to play a major role in this sector in Africa as the privatisation and deregulation process which started in the early 1990's gains pace across the continent

But the march is unlikely to be easy as some of the major international telecommunications companies have their nets cast at investment opportunities in one of the fastest-growing sectors in Africa. The International Telecommunication Union reckons that increasing teledensity (the number of telephone lines per 100 population) in sub-Saharan Africa to one line per 100 would cost in the region of $28-billion African nations were, therefore, turning to the private sector for the investment capital needed According to the ITU, the sector has outperformed overall economic growth, increasing its share of the GDP to 2% in 1993, although this declined to 1 7% in 1994 due to the devaluation of the CFA franc

Senegal, which is on course to liberalise its cellular industry with the start of a second network, announced last week it was holding negotiations with an unnamed SA company to acquire a 5% stake in telecommunications company Sonatel This follows the completion of the sale of 17% of the company to the public, an offer which realised $54-million

Cheikh Tidiane Mbaye, general manager of Sonatel, told Reuters "We are in talks with a South African partner to whom we will give between 3% and 5% " Mbaye added that Sonatel was looking to take a stake in the capital of the prospective partner as part of the operation

Last July, one third of Sonatel shares were sold to France Cables Radio, a subsidiary of France Telecom, for $106-million, and a further 10% was allocated to Sonatel staff The sale of the 5% will leave the Senegalese state with a stake of around 34%

Sonatel shares are due to be listed on the Bourse Regionale des Valeurs Mobilieres, the Abidjan-based regional bourse, expected to start operations in February

The news comes at a time when a consortium led by cellular network provider MTN has been awarded the second network operator licence for Uganda worth about $100-million annually

The consortium, in which MTN holds 50% — and includes Swedish-based Telia Overseas AB (30%), Investco Uganda (10%) and Rwandan-based Tristar Investments SARL (10%) — bid $5 6-million against its nearest competitors Utelnet, an affiliate of Portugal Telecommunications International, which bid $5 1-million

The MTN-Uganda consortium is expected to roll out 60 000 land lines in addition to 200 000 cellular lines

The deal is the first outside SA for MTN, but many more are set to follow It is a frontrunner for an operating licence in Rwanda and is in final negotiations for licences in Kenya and Burundi

Vodacom, which holds the cellular licence in tiny Lesotho, recently lost out in its bid for a licence in Botswana

Together with its partner Botswana Telecommunications Corporation, Vodacom was edged out by Mascom (a partnership involving Portuguese Telecomms, TS Masiwa Holdings of Zimbabwe and a Botswana-owned company) and Vista (a consortium involving France Telecom and Five Botswana companies

Joan Joffe, group executive of corporate affairs, says Vodacom will continue seeking viable business opportunities in southern Africa

'Opportunities should create value and lead to sustainable cross-border economic activity'

"It can be a small market, but it has to be profitable," she maintains

The state-controlled Telkom is also on the lookout for opportunities in sub-Saharan Africa that will contribute towards the development of the sector on the continent

Michael Grabbs, senior executive, international business division, said the company would look for opportunities that were "financially viable, would create additional shareholder value and lead to sustainable cross border economic activity"

Its entry level could be through a number of options, including acquiring equity stakes in privatised entities or taking an active operating role

Private postal service boss denies firm will shut down

Post Office, City Post in new war of words

CT(BR) 19/1/98 (267)

VERA VON LIERES

Cape Town — The Post Office said at the weekend that City Post, a private mail operator, had been ordered by the Supreme Court to shut down but the private postal company denied its operations had ground to a halt, insisting it was still in business

"City Post has not been ordered to shut down all its operations as a private postal service provider, as not all mail items are protected by the ridiculous monopoly of the South African Post Office," said Jaco Wessels, the managing director of City Post.

The company and its franchisees, which provide a full postal service and handle about 2,5 million postal items a month, would not stop delivering services to clients but would adhere to the court order and "not commit contempt of court", said Wessels

He said the court order meant that City Post would not be allowed to handle letters that fell within the monopoly of the Post Office on certain items of envelopes, which included bank statements, for example

"Everything will be operating except that we are not allowed to handle letters that fall within prescribed parameters that the Post Office has a monopoly on," Wessels said

But the Post Office said on Friday that, in terms of the court order which followed a previous judgment when the company was ordered to close and its application for leave to appeal was turned down, City Post had to shut down all operations

It said it was examining ways to help City Post customers whose mail could not be delivered in consequence of the latest developments

Explaining the conflict between the companies, the Post Office said it was obliged to provide a service to all communities, and this could not be done effectively if illegal operators disrupted the process

"City Post's business was concentrated in lucrative urban areas only and did not offer a full national delivery service," it said

Wessels said City Post did not operate on a national scale but said a large number of franchisees were active in major centres such as Gauteng, the Eastern Cape and the Western Cape.

The Post Office also said City Post, which had begun operating "illegally" in certain areas under the name PostHaste, had dumped substantial quantities of mail from time to time — particularly in the Gauteng area.

"In some instances, City Post illegally attempted to inject their mail through the Post Office's mail stream, attesting to their inability to fully meet customers' obligations," it said.

Post Office to seek mail hauling tenders

(287)

Robyn Chalmers

BD 20/1/98

THE Post Office is tendering for private sector operators to transport mail and goods between major centres in SA and neighbouring states, says logistical services GM Roelf Grové.

Grové said yesterday transportation of mail and goods had been outsourced to private sector operators.

"We believe that specialist functions such as road transport should be outsourced so the Post Office can concentrate on its core function of delivering letters."

In a separate development, the Post Office said yesterday it would ask the SA Police Service to investigate possible contraventions by private mail operator City Post of a recent court judgment. Post Office spokesman Ben Rootman said a supreme court judgment stated that City Post was operating illegally and had to shut down all its operations. City Post has said the judgment refers only to activities which fall within the Post Office's monopoly.

On transport, the Post Office reviewed its requirements recently. It was looking for professional long-distance hauliers to help achieve its national goals for the prompt delivery of letters, parcels and goods.

Grové said the five-year contract held by Trencor Transport and JH Retief was coming to an end and the Post Office wished to "test the market". The parastatal also wanted to give black empowerment companies the opportunity to tender for the lucrative long-term contract

"There is significant private sector interest in the contract from both traditional hauliers and black empowerment companies. We are proposing that the contract become open ended, with a six-month termination period on each side," he said

First step for rural phone access

BD 21/1/98 (267)

Robyn Chalmers

SANDFONTEIN — Telkom launched its radio-based telecommunications technology in a North West village yesterday, the first step in providing 145 000 rural South Africans access to telephones by the end of the year.

Post, Telecommunications and Broadcasting Minister Jay Naidoo said schools, clinics, libraries, community centres and villages in underserviced areas were priorities in the phone delivery programme.

"Over the next five years .. 120 000 new pay phones and 1,6-million new lines in underserviced areas will be installed around SA to bring telephone penetration in economically qualified households in all provinces to more than 50%."

Telkom recently adopted the digital enhanced cordless telecommunications system after extensive testing in KwaZulu-Natal, Northern Province and Mpumalanga.

Telkom chief operating officer Mac Geshwind said Telkom had opted for this system because of its reliability and low maintenance requirements as well as the comparative speed of deploying the system.

The system provides a wireless local loop, replacing the traditional copper wire that connects telephones, faxes and modems to the local exchange with a digital radio connection. Since 1994 about 20 telecommunications operators in more than 40 countries have adopted the system.

Geshwind said wireless technology could accommodate customer growth better than copper wire and was less prone to vandalism and theft, which cost Telkom about R200m a year.

About 95% of Telkom's 520 radio-based technology projects this year will be implemented in underserviced areas throughout SA, with most earmarked for KwaZulu-Natal, the Eastern Cape and Northern Province.

North West premier Popo Molefe said there was a huge need for telecommunications in the province which had large rural areas. "The need (for infrastructure) is most acute in rural areas," he said.

Naidoo said installing a telephone service in a village like Sandfontein was a milestone as it gave people access to information and knowledge — the vehicles for social transformation. Thousands of people in village communities like Sandfontein were being given opportunities that never existed.

A telephone network made it possible for government to introduce services such as distance learning, telemedicine and the Internet to citizens in the most remote corners of SA at an affordable cost.

Telkom on track to beat lines target

Robyn Chalmers

SANDFONTEIN — Telkom has installed more than 253 000 new telephone services in the nine months to the beginning of January as it moves closer to its 2,8-million-line target, says chairman and acting MD Dikgang Moseneke.

Moseneke said yesterday Telkom was on track to exceed its original installation target of 360 000 lines by March this year, and was more likely to deliver about 420 000 new lines around SA.

He said that by the beginning of January this year a total of 177 000 lines had been installed in underserviced areas and about 22 400 pay phones. This was against a target of 22 000 pay phones for the current financial year.

"While we have to correct the imbalances of the past and are in fact making ... inroads in doing just that, it must be kept in mind that our aim is to extend more and more advanced telecommunications to all," Moseneke said.

Telkom was modernising the network and its digitisation programme should be completed by the end of 1999. It was also investing R1,7bn on raising customer service levels. This included setting up centralised call centres and reducing waiting times.

Telkom awarded a R2bn contract for radio systems to Alcatel Altech Telecoms and Lucent Technologies last year.

In terms of its licence, Telkom has to meet stringent customer service and delivery targets during a five- to six-year exclusivity period — or pay financial penalties.

These include the delivery of 2,8-million lines by March 2002.

As a result, the parastatal has more than doubled its spending on capital projects for 1997/98 to R6,9bn from R3,2bn the previous year, with more than R50bn to be spent over five years.

Post, Telecommunications and Broadcasting Minister Jay Naidoo said 55% of customers in underserviced areas would be connected within three years and 80% of small villages in four years.

Naidoo said Vodacom and MTN had installed more than 21 000 community phones and Telkom had connected more than 172 villages in the past two years.

Government wants to involve empowerment groups in the telecommunications utility before its JSE listing in 2001

Telkom may be further privatised, says Naidoo

(267) CT (BR) 21/1/98

Sherilee Bridge

Sandfontein, North West Province — The government was considering a further reduction of its 70 percent shareholding in Telkom to bring in empowerment groups, Jay Naidoo, the minister for posts, telecommunications and broadcasting, said yesterday

Naidoo said further privatisation of the state-held telecommunications utility was one of the routes under review in the preparation for Telkom's listing within the next three years

"We will look at listing Telkom towards the end of its exclusivity period to allow the business to gain more value," Naidoo said

He said the government was examining ways of establishing more attractive investment vehicles and was backing regional telecommunications development because of investor interest in the southern African zone

Through Telkom, the government was also examining investments in other African countries as the continent's telecommunications industry deregulated

"One of the greatest obstacles to telecommunications development in Africa is politics," said Naidoo

FINALLY IN TOUCH *A Sandfontein resident tries out a new rural telecommunications technology Telkom is using to connect up to 1 000 previously isolated South African communities by the end of the year*

PHOTO WAYNE OOSTHUIZEN

Speaking at the launch of South Africa's first wireless local loop network at Sandfontein in the North West Province, Naidoo said South Africa had a political telecommunications battle of its own to overcome, as the utility positioned itself for competition in the global market while meeting its target of bringing telecommunications within the reach of every citizen

The switch-on at Sandfontein of wireless local loop technology — which represents a move from traditional copper cabling to radio-based systems — is the first connection in Telkom's R2 billion digital enhanced cordless telecommunications (Dect) roll-out projects

Awarded to Alcatel Altech Telecoms and Lucent Technologies, the project represents the world's biggest single roll-out of Dect systems

This move is despite a supplier debate over the viability of Telkom's choice of the technology after reports that US manufacturers were dumping Dect systems and obsolete technologies in African markets

Dikgang Moseneke, the chairman of Telkom, said 520 Dect-related projects would be complete by the end of 1998 He said by the end of the year, up to 1 000 villages that had no telephone services would benefit from the technology

Wilbur Crossley, the managing executive of technology and networks at Telkom, said Dect technology would make up as much as 30 percent of Telkom's total 3 million-line roll-out programme

Crossley said that Telkom's decision to deploy the technology was a decision not to hold "the customer hostage" at the hands of the alternative technology, which was still undergoing trials

Telkom sets aside R5-bn for telecommunications

Sowetan 22/1/98 (267)

By Shadrack Mashalaba

SEMI-PRIVATISED telecommunications group Telkom has set aside about R5 billion this year to roll out its telecommunications network throughout the country

A large portion of the money will, however, be spent in rural areas, Telkom chairman Dikgang Moseneke said at Sandfontein in North West on Tuesday

Speaking at the official launch of the first radio-based Digital Enhanced Cordless Telecommunications (Dect) in the area, Moseneke said a total of 600 villages had been identified and would soon benefit from the project

"The launch of a commercial Dect is a landmark event in Telkom's network building programme Sandfontein joins millions of telecommunications users across the world," he said

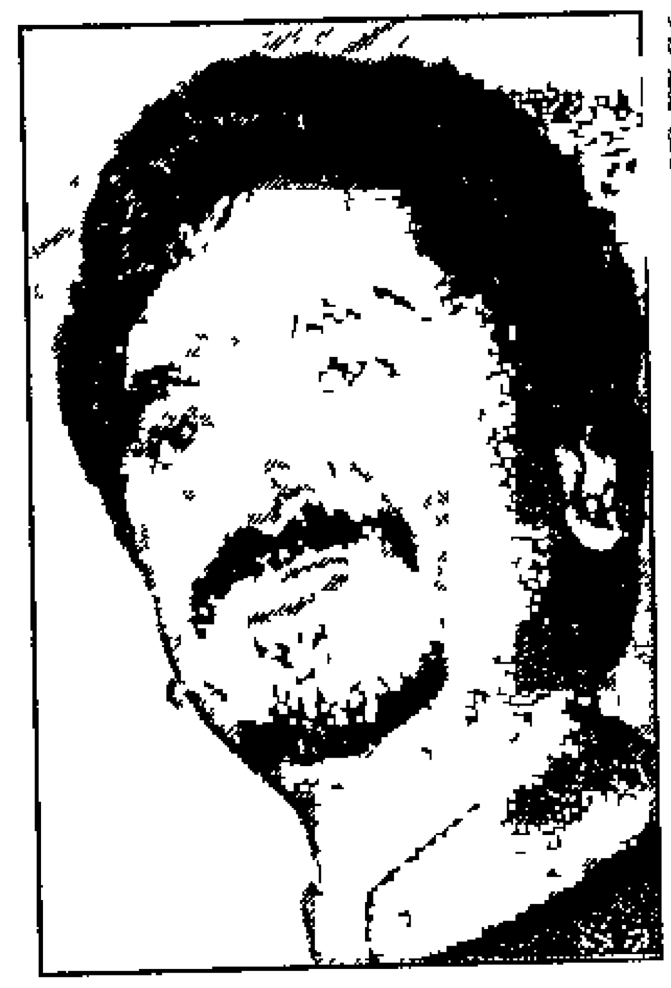
According to Moseneke, Telkom aims to complete about 520 Dect-related projects by the end of the year

This, he said, was part of the group's Vision 2000 which is aimed at making telecommunications more accessible to all South Africans

Dect is a radio-based, wireless technology developed in 1994 to replace the traditional copper wire that connects telephones, modems and faxes to the local exchange with a digital radio connection It is currently used in no fewer than 40 countries

Communications Minister Jay Naidoo said the Dect launch in Sandfontein signified "a small part of many projects to come"

"In the next five years we will be launching three million telephone lines throughout the country, particularly in villages previously ignored," he said



Minister Jay Naidoo ... millions of telephones to villages all over the country.

The first Dect trials to test the technology's viability, performance and customer reaction were conducted in September last year in Kwa-Mashu and Kranskop in KwaZulu-Natal, Bochum in Northern Province and Machadodorp in Mpumalanga

North West Premier Popo Molefe also attended the launch

Stolen Telkom cables hits business

By Bunty West

An estimated R10-million in Telkom cables has been stolen by organised syndicates since June last year, causing major disruptions to the East Rand's telephone service

Irate subscribers have been without service for up to six weeks at a time, and several are fed up with lost business.

Norman Stuart of Young, Stuart and Associates in Germiston has resorted to diverting all calls to his cell phone after complaints to Telkom fell on deaf ears.

"Last year, from September 26 to October 19, and then from November 26 to date, the two main lines and our dedicated Internet line have been out of order. We are trying to provide a professional service in Africa which in turn will benefit South Africa. Yet our goals are blocked through Telkom's third rate service and apparent lack of interest," Stuart said.

But the East Rand manager for telephone services, Dino Chetty, said the situation was not extraordinary.

"There have been 213 thefts of copper cable over the past 18 months in the area, and customers have had to suffer phone cuts for six weeks at a time. Sometimes the thefts are so bad that a complete infrastructure has had to be re-established, which takes time," he said.

Telkom is replacing manhole covers, a point of entry for the thieves, with electronic covers, and employs security guards to patrol severely hit areas

Chetty promised to restore service to his customers as soon as possible.

(267) Span 22/1/98

Plan mooted to fight post office crime

Robyn Chalmers

POST and Telecommunications Minister Jay Naidoo yesterday unveiled the Post Office's campaign to combat crime, which includes setting up crime prevention forums around SA and auditing systems and books

Delivering a strong message to more than 1 000 postal workers gathered at Witspos, Naidoo said government and the Post Office would act "ruthlessly and decisively against anyone involved in mail violation".

"I am advocating a principle of zero tolerance We will get to the bottom of these crimes .. the jobs of 30 000 postal workers are on the line" Postal crime threatened the viability and sustainability of the Post Office, he said

More than 259 employees had been dismissed, 21 resigned, 49 were given warnings or suspended and 22 members of the public prosecuted for their roles in mail theft between April last year and this month

The details of the Crime Awareness Campaign included reviewing all security policies and procedures, developing a code of conduct to be signed by all employees and establishing an integrated security data base

Rewards would be offered for information leading to arrests while security structures would be established in various regions Personnel would be trained and retrained, the security manual upgraded and the physical environment of postal operations reviewed to ensure it was secure.

Post Office MD Frank Touwen said crime was perhaps the single biggest threat to the post office's business as well as to jobs

Progress had been made in speeding up the flow of mail over the past two years, but this was overshadowed by mail theft which included opening mail, he said.

Union representatives attending the meeting threw their weight behind the commitment to outlaw crime

Commercial Workers' Union president Tlhalefeng Sekano said the union did not wish to have criminals as members The union would stand behind its members when it came to affirmative action, transformation, jobs or salaries, but would not back those found guilty of crimes

Recently appointed Post Office chairman Max Maisela said clients were vital to the Post Office and uncertainty about its service and efficiency as a result of crime was problematic.

Meanwhile, the Port Elizabeth main post office was robbed on Saturday by three armed men who took cash, cheques and telephone cards with a value of about R80 000.

Police spokesman Insp Noxolo Mngconkola said the robbers entered the building shortly after a security guard opened doors for staff

"While one of the men stood at the door, the other two went to a 33-year-old manager, threatened him with a firearm and demanded money

"The manager handed them four bags containing telephone cards, cheques and money to the value of R80 000," she said

Mngconkola said an employee who confronted one of the suspects was assaulted The employee was later treated at the Greenacres Hospital

Mngconkola said no arrests had been made and asked anyone with information concerning the robbery to contact Sgt Rupert Kruger at the murder and robbery unit at (041) 391-4511 during office hours. — Sapa

Unleaded fuel price may dip to boost market share

Samantha Sharpe

CAPE TOWN — The liquid fuels industry planned to lobby government for an increase in the price differential between leaded and unleaded fuel following poor market penetration by unleaded petrol, the SA Petroleum Industry Association (Sapia) said yesterday

Announcing petroleum product sales for calendar 1997, Sapia director Colin McClelland said the penetration of unleaded petrol as a percentage of total petrol sales was just below 9%, which was below targets of 15%-25%

"The industry will be requesting that the government consider increasing the price differential between leaded and unleaded petrol in terms of agreement reached at the time unleaded fuel was introduced," he said

This could effectively mean a reduction in the price of unleaded petrol relative to normal petrol

McClelland said major petroleum product sales in SA grew 2,2% last year compared to 1996, which could be compared with growth of 5,9% between 1995 and 1996 Petrol sales, which account for more than half of total sales, grew 1,8% for the year

Sales of diesel, an important agricultural, commercial and industrial fuel, grew 1% compared with 1996, he said Fears of an El Nino-induced drought reducing agricultural activity and diesel consumption in the last three months of the year

A 3,7% fall in diesel sales in the last quarter was accompanied by a 13,1% rise in sales of illuminating paraffin, McClelland said "It is hoped that these relative growth rates do not also reflect increased illegal use of paraffin in place of diesel to avoid the fuel tax"

Agricultural unions and machinery manufacturers warned recently that reports of fuel mixing have increased.

Aventura land focus of meeting

Robyn Chalmers

PUBLIC Enterprises Minister Stella Sigcau will meet chiefs of the Moletele and Mashilane tribes on Thursday to discuss land claims lodged by them on [illegible] lodged by various tribes on four Aventura resorts

These were Blydepoort, Swadini, Badplaas and Tshipise, with lands claims lodged on each resort respectively by the Mashilane, Moletele, Em-

Post and Telecommunications Minister Jay Naidoo, top left, with Post Office chairman Max Maisela, right, and Post Office MD Frank Touwen at yesterday's launch of the Crime Awareness Campaign

Pictures ROBERT BOTHA

Telkom set to announce new MD next month

(267)

Robyn Chalmers BD 28/1/98

TELKOM will announce its new MD and CEO next month to take over the transformation of the R17bn parastatal, says chairman and acting MD Dikgang Moseneke

Telkom's board would meet on February 4 to select the new MD from a shortlist of three, he said The three were shortlisted out of 20 potential candidates identified by recruitment agencies

The board would select the best candidate for the job, regardless of race or gender "We need someone who has 10 years' experience managing a big company Telkom has an asset base of R16bn-R17bn and we need a highly competent person who can deal with this "

Analysts speculated that candidates could include Vodacom MD Alan Knott Craig and Telkom chief operating officer Mac Geschwind

Telkom is undergoing an unprecedented transformation exercise following government's sale last year of 30% equity to US-based SBC Communications and Telekom Malaysia.

Government has granted Telkom a five- to six-year exclusivity period in terms of its licence. In return it has to overhaul its shoddy customer service record and provide 2,8-million new lines

Moseneke said Telkom had absorbed 96 Malaysians and Americans into its organisation

Post Office crime: 276 sacked since April (267)

ARG 2/2/98

Pretoria – The SA Post Office has dismissed 276 workers over criminal activities since April last year, managing director Frank Touwen said today.

He said these included nine employees fired last week over fraudulent overtime claims in Durban

Opening a course for security staff in Pretoria, Mr Touwen said 22 members of the public had been arrested in connection with alleged postal crime in the past few months

The course forms part of a comprehensive strategy to root out crime in the post office

"All security policies and procedures are being reviewed and an ethical code is being refined It will be signed by all employees," said Mr Touwen

He urged the public to help the post office by reporting suspected mail violations A toll-free number, 0800-033-554, had been installed for this purpose A reward was being offered for information leading to [illegible]

Mail found dumped in Khayelitsha

ARG 3/2/98

NORMAN JOSEPH
CITY REPORTER

(267)

Hundreds of items of mail have been found in the bush in Khayelitsha.

The Post Office is trying to establish whether its own staff or a private delivery company was responsible for dumping the mail near Block A's residential area

The abandoned post includes cheques, credit cards, job application forms complete with matric certificates and photographs, and accounts

Envelopes are post marked from September to December.

The mail, addressed to people in Block A, B and C Khayelitsha, has been found in the past week

Post Office area manager Frank Pienaar said a unit was investigating the find.

In response, Tygerberg African National Congress councillors and community workers have accused the Post Office of poor service.

Executive committee vice-chairman Vuyane Ngcuka said the find was "upsetting". Councillor Mawethu Booi said there was a lot of important correspondence for residents among the dumped mail.

Post Office staff in Khayelitsha said it was not the first time mail had been dumped in the area.

■ Last year the Post Office, in terms of post and telecommunications legislation, took City Post, a private mail delivery company, to court to stop it delivering mail in Khayelitsha In December City Post, now trading as Post Haste, was refused leave to appeal by the Supreme Court of Appeal

Please Mr Postman: Viwe Gobodo with some of the mail dumped in Khayelitsha bush

ANDREW INGRAM

Telkom takes Satra ruling to court

BD 4/2/98

(267)

Taryn Lamberti

A DISPUTE between Telkom and the SA Telecommunications Regulatory Authority (Satra) reached a new level yesterday when Telkom asked the Pretoria High Court to declare null and void Satra's decision to deny Telkom exclusivity over the provision of Internet access

Satra pronounced on October 14 last year that Telkom was not entitled to monopolise the provision of Internet access and declared the Internet service provider industry open to free enterprise

Satra's verdict followed a dispute between Telkom and the Internet Service Providers Association (Ispa) over Telkom's alleged unfair monopoly over the industry

Yesterday was the first day of the court hearing which will determine the fate of more than 70 Internet service providers.

Judge BR du Plessis will have to decide whether or not the provision of Internet access falls within Telkom's five-year period of exclusivity laid out in the Telecommunications Act

The act guarantees Telkom exclusivity over the provision of basic telephone services.

Last year, Satra found that Internet access formed part of the Value-Added Network Service, over which Telkom has no right to exclusivity.

Du Plessis will also have to decide whether Satra has the authority to make the ruling in terms of the act

Arguing for Satra, senior advocate Gilbert Marcus said although the act empowered Satra to make the ruling against Telkom, the authority chose to issue a pronouncement on the issue rather than a directive

"The pronouncement does no more than reflect the outcome of a dispute between Telkom and Ipsa," he said

"It does not purport to be, nor is it, a directive which compels or prohibits Telkom from doing anything."

However, senior advocate Cedrick Puckrin, representing Telkom, said Satra did not have the authority to limit Telkom's exclusivity "embodied in the statute" by making the pronouncement

He said Telkom was seeking "certainty" on the issue.

Marcus argued that Telkom was "trying to disguise the real issue".

He said the "real issue" in the dispute was that Telkom found Satra's ruling "unpalatable"

He said Satra would welcome a decision by the court that its ruling on the matter had been legally correct.

Satra says Telkom is wasting court's time

ET (PR) 6/2/98 (267)

Sherilee Bridge

Johannesburg — The application to the high court by Telkom, the state-controlled telecommunications utility, was a delaying tactic to seize a bigger share of the Internet market, the South African Telecommunications Regulatory Authority (Satra), said yesterday.

Responding to the high court's decision to reserve judgment in the complex case, Tsidi Seane, a councillor at Satra, said Telkom appeared to be succeeding in its attempts to prolong the case as an excuse for blocking new Internet industry entrants

Telkom, Satra and the Internet Service Providers Association (ISPA) were in court after a month-long postponement of Telkom's urgent application to have Satra's October 1997 pronouncement that there would be no monopoly over Internet services declared invalid.

Final judgment was not expected for at least three months Telkom has declined to comment until all the legal proceedings have been concluded

"For as long as the case was before the court, Telkom could claim that its hands were tied — its way to ensure that things were kept in limbo," said Seane

Telkom was creating an impression that the only way to connect to the Internet was through its facilities, he said

"Our jurisdiction has been tempered by legalities," he said.

By keeping the case in court, Seane believed Telkom was ensuring that Satra had no power over the supply of bandwidth.

Cedric Puckrin, Telkom's senior counsel, said earlier this week that the issue was no longer whether Satra's pronouncement had force of law, but whether it affected the rights of Telkom.

"We are shocked that a body spending a great deal of public money can make pronouncements which mean nothing at the end of the day," said Puckrin.

He said the consequences of such a pronouncement, which was expected to slash Telkom's income by about R1 billion a year, should be highlighted.

Telkom stressed that the pronouncement gave it no assurance that bandwidth would not be sublet or resold by the Internet service providers.

Telkom is forced to supply bandwidth in accordance with its public switched telephone service licence

"Telkom is avoiding a showdown which will inevitably come later down the line," said Gilbert Marcus, the senior counsel appearing for Satra.

ISPA was wary of commenting on the further delay, saying it would jeopardise negotiations being held with Telkom in parallel with the court case

Post Office to probe states with 'similar problems'

BD 16/2/98 (267)

Robyn Chalmers

THE Post Office may set up strategic alliances with post offices in foreign countries which have encountered similar problems to SA's, says chairman Max Maisela

The Post Office could start a worldwide research exercise to probe how post offices in certain countries have overcome their problems. A number of countries were being identified, after which a proposal along these lines was likely to be put before the post, telecommunications and broadcasting ministry.

The Post Office would also start a major public relations campaign this year to start recapturing some of the market it had lost. The first priority, however, was to become 100% reliable, Maisela said

He said he believed the Post Office had turned the corner as far as crime was concerned

More than 259 employees have been dismissed, 49 given warnings or suspended and 22 members of the public prosecuted for mail theft between April last year and January this year

A turning point came last month when Post and Telecommunications Minister Jay Naidoo stood on the same platform as trade unions and management to deliver a message to 1 000 postal workers that crime was to be outlawed

Naidoo said recently that the Post Office would break even in the next financial year and should be weaned off government's R500m a year subsidy within three years

The Post Office green paper, released last year, envisaged the parastatal making a profit within five years The Post Office reported a loss of R571m in 1996/97, up from its loss of R364,2m in 1995/96 and a loss of R379m in 1994/95

ANALYSIS

Quality telecommunications, Africa's zone of common interest

BD 16/2/98

Africa must use the new telecommunications order to advance its own interests and development, writes Posts, Telecommunications and Broadcasting Minister Jay Naidoo

HUMANITY is at the threshold of a new millennium and in the throes of a new and potent revolution that will redefine our understanding of the world as we know it today. Unlike previous technological revolutions which focused on energy and matter, the information revolution of telecommunications involves fundamental shifts focusing on time, distance and knowledge.

Developments in telecommunications over the past four decades mainly focused on wireless local loop technologies, with the past decade seeing a momentous shift towards intelligent applications and the provision of information services such as Internet, VSAT services and direct-to-home broadcasting. The pace of change shows no evidence of abating.

The barriers that have traditionally separated telecommunications, computing and broadcasting have broken down and Africa must devote more attention to the Internet as one way of bridging the gap between the information-rich and the information-poor.

Communications is a leading sector in the world economy. In the absence of good quality telecommunications, intra-African and international trade cannot be successful. There is, therefore, a zone of common interest to which all of Africa should contribute to. But the importance of the sector extends beyond economics and trade to education, health, business and social services to every village in Africa.

It is important that any discussion on the information infrastructure should include that of content and the role in which African stakeholders can participate not only as consumers of imported programmes but also as act[illegible] participants in their production, programming and scheduling.

The development reality is that the world is characterised by ever-widening inequalities and uneven distribution of resources. Three countries — the US, Japan and Germany with only 9% of the world's population — account for half the world's income and for more than one third of its purchasing power. Sub-Saharan Africa has only 1% of the world's telephone lines, but 10% of the population. Tokyo has more telephone lines than all of sub-Saharan Africa.

Africa's telecommunications suffer from critical variables such as capital and technology. We must seek a realignment of the sector to attract investment to meet future challenges. Studies show a direct positive relation between communications infrastructure and per capita growth which has led successful economies to place telecommunications expansion at the forefront of development. The most pressing challenge facing Africa is the constraint on finances to invest in infrastructure, mainly because of the competing demands on the fiscus in the light of limited resources. Restructuring of the sector is critical, but policies must conform to national goals.

There are several reasons regulation should be part of the telecommunications sector restructuring particularly if it involves entry of a multiplicity of players in the market.

Market forces will not satisfy all policy objectives and social and fiscal policies may demand actions that cannot be achieved in a purely competitive, unregulated market.

Restructuring should should include a regulatory system that will:

□ Create a stable and transparent environment to attract investment,
□ Facilitate access of service providers to the network within a framework that promotes fair competition while protecting network integrity;
□ Ensure the provision of universal service while helping to achieve integrated rural development,
□ Promoting innovation and the introduction of new services and technologies, and
□ Safeguard the rights of users, operators and investors.

To meet the requirements of developing countries, governments should create an environment for private sector investment through public sector partnerships. These could take various forms such as strategic equity partnerships, and business co-operation contracts. Our experience as a developing country is that rather than follow a blueprint for telecommunications restructuring, a hybrid option could prove to be the most successful path to attracting investment and technology. The path any country chooses will depend on national priorities and the objectives of the restructuring.

The critical issue is that the restructuring facilitates inward investment to fund network expansion and modernisation and in the process increase access. Entrepreneurial and professional skills must also be created to enable empowerment.

A common and unified African position will ensure that Africa achieves its vision to be an integral part of the global information society. The main challenges facing African telecommunications include:

NAIDOO

□ Focusing on globalisation,
□ Exploring the role of technology in seeking innovative solutions to development problems,
□ Implementing appropriate sector management and institutional development strategies,
□ Expanding the role of public-private partnerships on infrastructure investment,
□ Addressing the development and information gap, and
□ Focusing on the dependence on costly imports of technology.

The need for a unified approach is consistent with the long range planning necessitated by fundamental structural changes in economies as well as the formation of various international trading blocs.

An African plan of action must seek to:

□ Initiate a dialogue towards designing and creating legal and regulatory frameworks,
□ Promote the introduction of competition in the provision of advanced services,
□ Improve efficiency and productivity of public telecommunications operators to enable them to prepare for competition,
□ Establishing a regional market for telecommunication equipment and services,
□ Work towards common procurement arrangements and common technical standards for Africa, and
□ Foster the implementation of a telecommunications network to facilitate the creation of an African economic community.

It is important to consider Africa's location advantages on the global telecommunications map. This includes examining the growth potential of hubbing strategies on a continental basis and developing credible strategies for achieving these goals. We will have to examine strategic alliances with international operators for hubbing and feeder traffic into Africa. This entails submarine cable investments and satellite links. Such a strategy ultimately depends on a complex series of factors such as the relative price, capacity and quality of service, as well as interconnection and other commercial agreements among African countries on traffic distribution patterns.

Specific initiatives that could be included are developing a pan-African cable network, working to reduce the level of tariffs between African countries, co-ordinating the mater frequency plan for the continent, and developing a common African position on policy issues.

In developing an African strategy, it is important that we establish guidelines for regulation, determine how private financing can best be brought to bear on expansion and develop delivery mechanisms. Towards this end, there needs to be consideration of setting up a dedicated Africa telecommunications fund to support infrastructure investment programmes.

□ *This is an edited version of Naidoo's address at a workshop on African telecommunications in Somerset West at the weekend.*

More people go to church than the cinema

Going to church is still a more popular activity than going to the cinema, a survey commissioned by Business Day shows

TWO out of three urban adults in SA claim to go to church regularly, while only one in four visits the cinema, a survey for Business Day, conducted late last year by AC-Nielsen•MRA (Market Research Africa) found.

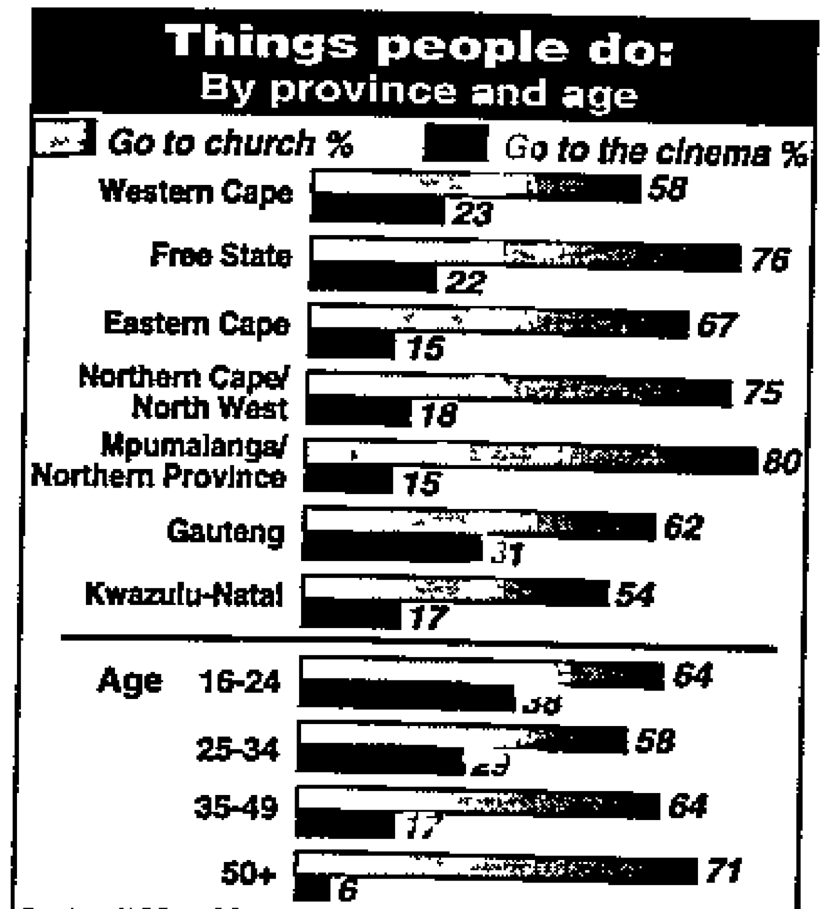
This look at how South Africans spend their leisure time was part of a larger survey on the prevalence of smoking. The results of the survey on smoking were published on February 2.

The scientifically representative, all-race sample of 2 496 adults represented 92% of the urban population and 53% of the total population. Participants were asked briefly about their attitudes to church and cinema, cigarettes and soft drinks, sports and driving.

Drinking soft drinks came closest to being a universally popular activity, with nine in 10 adults enjoying them.

"This high penetration level applies more or less equally across all demographic categories, rich and poor, young and old, though the quantities consumed per person would vary considerably," said MRA director Brian Culross.

Attendance at "church or other religious services" was a popular activity, with 64% [illegible]



Graphic: KAREN MOOLMAN Source: AC NIELSON, MRA

popular activities. One in three (34%) of urban adults claim to drive a car, bakkie or minibus. Again there is a marked imbalance between the sexes, with more men (45%) than women (25%) claiming to be regular drivers. The races show plenty of differences too, ranging from 16% of black adults to 78% of white adults.

Culross said the figures indicated that drivers were concentrated in the higher income and age groups, though they probably measured car driving ability rather than ownership. More white adults (78%) than black adults (16%) were drivers.

One in four adults participates in sport, which seems to be male dominated (35% male, 17% female). Participation is influenced by income, declining sharply among the less well-off, and it also tapers off with age. Where the monthly household income exceeds R6 000, 39% take part in sport, below R2 000, the figure halves to 19%-20%.

The survey shows that only 23% of urban adults go regularly to the cinema. This conceals wide variations between demographic [illegible]

2 000 rural schools will 'leap-frog' on to the Web

CT 17/2/98 (267) (60)

ANDRE KOOPMAN

MORE than 2 000 schools, mostly in rural areas, would be linked to the Internet this year and telecentres would provide communities with telephones and Internet access

This was said yesterday by Posts, Broadcasting and Telecommunications Minister Mr Jay Naidoo at a briefing in which he outlined his department's plans for the year

Naidoo also announced that his department was committed "in principle" to establishing a dedicated education channel He said a task team had been established with this aim

By mid-year, the first 30 telecentres would be established in rural areas at a budgeted cost of R10 million, Naidoo said.

The aim of the centres was to "leap-frog" rural communities "from no services to the most advanced"

The telecentres, linked to the Universal Service Agency, would offer communities instant access to the Internet and would be linked to government and private databases

They would also be sub-centres for tele-medicine, tele-learning and tele-libraries The first centres would be commissioned during the first quarter of this year, Naidoo said

It was envisaged that further centres would be established with the support of small business

Naidoo also said that.

- Foreign ownership of the broadcast media — currently pegged at 20% by the Independent Broadcasting Authority (IBA) — would be reviewed.

A possible increase in this stake had been raised by various parties and this issue would be detailed in the broadcasting white paper

"At this stage, I can't say it will be increased, but it certainly won't be decreased," minister Naidoo said

- A study into the viability of allowing a third cellphone operator in South Africa had been completed and a document on the findings would be released within two months

Public hearings on the issue would be held in April

- Naidoo said he had asked the portfolio committee on communications (National Assembly) to extend the terms of office of three IBA councillors — whose contracts expire next month — to maintain investor confidence and provide continuity in the regulatory authority

Losing the three councillors during the process of awarding South Africa's first private television licence would also affect the market's stability

- The IBA this year would investigate the feasibility of introducing community television as well as full-spectrum satellite broadcasts.
- Eighteen community radio stations would be established in disadvantaged areas with the help of R3m in Danish funds.

Govt reviews broadcast stakes

(267) Sowetan 17/2/98

Further sale of 10 percent stake in Telkom expected to be finalised soon

THE Government is reviewing the foreign ownership stake in South Africa's broadcast media as prescribed by the Independent Broadcasting Authority (IBA), Broadcasting and Telecommunications Minister Mr Jay Naidoo said yesterday.

Although there has been concern from various quarters that the increase be raised from the present 20 percent, Naidoo said the issue would be dealt with in detail in his department's white paper on broadcasting to be released in the first quarter of the year.

"At this stage I can't say it will be increased, but it certainly won't be decreased," he told a media briefing in Cape Town.

The Government had also set aside R3 million – in Danish funding – to support the establishment of 18 new community radio stations in historically disadvantaged communities.

The selection of the beneficiary communities would, however, be subject to the IBA licensing process and should be finalised by the end of June, he said.

Meanwhile, Naidoo said the sale of a further 10 percent stake in Telkom, which would boost black empowerment, was expected to be finalised this year.

"We have delayed it because there is no immediate sense of urgency as these shares will be dealt with in terms of private trade sales and it will be some time before those shares can be floated on the stock exchange," he said.

The real value of the shares would be apparent once it was floated within three to five years' time.

A 30 percent stake in Telkom was sold last year to the strategic equity partnership of SBC and Malaysia Telecom.

A condition of SBC's successful bid was that it divested its 15,5 percent stake in the mobile cellular operator MTN, as Telkom already owned half of its competitor Vodacom, Naidoo said.

"As the Government has pre-emptive rights in terms of the original licensing conditions, it expects to play a key role in selecting an appropriate partner in keeping with its intention to ensure MTN remains an international world class player and increase representation for black empowerment interests."

Consultations with the current shareholders had begun and a decision was expected to be reached soon.

On his department's information telecommunications strategy, he said a number of initiatives were under way which used technology as the basis of improving communications and services between The Government and its citizens. These include public information terminals in post offices which would operate similar to ATM machines – *Sapa*

Broadcasting and Telecommunications Minister Jay Naidoo.

Naidoo firm about ringing the changes

ANC 28/2/98 (267)

JACQUIE GOLDING-DUFFY
National Media Editor

He's come under fire recently for allegedly wanting the Government to exercise more editorial control over the SABC. He has also been accused of rushing before Parliament "badly drafted legislation" aimed at commercialising the SABC.

But this week the Minister for Posts, Telecommunications and Broadcasting, Jay Naidoo, simply dismissed the allegations as "mischievous".

Mr Naidoo is unfazed by the media hype, the criticisms levelled against him and the numerous allegations.

Sitting in his stylishly furnished office in Parliament, Mr Naidoo is pleasantly engaged in banter about his childhood (he is the youngest of seven children), his admiration for the "spiritualness and generosity" of his mother, and the ministry's plans to bring telephones to township residents and outlying rural areas.

He suddenly leans forward: "The issue of the corporatisation of the SABC arose out of the McKinsey Report which identified that the corporation has to become profitable if it is to be financially self sufficient.

"Reports that the Broadcasting Amendment Bill is a ploy to increase the Government's control over the SABC are untrue

"The Bill was not rushed. It was tabled on February 4 and deals with the SABC's corporatisation which is part and parcel of the report conducted more than a year ago."

The McKinsey report urges that the broadcaster cut costs and become less bureaucratic. It also recommends that the SABC hone in on business mechanisms in an effort to break even, bring in revenue and become financially self-reliant.

The corporatisation of the SABC will bring it in line with the King Commission's recommendations on corporate governance, says Mr Naidoo, adding that the issue at stake is one of "financial accountability and not editorial control"

Editorial independence of the SABC would be enshrined in the White Paper (which is in the process of being drafted) as well as in the legislation which will follow.

The funding of the SABC is "not a priority" to the Government which has many other tasks to fulfill and many projects to fund.

"To become profitable and draw in advertising, the SABC will be able to cross-subsidise public service programmes."

So, it will not abandon its public service mandate as laid out by the Independent Broadcasting Authority?

"Definitely not. The challenge facing the SABC is to increase its revenue and then cross-subsidise in order to do public service programmes"

The SABC, however, is not the only focus of the Telecommunications Ministry.

Mr Naidoo has promised to lay three million telephone lines in townships during the next five years. He also aims to spread his telecommunications gospel to other African countries.

On line: Telkom chief Jay Naidoo

With 700 million people in Africa, it is almost incomprehensible that only 12 million have telephone lines. This illustrates the telecommunications backlog on the continent, which is being tackled by South Africa and 32 other African countries.

A common telecommunications strategy for Africa should be mapped out before the Africa Telkom 98 conference to be held in Johannesburg in May.

Mr Naidoo stresses that Africa's participation in the information society is vital and that priority should be given to the building of an information infrastructure in order to enhance the competitiveness of the African economies.

This financial year alone, the ministry installed 421 000 phones of which a large percentage were dedicated to outlying rural areas.

Mr Naidoo also challenged those who criticised his decision to put off the privatisation of Telkom for another six years

"There's no country in the world which has liberalised before they have reached a certain quality. We are working towards international benchmarks.

"We are moving towards competition but the monopoly currently talked about in the telecommunications industry only extends as far as fixed line voice transmission (telephones)."

Experts have been flown in from the US and Malaysia to infiltrate Telkom's top management to improve standards and to train black managers in establishing international standards of excellence in management and customer service.

Mr Naidoo is also working towards catapulting those South Africans who are computer illiterate into the age of information technology

New option for telephone users

By Saint Molakeng

RESIDENTIAL users of Telkom rented telephones now have the option of continuing to use them or to surrender them and buy telephones from other suppliers

Telkom senior manager for corporate communications Mrs Zeona Motshabi has announced that the consumers had until March 16 to make a decision, otherwise it will be assumed that they still want to use Telkom equipment

If the latter is the case, consumers will have to buy instruments at R32,82 with six equal monthly payments New Telkom phone users can purchase phones at prices which will be set soon

"The opening up of the telephone instrument market, which has brought about 15 other suppliers into the picture, means that Telkom has to change the way it bills home phone consumers," Motshabi explained

She says since early this month Telkom has split customer billing between telephone rental of R5,47 a month and line rental of R50,06 a month, including VAT in both cases

Customers can return Telkom instruments to any service branch or to their nearest post office

The new deal will come into effect on April 1

"With so many choices of instruments becoming available, both in terms of styles and suppliers, this approach holds definite benefits for consumers," Motshabi says

3(267) Sowetan 25/2/98

Row over 'old' Telkom bills

CT (BR) 27/2/98 (267)

SHERILEE BRIDGE

Johannesburg — Telkom, the state-controlled telecommunications company, was hitting Internet service providers (ISPs) with backdated bills large enough to close down the industry's smaller companies, the Internet Service Providers Association (Ispa) said yesterday

Poor billing procedures have concerned the industry, which has reported anti-competitive behaviour to the Competition Board and the South African Telecommunications Regulatory Authority (Satra)

The service providers hardest hit were those that had been using the South African Internet Exchange (SAIX), Telkom's Internet connectivity arm, the association said

David Frankel, the co-chairman of the Ispa, said Telkom's actions substantiated allegations made last year

David Frankel

Frankel said "Telkom has not being billing properly At worst it is unfair competition and at best it is poor business practice"

SAIX had not been charging for its services for 18 months, and was now cashing in on the months it had not collected its revenues

In this time, service providers using SAIX were charging their clients a reduced rate of R50 or R60 against the industry standard of between R80 and R100 a month for Internet subscriptions

These companies, depending on their subscriber base, were now facing bills worth thousands of rands as SAIX began charging R40 a month from each dial-up subscriber for the "free time" already enjoyed

Gary Novitzkas, the SAIX product manager, said Telkom had warned the ISPs using the service, which was undergoing trials at the time, that it would be billing them for the services once it went live in July last year But, he said, the billing was delayed by a lack of adequate data facilities

Telkom said the bills had been backdated, but no interest had been charged

"Telkom doesn't want to see ISPs go out of business They are our clients and we want to keep the business," Novitzkas said

The Ispa and Telkom have been in talks about settling who owns the Internet monopoly The high court case, initiated by Telkom, has dragged on for three months already, but an out of court settlement is expected

Telkom customers speechless

Rage at cut-offs

ARG 28/2/98 (267)

WILLEM STEENKAMP

A new multi-million-rand Telkom computer system to improve services left the telephone supplier red-faced when it mistakenly disconnected the telephones of people who had paid their accounts.

This week, scores of people complained to Saturday Argus that although they had paid their telephone accounts in time, their lines had been summarily disconnected

Telkom changed the account number into which people could pay their telephone accounts and, although people did pay, this was not reflected Their services were then disconnected

Telkom had sent a circular included in telephone accounts to clients informing them of the changeover to a new system and the new account number

However, indications are that many people simply threw away the circular, mistaking it for "junk mail"

A Telkom spokeswoman said the old defunct account was linked to the new account, ensuring that payments were linked and automatically reflected – but in many instances, this did not happen

Some Telkom employees say they simply could not bear facing the flood of furious complainants

"I honestly do not look forward coming to work any more," said one staff member at the Table View accounts office – an area particularly hard hit by disconnections

And when furious subscribers demanded to see a manager to resolve their problems, an employee said no manager could be found at the pay office

"Frankly, they are too afraid and embarrassed to face the public," said the employee.

But Telkom spokeswoman Tia Hugo downplayed the problem, saying that, in many instances, people did not realise they had to pay previously outstanding accounts to prevent their service being disconnected.

In the Table View area, Telkom had not disconnected lines in November and December to allow time for the company to change over to the new computer system.

But in January, they disconnected 5 000 telephones in the area leading to a furious outcry

'In January they disconnected 5 000 telephones, leading to a furious outcry'

Ms Hugo admitted there were teething problems, but said Telkom would do everything in its power to resolve problems

Although Telkom could not say how widespread the problem was, a high-powered task team meets weekly in Pretoria to discuss and resolve problems with the new customer business computer system

Several people also have complained that, even though their telephones were mistakenly disconnected by Telkom, they had to pay for the reconnection of their lines. Telkom said they would also look into this problem

Ms Hugo said Telkom now printed the new account details directly on customer accounts to inform them of the new account details and to ensure payments were made into Telkom's new account

See page 19

Phones out of order 'because of cable theft'

BD 5/2/98 (267)

Dustin Chick

ABOUT 20 000 telephone lines were out of order in greater Johannesburg, and 60% of the faults were attributable to cable theft, Telkom regional communications manager, Khotso Kekana, said yesterday.

Large areas of the city, especially on the East Rand, had been affected. Theft of cables had cost Telkom more than R12m over the past year, an increase of more than R3m since 1995.

Kekana said measures had been introduced to counter theft, including the use of private security companies to patrol "hot spots" and the installation of electronic manhole covers.

Judge gives Internet rivals time to consider positions

(267) BD 5/2/98

Taryn Lamberti

A PRETORIA High Court judge gave lawyers acting for Telkom and the SA Telecommunications Regulatory Authority (Satra) in the dispute over the provision of Internet access in SA the afternoon off yesterday to consider their positions

Judge BR du Plessis's decision came on the second day of a hearing into an application by Telkom to have Satra's decision to deny Telkom exclusivity over the provision of Internet access declared null and void.

Satra pronounced in October last year that Telkom was not entitled to monopolise the provision of Internet access and declared the Internet service provider industry open to free enterprise.

Satra's pronouncement came in the wake of a fight between Telkom and the Internet Service Providers Association (Ispa), which represents over 70 Internet service providers, over Telkom's alleged unfair monopoly of the industry.

Telkom claimed its right to exclusivity over Internet access was guaranteed by the Telecommunications Act which gave it exclusivity over the provision of basic telephone services for five years.

Satra found that the provision of Internet access formed part of the Value-Added Network Service over which Telkom had no right to exclusivity.

Du Plessis is expected to decide whether or not Internet access provision forms part of the service, or if it is a basic service which must be provided by Telkom.

Du Plessis ordered that the case be postponed until today, giving both parties the opportunity to consider their attitudes towards a referral to oral evidence

The court might need to hear oral evidence to resolve the matter if Du Plessis is unable to make a decision on the papers before him.

Jay's Internet dream for Africa

ARG 6/2/98 (267)

Africa must devote more attention to the Internet as a way of bridging the gap between the information-rich and the information-poor.

This was said by Minister of Posts Telecommunications and Broadcasting Jay Naidoo in his keynote address today to a major conference of African ministers charged with telecommunications.

More than 23 ministers from 32 countries are attending the Somerset West talks, titled "Workshop for Development of a Strategy for African Telecommunications". Mr Naidoo said that the Internet had become a platform for the development of the national information infrastructure.

Access to state-of-the-art services would act as a catalyst for social and economic development.

"Successful economies have placed telecommunications expansion at the forefront of development," he said

"Distance education, tele-medicine and e-mail provide immense advantages" – Political Staff

Naidoo moots joint fund for telecommunications

BD 6/2/98 (267)

SOMERSET WEST — Consideration should be given to setting up a dedicated fund to support public and private telecommunications infrastructure investment in Africa, Communications Minister Jay Naidoo said yesterday.

Speaking at a workshop attended by African communications ministers at Somerset West, he said an African plan of action for telecommunications development should seek to initiate dialogue towards designing and creating legal and regulatory frameworks.

The workshop was held in preparation for the Africa Telecom 98 exhibition and conference to be held in Johannesburg in May

The deputy secretary-general of the International Telecommunication Union, Dr Henry Chasia, said Africa was the largest and last great untapped market for telecommunications infrastructure, products and services. — Sapa.

NETWORKING: Posts, Telecommunications and Broadcasting Minister Jay Naidoo with colleagues in Somerset West yesterday. They are, from left, Alsayed Al Hussaine, Sudan's Minister of Roads and Communications, Lyndall Shope-Mafole, Naidoo's adviser, Ebrima Ceesay, Minister of Communication in Gambia, and Awad Widaa, director-general of Communications in Sudan *PICTURE: THEMBINKOSI DWAYISA*

Naidoo plugs a hi-tech Africa

(267)

CT 6/2/98

THAT Tokyo had more telephones than the entire sub-Saharan Africa was a "chilling indictment" of African ministers of telecommunications, Minister of Posts and Telecommunications Mr Jay Naidoo told his African counterparts yesterday

Speaking to delegates from 32 countries — including 27 ministers and deputy ministers in telecommunications — at a conference in Somerset West, Naidoo emphasised the need for Africa to develop a uniquely African telecommunications vision and blueprint

This would ensure the equitable development of Africa, and was also vital because the continent needed to present unified positions internationally and attract investment on a regional, instead of an individual basis.

The conference is aimed at achieving consensus on an African telecommunications strategy in preparation for an international telecommunications conference — Africa Telecom 98, at Nasrec, Johannesburg, in May

"We are gathered here today as African leaders to find African solutions to African problems," Naidoo said

As the world entered a global information society, the majority of people on this continent did not even have access to a telephone — which should be considered a right rather than a privilege for African people — Naidoo said

"The challenge for us is how we use the most advanced technology to leapfrog the development gap," he said

Telecommunications tools like the Internet could be used to "leapfrog rural communities into computer literacy" and the 21st century

New telecommunications technologies had the potential to close the gap between developing and developed countries, as well as within developing communities, Naidoo said

The Internet provided immense advantages such as distance education, e-mail and tele-medicine

Without a carefully defined strategy, however, these technologies could also perpetuate and exacerbate the development gap

"African trade must be expanded and revitalised equitably In the absence of good-quality telecommunications, intra-African and international trade cannot be successful

"There is therefore a zone of common interest and mutual benefit within which all of Africa should be interested in contributing to developing the global information infrastructure "

Naidoo said it was important that any discussion on information infrastructure should include that of content and the role in which African stakeholders could take part, not only as consumers of imported programmes, but also as active participants in their production, programming and scheduling

It was the challenge of government to find a balance between regulation of the industry and the needs of investors, while ensuring that all people had access to telecommunications services, Naidoo said

Major-General Alsayed Al Hussaine, Minister of Roads and Communications in the Sudan, praised Naidoo's speech and vision saying "It is high time that we develop our relations as Africans to establish one strategy — together " vices Bill, which would provide for tighter control of increases made by local authorities, would come before Par-

The province's new financial ... starts in July, while increases in the price of water are traditionally intro-

its de

Naidoo heads Africa telecoms body

Vuyo Mvoko (267) BD 11/2/98

CAPE TOWN — Posts, Telecommunications and Broadcasting Minister Jay Naidoo has been appointed by 32 other African countries as chairman of the newly formed African Telecommunications Development Steering committee.

The committee will be responsible for the development of a telecommunications agenda for the continent. The body will hold its first meeting next month in Geneva at the World Telecommunications Policy Forum

The committee is expected to prepare a document that will contain comprehensive positions for potential investors, and identify projects to be launched or highlighted during the Africa Telecom '98 conference, to be held in SA in May.

"Given the low telephone penetration rates in Africa and new possibilities created by technological changes, the challenges for the committee is to set an agenda for telecommunications development that will ensure that Africa Telecom '98 sets the beginning of a new era of Africa," Naidoo said

Satra investing R20m in the poor

(267)

Robyn Chalmers

BD 12/2/98

THE SA Telecommunications Regulatory Authority (Satra) is to invest R20m on telecommunications for the needy and the disabled, it was announced yesterday.

The funds will be obtained from licencees in the telecommunications industry and will be used in line with the outcome of a study launched by Satra on universal telecommunications services.

The study has resulted in a draft report on a telecommunications universal service policy framework for defining categories of needy people.

The first series of public hearings on the draft report kicked off yesterday, attended by operators which included Telkom, MTN, Vodacom and Alcatel Altech Technologies.

Satra council member Noluthando Gosa said yesterday Satra viewed telecommunications as a basic need and lifeline — as important as access to water and electricity.

"The report was compiled to identify categories of people and communities in need of financial assistance to obtain access to telecommunications.

"The aim of the public hearings is to establish parameters according to which communities and households will qualify for grants," she said.

Once comments have been received, the report would be finalised by Satra and submitted to government for approval The administration of the project would be handled by Satra's sister body, the Universal Service Agency, she said

The Telecommunications Act defines the policy objectives relating to universal service, but does not provide details regarding the categories of the needy and disabled that should be accommodated in terms of universal service

Post Office 'will break even next financial year' (267)

Robyn Chalmers BD 12/2/98

THE Post Office would break even in the next financial year and should be weaned off government's R500m a year subsidy within three years, new chairman Max Maisela said yesterday

The Post Office green paper, released last year, envisaged the parastatal making a profit within five years. The Post Office reported a loss of R571m in 1996/97, up from its loss of R364,2m in 1995/96 and a loss of R379m in 1994/95.

However, Posts, Telecommunications and Broadcasting Minister Jay Naidoo said the Post Office should be able to turn itself around within three years, particularly once its full restructuring plan was implemented.

Maisela said plans were being put in place for the Post Office to recapture lost markets, as well as to expand into potentially lucrative new markets such as the savings and pensions sectors.

"We must begin by doing our homework, so we will undertake a comprehensive needs analysis to find out what is really required in rural areas and underserviced communities."

An expanded role for the Post Bank was also envisaged, particularly in fostering a culture of saving.

The Post Office had the infrastructure to meet the needs of people in traditionally underserviced areas and it would take steps to do so, Maisela said.

Maisela said major changes would have to take place within the Post Office if it was to realise its "huge potential, notably changing the mindset and introducing more innovation at management level.

The Post Office had to become 100% reliable and show it could compete with the private sector as well as with technology such as e-mail and the Internet It would, for example, focus on beefing up its parcel division to cope with increased traffic.

"The Post Office must also go out on a major public relations exercise to capture the market it has lost," he said. It had the monopoly for too long and became too relaxed. "The status quo cannot remain."

Company guarantees every staff member will be retained for a five-year exclusivity period

Telkom plans to sell off four non-core businesses

267 CT (MR) 13/2/98

Sherilee Bridge

Johannesburg — Telkom, the state-owned telecommunications company, said yesterday it planned to sell four of its non-core businesses for a still-to-be-negotiated amount

It said the sale of those concerns was part of the company's strategy to become a world-class telecommunications operator by focusing resources on its central activities

The first of the non-core businesses to be sold are conference facilities near Rustenburg and Omaramba, and Genprint, a printing works Other businesses the utility planned to sell in the restaurant and physical security industry would be sold in three years

The businesses will be managed as wholly owned subsidiaries until their sale Telkom said the sale of the concerns would create a need to outsource non-core activities

While Telkom said the outsourcing strategy and programme had been developed with the full co-operation of organised labour, concerns had been raised over the potential loss of work

The company has guaranteed that every employee at Telkom would be retained for the duration of its five-year exclusivity period

The no-retrenchment deal, agreed when Telkom sold a 30 percent equity stake to SBC Communications and Telecom Malaysia, has been implemented despite an uncompetitive staff-to-productivity ratio

Of Telkom's current 58 000-strong employee complement, 1 400 are employed in the non-core businesses

Ronell Myburgh, a spokesman for Telkom, said employees in the affected areas of operations would have the choice of joining the new companies, being redeployed within Telkom or applying for voluntary severance packages

"Negotiations with organised labour started as far back as three years ago, and it has been an ongoing process since then," said Myburgh

The value of the sell-offs will be determined by the bids received, and transactions will be handled by Rand Merchant Bank Moves in preparation for competition to come are expected to narrow Telkom's traditional profit margin of 27 percent

AIRLINES *Several bidders expected*

SAA slashes costs before privatisation

CT(BR) 16/2/98 (267)

AUDREY D'ANGELO

Cape Town — South African Airways had slashed its costs by R203 million in the past year, in preparation for privatisation and the choice of a strategic equity partner, Mike Myburgh, the managing director, said at the weekend

He said the cost-cutting Operation Clean-up, which he headed, was in its final stage before the end of the financial year SAA reported a loss of R233 million for the year to March 31 last year.

Myburgh would give no indication of SAA's year-end results, which would be announced with those of Transnet He said the interest shown by a number of international airlines in expanding their market share in Africa made it likely there would be several bidders for a stake in SAA this year

"Some of the battle for supremacy now going on between European airlines will be fought in Africa," he said "Africa is, in a sense, being recolonised by foreign airlines which see it as an area not yet taken over"

Mike Myburgh

Although some southeast Asian airlines showed interest in SAA last year, Myburgh said he thought they had been hit too badly by the economic downturn in their area to be able to buy a stake in another airline This was in line with what was happening in the privatisation of the Airports Company of South Africa, for which the only bidders were European airport companies despite earlier interest from Singapore and Malaysia

British Airways has expressed interest in taking a stake in SAA, subject to the terms of the sale South African Airways' commercial partner, Lufthansa, has said it intends to expand its market share in Africa but has not yet committed itself on the matter of buying into SAA

The new alliance between KLM Royal Dutch Airlines and Alitalia has embarked on expanding its African network aggressively and could be a contender for a stake in SAA's national carrier

The alliance between Belgian airline Sabena, which has a strong African network, Swissair, Austrian Airlines and US airline Delta could also be a contender for a stake

Emirates, the Middle Eastern airline, has also expanded its African network But Russell Sheldon, the head of a new division responsible for worldwide network development, said "We are unlikely to invest in an airline we would not own completely"

Erroll Frankel of Merrill Lynch, who has been appointed transaction adviser for the sale of SAA, said it was too early to set a timetable for the issue of tender documents and other procedures He could not, at this stage, say when the privatisation was likely to be completed

Email fminfotech@tml co za

(267)

TELKOM

Giant network tender on the cards

mb/3/98

Government departments first in line to use new system

Telkom, under direction of the Department of Communications, is developing a high-speed, fibre optic network between SA's cities

Telkom plans to open the wide-area network (WAN) to private-sector traffic as well as hook up public Internet terminals

Telkom's plan could give it a foothold in the growing network outsourcing arena and is believed to be a response to initiatives by Dimension Data, Datatec, The Internet Solution and Hix to build WANs, or private telecoms infrastructures, in the form of virtual private networks (VPNs)

A VPN is a computer network that lets organisations use it like their own, though it belongs to someone else Didata launched SA's first major VPN in partnership with Nedcor, Wooltru and Old Mutual late last year and Datatec will spend over R50m rolling out its infrastructure

Worldwide, the VPN market is estimated to reach US$12bn by 2001 In SA it remains underdeveloped though competition is increasing as companies battle for a share of the industry However, the domestic market is skewed by the fact that Telkom is the only group in SA entitled, under the Telecoms Act, to carry voice across this infrastructure VPNs are capable of carrying voice data The first phase of Telkom's network is expected to be completed by the end of the year

Director-General of the Department of Communications Andile Ngcaba says Telkom is still looking for suppliers to tender for the new infrastructure

"We can't put a price tag on it immediately," he says, "because we don't know how big the initial infrastructure will be One of the important building blocks of the new network is that it is scalable — we can make it as big or as small as we want and we can add to it whenever we need to Much of it will be demand-driven "

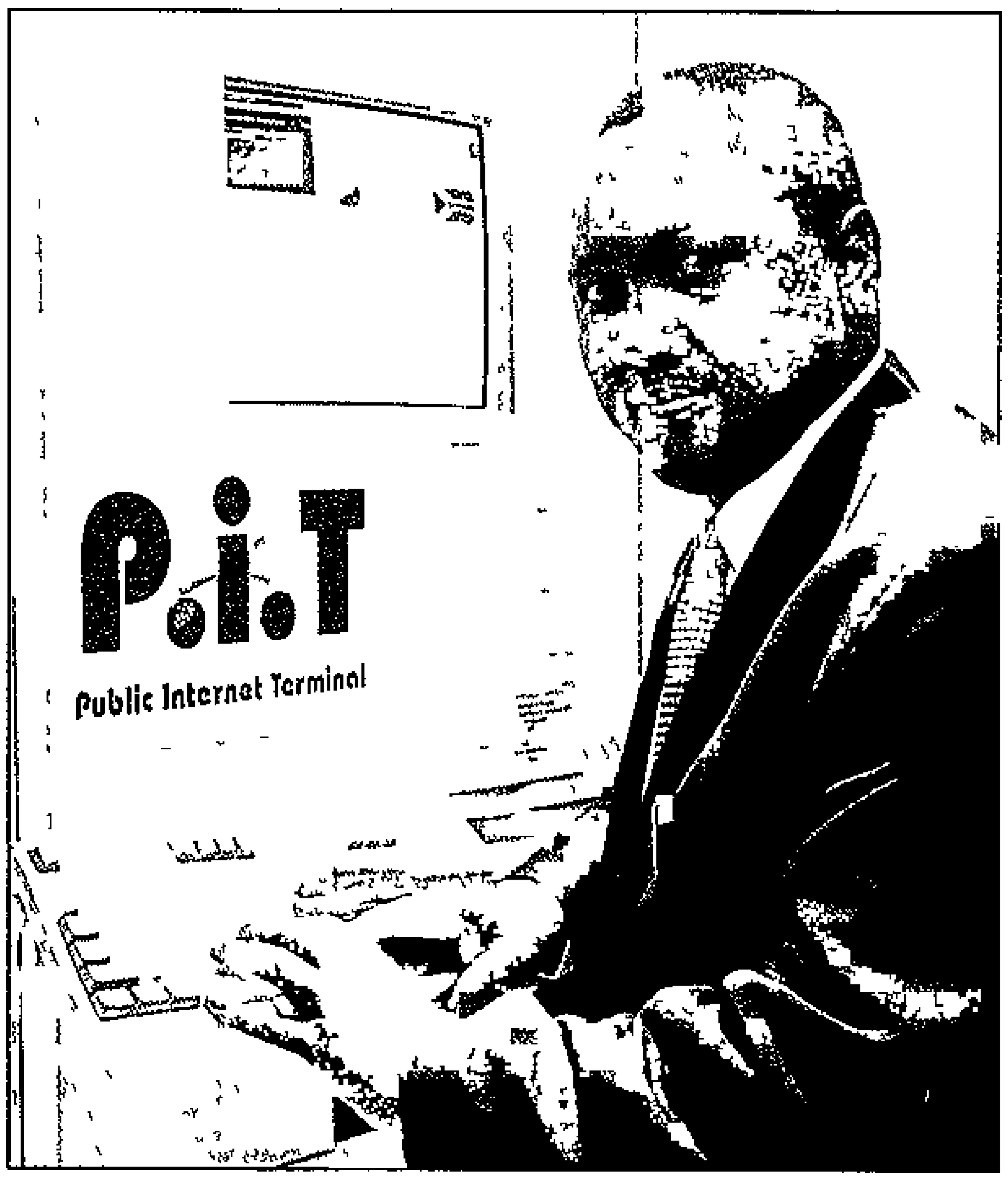
The network will be used primarily to improve computer communications between government departments and provincial authorities

It will use sophisticated technology to route data traffic Data is sent through the fastest of a new breed of telecoms switches, called Asynchronous Transfer Mode (ATM) ATM routes digital data divided into small chunks, called packets The key to their speed is that the packets are all a uniform size — 53 bytes — of which 48 are data The remaining five carry information about that data, notably its destination and its priority For example, video conferencing data would get priority over e-mail because it requires a steady flow of data — streaming — whereas e-mail traffic can be delayed temporarily

In time, ATM technology could make sending data around a countrywide or worldwide computer network as fast as moving it around a single computer It's a leap forward for speeding up data transfer which is becoming more critical as the amount of business traffic sent and received via computer grows

Ngcaba likens the new network to a highway with off-ramps "As we build the system, so we will be able to branch more off-ramps out to a greater number of remote areas We will start by linking cities and then spread out over the rest of the country," he says

"Government will then have the opportunity to use the network between its various departments and the provinces will be able to connect to it Because the bandwidth of the new network is so broad, it can handle huge volumes of traffic and there is no need for government departments to build their own WANs," says Ngcaba



Andile Ngcaba wants to rationalise State IT

The Central Computer Service, which falls under the Department of State Expenditure, grew out of Govnet in the late Eighties and provides an IT service to the government and its various departments

Says chief director, Dave Harley "Our IT structure is fragmented and we run 14 WANs The proposed Telkom backbone would do a lot to simplify and speed up the processing of government transactions "

Says Ngcaba "There is no need for us in government departments to use separate WANs to connect — it can all be done on the new network as it rolls out Just like banks use the Saswitch system as a shared resource to link ATM machines, so we will use the new backbone to connect government departments " Ngcaba says the network will be used to attract private-sector WAN traffic as well as make access to government departments easier for citizens

"We will develop a system where electronic forms can be used to do anything, from requesting a tax return or renewing a car licence to applying for a passport or birth certificate In most of their dealings with government, people fill in paper forms We will digitise these forms and make them available on public Internet terminals with touch-screen technology at various nodes on the new network This will cut down significantly on administration for government and reduce queues," he says

The public Internet terminals will have to be easy to use, much like bank ATMs though these will employ touch-screen and voice-assistance technology which will guide users to an appropriate government department

He adds that people with PCs and an Internet connection will be able to access government departments around the clock, seven days a week to get information and the electronic forms that will be available at public terminals

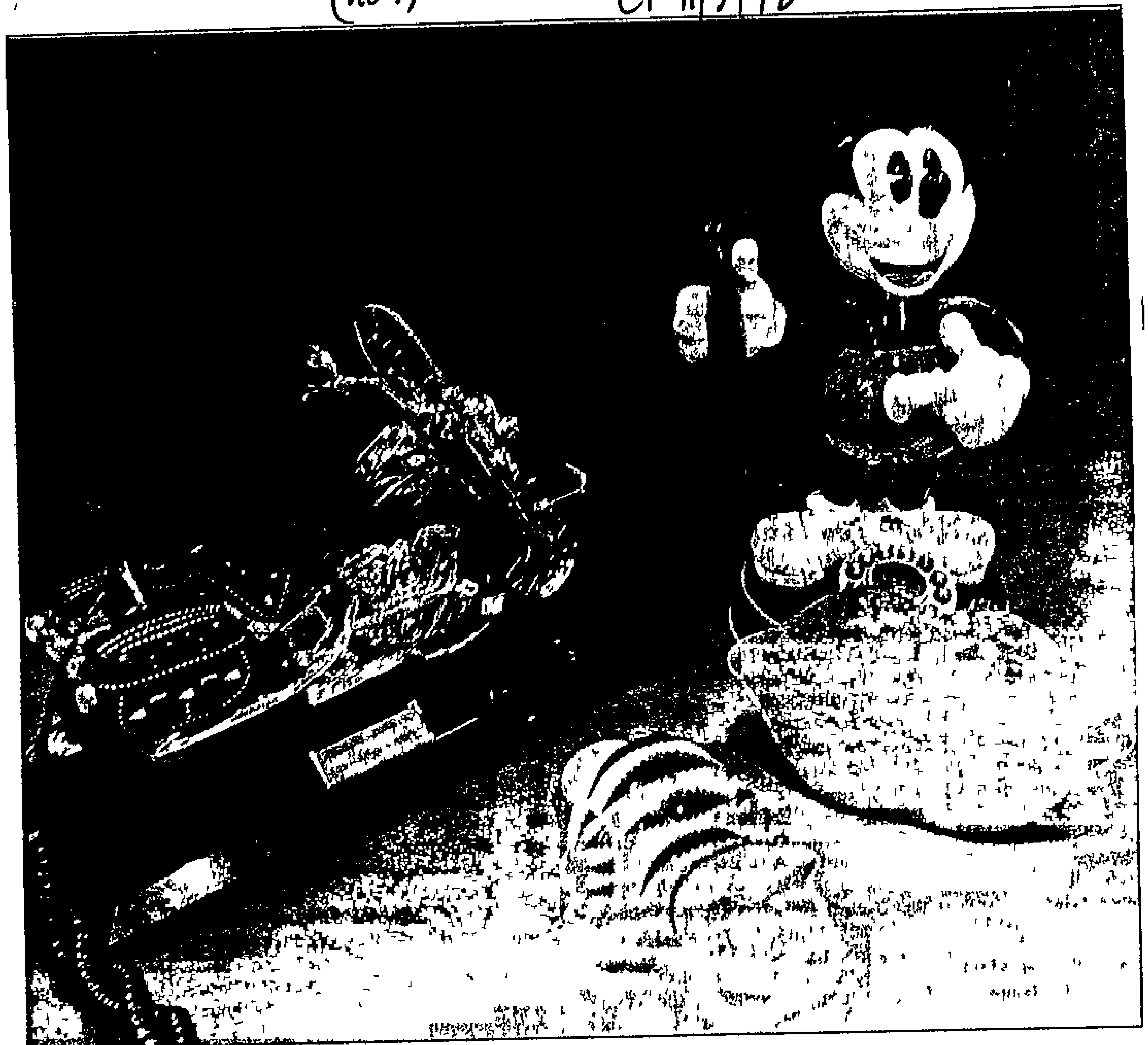
Greg Gordon

DEADLINE FOR HANDSETS OPTION EXTENDED

Phone purchase to replace renting

(267) CT 11/3/98

AFTER APRIL 30 telephone subscribers will have to buy their home telephone handsets, either through Telkom or from commercial companies What will this mean for consumers? **DIANE CASSERE** asks the questions



FANTASY PHONES: If life has been drab because Telkom limited you to dull telephones, freedom is at hand You can now choose from a wide selection offered by the commercial sector — perhaps a Harley Davidson telephone, or one in the likeness of a cartoon character *FILE PICTURE*

FREEDOM of choice for the customer, or a cost-saving exercise for Telkom? According to Ms Tia Hugo, regional communications manager for the company, in terms of their operations licence agreement they may no longer list line rental and equipment rental together

Subscribers will notice that the two amounts have already been separated on accounts The amount of R4,80 (R5,40 with VAT) refers to the rental of the instrument, as opposed to the line service, and from April this amount will become the monthly instalment on your phone for six months — a total of about R30 — after which you will be the owner

The deadline for deciding whether you want to keep your present phone or exchange it for a new one at Telkom has been extended from March 16 to the end of April

Another option is to hand in your instrument to Telkom and buy another from a commercial supplier

Telkom's decision to stop renting home equipment was made "in a competitive market" where other suppliers can now sell instruments to customers, as long as they have been approved by the SA Telecommunications Regulatory Authority

Telkom will retain responsibility for its instruments until October 31, after which subscribers will be responsible for fixing their own phones — whichever option they decide to go for

New phones bought from Telkom will have a 12 month guarantee

The purchase of phones does not apply to businesses that are either renting a Telkom PABX, which includes the instruments, or have bought another PABX system that includes the phones

But it will affect small businesses with just one or two Telkom lines, which will now need to buy their phones

Asked whether passing the responsibility for maintenance back to the customer would save Telkom a significant amount of money, Hugo said "We do spend millions in maintenance of phones, but the R5,40 you are paying now is a maintenance agreement and subscribers will no longer be paying that

"We will also test your line if you call Telkom to say your telephone is dead, to see whether the fault is ours or the instrument's If we can't test the line, we will still dispatch someone to check your phone

"However, if the problem is with your instrument, you will have to have it fixed "

Who does one call to fix a telephone?

Hugo said she was sure a "micro-industry" of telephone repair shops would fill the gap left by Telkom But the most likely scenario was that the subscriber would simply buy a new instrument, particularly if it was a budget buy

Hugo said she was often asked by sub scribers "I've been paying rental and maintenance on this phone for years, when will it be mine?"

"Now you have the choice," she said

Would the discontinuance of maintenance mean a loss of jobs at Telkom?

No, said Hugo "They will be absorbed into the growth of the network. We expanded our client base by 250 000 in 1997 and are expecting a further growth of 421 000 this year We are already stretched "

Another question asked What happens if you are buying your phone through Telkom, but move or have to close the account?

"The final amount you owe us will be on your final account," says Hugo

How much are commercial phones likely to cost?

"No doubt the big retailers will offer specials The idea would be to watch the market for good buys "

Telkom instruments will also be offered commercially by retailers and will sell for anywhere between R150 and R800, depending on the model

Telkom is offering a budget model at R68,68, but this is a "remanufactured" (second-hand) phone It also has a 12-month guarantee

The best option? A source at Telkom said that the R30 over six months for your existing instrument was exceptional value Even if you opt for a zooty, new instrument, keep the old one in reserve

The Telkom instruments are of good quality and comply with international standards

The R30 offer will never come again Also, your old Telkom phone can always be used as a trade-in when you buy a new Telkom phone.

TELKOM FIGHTS LOSING BATTLE AGAINST CALL BOX CRIME

Make that call, keep a thief happy

(267) CT 12/3/98

INNOVATIVE THIEVES rob public telephones of thousands of rand a day, using everying from a "long tickey" to scrambling phone card chips But few of us know that callers, not Telkom, are the victims. Security Writer **WILLEM STEENKAMP** reports

INNER WORKINGS: Telkom has a special section dedicated to updating telephones to prevent scams — but concedes it is fighting a never-ending battle of wits against the bad guys Here technician Raymond Newton checks a modification to a coin-operated telephone

COPPERS and silver coins tinkled merrily into the public telephone's return slot The thief retrieved a piece of bent wire, scooped up the money and moved to an adjacent telephone, where within seconds he had repeated his action

He and a partner in crime were showing the *Cape Times* how easy it is to rip off coin-operated public telephones and make a lot of money in the process.

This is a constant headache for Telkom, which does not directly lose money — the phone user does — but which has to pay substantial sums to repair and replace telephones, and research new ways to foolproof telephones, as well as deal with an undeserved image problem.

The thieves, who for obvious reasons insisted on anonymity, claimed they could make thousands of rand a day from public telephones.

They've been doing it for years, they said, and they were "definitely" not the only ones

They claimed to be part of a syndicate working the Peninsula, milking "tickey boxes" several times a day with astonishing ease — and in full view of an unsuspecting public.

They concentrate on well-heeled areas such as Camps Bay and Constantia, where "people don't just put a 50c coin in, they use R2 or R5 coins"

"In a single day in a place like the Bayside Centre (in Table View), we can easily make R800," they said.

Bearing in mind that there are more than 8 600 coin-operated public telephones in Telkom's Western Cape region (which includes a bit of the Northern Cape), it becomes clear that what one thought was a nickel-and-dime operation, is in fact extremely lucrative.

And the people who do it are not nice guys The pair of thieves, who had fallen out with their comrades and were afraid to rob telephones any more for fear of being spotted, told us a colleague had had his right hand, his stealing hand, pulverised with a five-pound hammer for siphoning off R100 of his ill-gotten gains

Not only coin-operated telephones are targeted, however Much in the vein of the old "long tickey", Telkom also has to contend with fraudsters scrambling the newer, coinless card phones to make free calls

Telkom spokesperson Ms Tia Hugo said it was impossible to quantify how much money the thieves were making off members of the public.

The money was intercepted before it could activate a dial tone — and therefore register a call.

As it also did not fall into the coin return tray, the hapless would-be caller was left with the impression that Telkom was "stealing" his or her money

"Telkom's loss is the loss of image," Hugo said.

Apart from a dented corporate profile, however, frustrated phone-users also have a habit of vandalising telephones that won't work They may damage a booth, smash the LCD or keypad with the handset, or simply rip the handset off

Hugo said that since the days of the "long tickey" in the '60s and '70s, there had been a number of clever scams to either make free calls or steal money, and that criminals became more innovative as technology became more sophisticated.

To combat thieves, Telkom has a special technical investigation section whose sole task is to come up with modifications to public telephones.

But both Hugo and Western Cape payphone operations head Mr Johan Fouché admit that, despite their best efforts, Telkom is fighting an uphill battle against thieves

No system is foolproof and as soon as a hole is plugged, another is found.

"The scale of this is so big that we must have people dedicated to prevention," said Fouché.

He said that apart from investigation, Telkom incurred massive costs in repairs to vandalised and rigged telephones "Just to send someone out costs over R100 (a time)"

What exasperated him the most, however, was when thieves ripping off a coin-operated telephone destroyed other telephones in the process, incurring even higher costs.

Between September last year and last month 113 coin-operated telephones, worth R5 000 each, were stolen around the Peninsula.

Hugo said Telkom installed in excess of 100 public telephones in a week, particularly in poorer areas

"Imagine how many we could put in if we didn't have this (repairing and replacing phones)," she said.

● Telkom has a toll-free line, 0800 124 124, for reporting crime Callers are assured of confidentiality and can earn rewards for reporting criminal deeds

MONEY FOR NOTHING: Thieves are stealing thousands of rand from public telephones and users carry the costs Telkom, however, suffers an image problem as a result of the thefts

PICTURES: KIM LUDBROOK

New methods to combat scams

CT 12/3/98 (267)

WILLEM STEENKAMP

AS modern public telephones become more sophisticated, criminals become more innovative in scamming the system, either to make free calls or to steal money

A number of methods have emerged over the years, ranging from the brutal to the brilliant, but before you go out and try your luck remember that stealing from telephones is a crime.

Making free calls:

● A scam used from about October 1996 on older-model card phones to double the credit available on a card involved scrambling the phone's computer New software has eliminated this problem An "even fancier" trick which worked along similar lines allowed a card to show a R7 735 credit balance This has also been rectified

● A different scam involving card phones is the counterfeiting of R200 phone cards, complete with intelligent chips Corrective measures are being taken.

● Some fraudsters use washers, foreign coins and other objects — a problem inherited from years back — to make calls from coin-operated telephones This problem has been compounded by the change in South African coinage and the need for telephones to be able to differentiate between old and new coins

● With older pre-payment phones, a fraudster dials a series of numbers and then makes a free call while the exchange is digesting the first series of numbers. Updated technology has eliminated this problem

Slots on most phones have been modified so that foreign objects such as straws can't be inserted.

Stealing money:

● A thief will block the insert slot of a coin-operated slot with a straw, which then catches coins and prevents them from allowing a call or being retrieved The straw and the coins are later extracted

Bad news for thieves, though — Telkom's fundis have already modified the slots on most telephones so that foreign objects such as straws cannot be inserted

● A thief blocks the coin return chute with paper or other material to catch a caller's small change following a call, or coins that simply fall through the telephone The blockage material is pulled out using a piece of wire

Telkom removed directories from booths and made the inquiries number toll-free. Their technicians have come up with a design to beat this method, and it is being implemented

● Another method favoured by thieves is cruder, but probably even more effective — they simply wrench a telephone off its mountings and steal it in its entirety

Apart from modifying and strengthening telephones, Telkom is combating crime with a range of other measures. These include·

● Installing more card phones. At the end of January there were 8 557 card phones in Telkom's Western Cape region, marginally fewer than the number of coin-operated telephones

● Not completely enclosing public telephones and using transparent booth materials, making it more difficult to secretly tamper with telephones

● Installing "semi-supervised" telephones such as the Chatterbox in places such as shops The shopowners rent the telephones and in return receive a cut of the profits.

● Enlisting community support in placing telephones in safe areas, particularly in less privileged areas where they were needed the most but were also vandalised the most

Draft bill outlines shape of new telecoms authority

(267)

Robyn Chalmers

BD 2/3/98

THE new broadcasting and telecommunications regulatory authority should be run by a chairman and up to 16 councillors, a draft bill proposes

The independent entity, the SA Broadcasting and Telecommunications Regulatory Authority, will be formed from the merger of the SA Telecommunications Regulatory Authority (Satra) and the Independent Broadcasting Authority (IBA)

Staff of both bodies should be employed by the new entity, the bill states It should be financed from funds appropriated by Parliament with approval for income and expenditure to be granted by Posts, Telecommunications and Broadcasting Minister Jay Naidoo. The chairman's term of office should be five years and between eight and 16 councillors should serve four-year terms

The bill was drafted by representatives of the IBA, Satra and the communications department

The bill, along with a recently tabled broadcasting amendment bill, recently sparked accusations by the Democratic Party that government was trying to get control of the airwaves ahead of the 1999 elections and undermine the independence of the regulatory authorities It said Naidoo was trying to bypass a consultative green paper process

Naidoo said such allegations were "mischievous and untrue" The editorial independence of the SA Broadcasting Corporation would be enshrined in the broadcasting white paper, which was being drafted, as well as in legislation which would follow, he said

The draft bill, called the Broadcasting and Telecommunications Regulatory Authorities Reorganisation Bill, was only recently handed to the tripartite committee negotiating the merger of the authorities

In terms of the bill, Naidoo can issue policy directions to the authority in line with its objectives of fairness and "the expression of a diversity of view broadly representing SA society"

However, before issuing such directions he would have to consult the authority and publish in the Government Gazette his intention to issue such direction for comment Parliamentary committees on broadcasting and telecommunications would have to be consulted on proposed policy changes

Lesley Stones reports that Naidoo said it made no sense to keep Satra and the IBA as separate entities. "The reasons for the merger are sound," he said. "The work of spectrum regulators and broadcasting regulators are increasingly converging It is now possible to deliver a television service using telephone lines, so there is a need to have one body which can understand frequency management, as well as which frequencies can be used for specific purposes like broadcasting "

Government seeks the hyperspace slipstream

(2b7)

ST (MT) 15/3/98

Jay Naidoo signals the advent of Internet technology in public governance, writes GREG GORDON

GOVERNMENT this week took its first step in transforming SA into an information society

Communications Minister Jay Naidoo has received cabinet backing for an ambitious plan to modernise the bureaucracy and offer the public electronic access to government services.

As a first step, Naidoo said Telkom was completing a high-speed fibre optic link between Pretoria and all provincial capitals He said government would have to cut its annual spending on IT of between R5- and R9-billion as well as turn the country's paper-based bureaucracy into a streamlined on-line service with 24-hour access to its citizens from public Internet terminals and PCs.

He also said a system could be devised whereby citizens' ID and driver's licence information could be incorporated on a single smart card.

The key to the success of the scheme is the roll-out of a high-speed fibre optic Telkom network spanning the country, expected to be ready by October It will link the major metropolitan areas initially and then be extended to rural areas

"If we want to be part of the global information society, we have to get our services online," said Naidoo

It's a tall order Right now the government is running 14 separate computer networks which are costly to maintain and synchronise. The new fibre optic lines would enable different departments to simply "tap in" to the system called Govnet

"For us it's an exercise in linking government departments more effectively and then giving the public better and more streamlined access to them. Instead of queuing for hours and filling in forms, say to get a passport, someone could go to a public Internet terminal, fill in the electronic application form on screen and then send it The same technology could be used to apply for an ID document, driver's licence or tax return," says Naidoo

However, it's not going to happen overnight It's estimated that the UK will take five years just to get 25% of its government forms digitised

He says the new government network will form a critical component in combating growing fraud in departments.

"It would also bring into the tax net anyone who is not There is a lot of information on existing systems that is duplicated So by having a central collation point on a central network, we could eliminate the duplication of information and be able to cross-reference it a lot better," he says

'The key to the scheme's success is the roll-out of a high-speed fibre optic Telkom network'

Naidoo says it's not just government that will benefit from the new network — he sees it as an opportunity to lease capacity to the private sector As the demand for electronic commerce grows, so Telkom will able to provide space on its network to conduct transactions

"The network has some spin-offs for marginalised communities

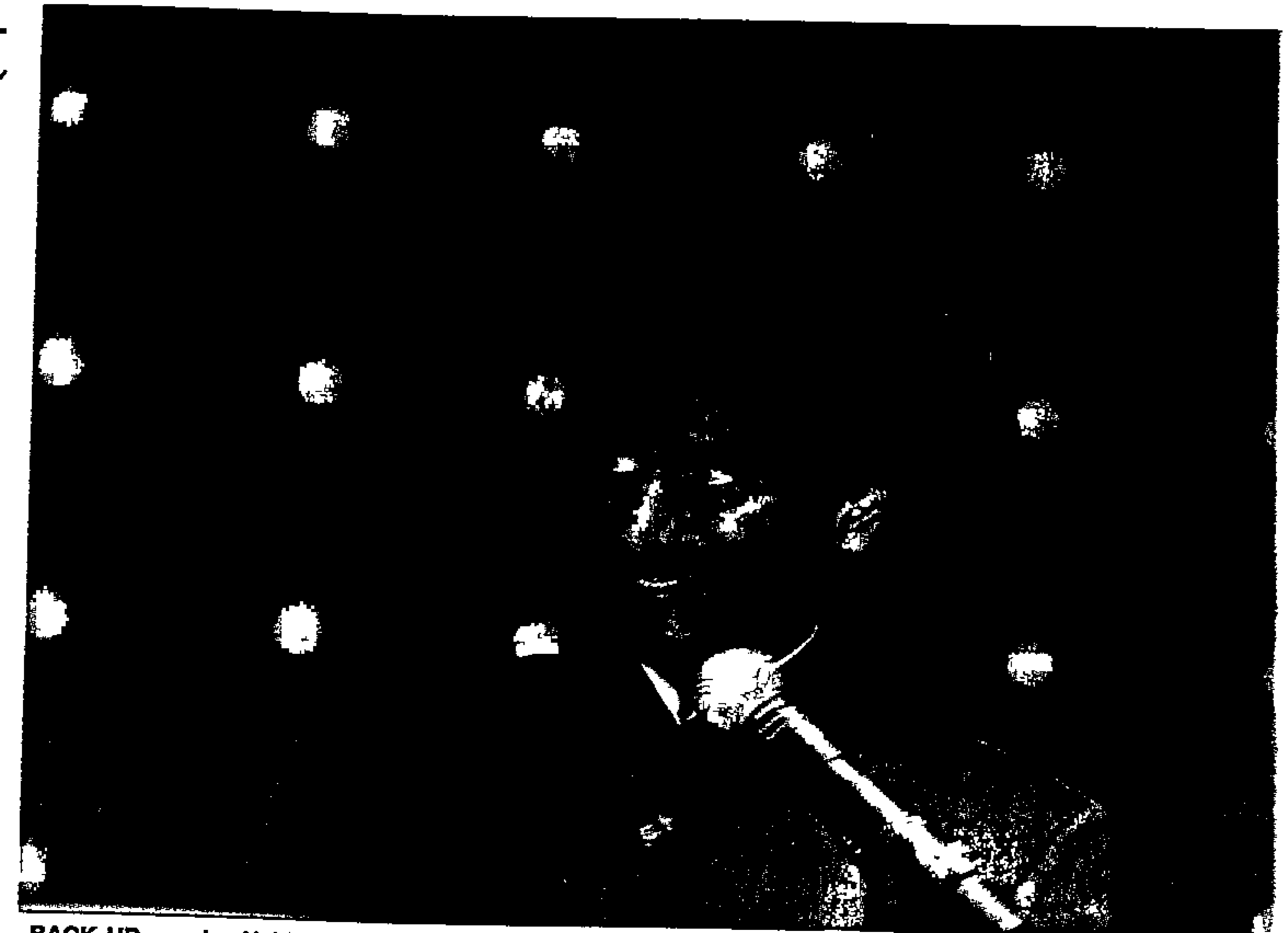
"Tele-medicine and distance education, as well as teacher training are two areas where the network could be used once its reach has been extended into rural areas Using video conferencing technology, doctors or teachers at a central point can reach many people in several locations instantly and simultaneously They can be seen and heard," he says

Ultimately, Naidoo would like to see people pay accounts, taxes and duties online using a system akin to electronic mail (e-mail) In the meantime, public Internet terminals are starting to appear as well as Telecentres where users have access to voice telephony as well as the Internet and e-mail Web Internet labs are being built at universities

Naidoo says that ultimately, people will carry smart cards that will house details such as their name and ID information as well as driver's licence details, for example.

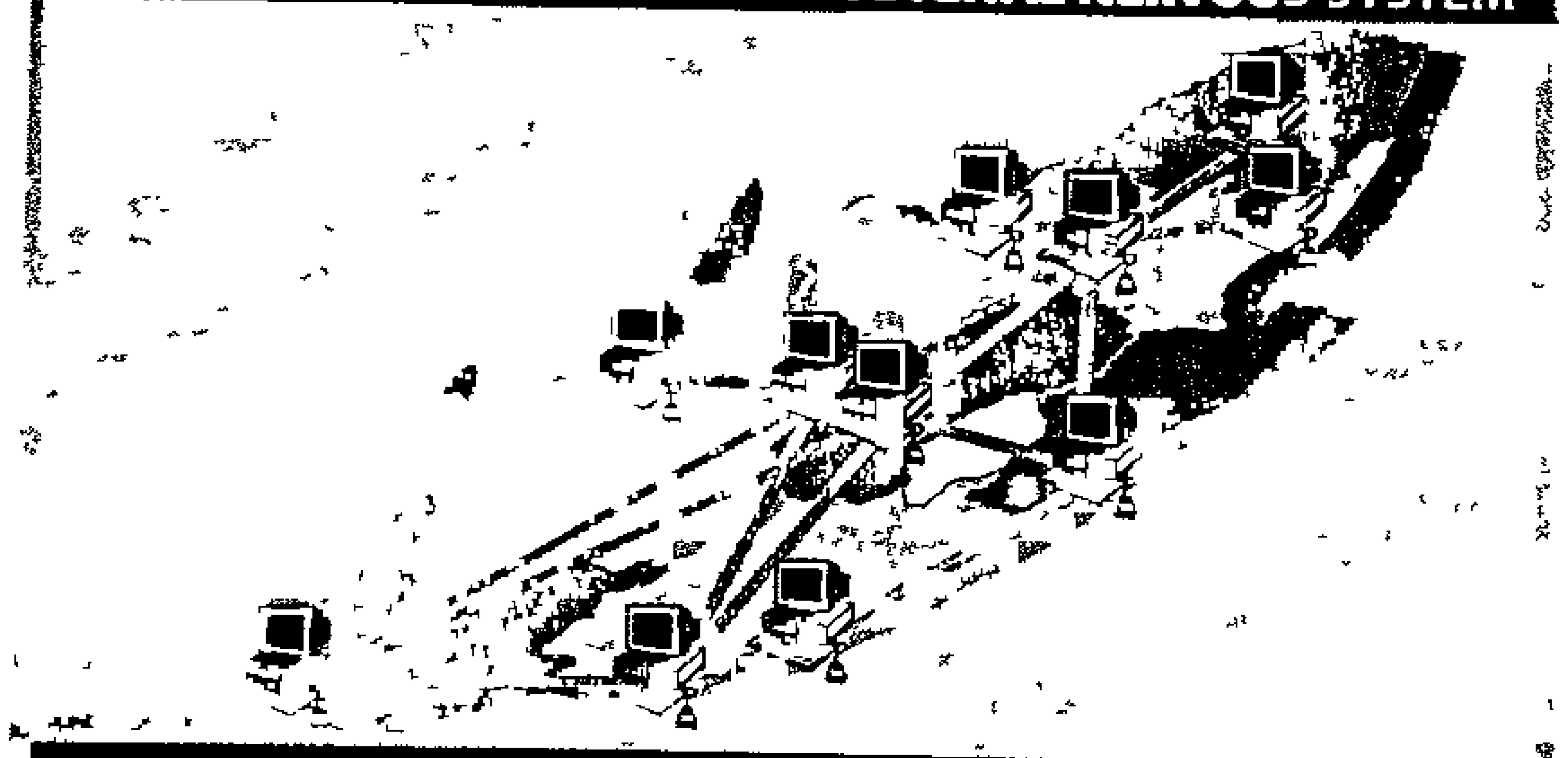
"We think smart cards are the way to go We can get much more information on one of the credit card-sized devices than on mag stripe cards which will be obsolete in about five years

"If we want the African renaissance to succeed, we are going to have to place a lot of dependence on the new Telkom fibre optic backbone and the services we'll be able to link to it," he says



BACK-UP . . . Jay Naidoo has won cabinet support for an ambitious plan to modernise the country's bureaucra

TELKOM'S FIBRE BACKBONE - A DIGITAL NERVOUS SYSTEM



TELECOMMUNICATIONS

Keeping a lid on Pandora's box

Fast-moving industry defies regulation (267) FM 20/3/98

The latest challenge facing SA's telecoms watchdog is how to regulate telecoms networks when technological advances are making a mockery of restrictive regulations and monopolies

The SA Telecomunications Regulatory Authority (Satra) is thrashing out a policy for value-added network services (Vans) and private telecoms networks Traditionally, companies offering these services were licensed by State telecoms company Telkom

Defining telecoms services is not simple, particularly as complex emerging technologies are making it easier to bypass Telkom's public switched telephone network

Of particular concern, says Telkom regulatory executive Gabriel Celli, are virtual private networks, which provide bandwidth capacity on demand between two points and allow users to share facilities Firms making use of these networks — being built by Didata, Datatec and others — want to be able to carry voice, video and data

Satra's deliberations on the new licences have highlighted the contentious issue of Telkom's monopoly over voice services Section 40 (3) of the Telecoms Act prohibits the carrying of voice as part of a Vans service

Any ruling by Satra on whether voice traffic carried across data networks is legal or illegal in terms of the Act could have a profound impact on the future of SA's telecoms landscape

"A monopoly would be a crippling blow to the country's telecoms development, as it would stop SA from competing to develop new technologies in the voice over Internet market," says an industry source

"Prohibiting voice is an impossible and impractical requirement to put on a Vans licensee," says SA Telephony Managers Association (Satma) secretary Ray Webber Once voice is digitised, he says, it will appear no different from other types of data communications He adds that voice is an integral element in voice mail and video conferencing, as well as audio feeds over the Internet, teletuition and telemedicine

Mike van den Bergh, chairman of the SA Vans Association (Sava) says customers want a "one stop shop" for all their telecoms needs, including voice and data

Van den Bergh says the provision prohibiting Vans from carrying voice is "out of step with modern technology and places Vans providers at a disadvantage"

He adds that for competition to be fair, Telkom should be prevented from offering voice and data services on a value-added, one-stop basis to its clients

In its submission to Satra last week, cellular telephony provider Vodacom put forward a case in direct contradiction to its parent company, Telkom It argued that Satra should press for an end to the ban on voice traffic across the Internet

Telkom's Celli admits it "is difficult to prevent voice over Vans" However, he argues, the service is a fundamental component of Telkom's exclusivity

"The fact that it may be difficult to prevent an illegal act should not condone an illegal act," he says

Mike van den Bergh *predicts conflict unless issue resolved*

Large Internet service providers (ISPs) have told Telkom they will not encourage their customers to send voice traffic across their networks, but they all say it is impossible to control

"ISPs must not be held liable for their customers," an industry executive says

In its submission to Satra, the Internet Service Providers' Association (Ispa), whose members are licensed as Vans, argues that regulatory interference in the industry should be kept to a minimum

"Our primary concern is that you are taking an industry that is not bureaucratic, and making it difficult for new players to enter the market," says Ispa co-chairman David Frankel "Small players should remain unlicensed because regulation is a deterrent to new activity in the market"

Frankel says evidence worldwide shows the industry develops faster when regulatory interference is minimal

Celli maintains Satra's responsibility is to ensure that Telkom's exclusivity on voice services, entrenched in its licence and the Act, is maintained for the next four years

But how Satra will cope with the contradictions of regulating a fast-moving industry remains to be seen One difficulty is that, though the Act restricts Vans from resale and using facilities other than Telkom's, Vans providers offer facilities leased from Telkom to customers

Celli says Satra must prevent illegal bypassing of Telkom's network and prevent resale of leased capacity

But, warns Frankel, "if the industry and Satra give Telkom exactly what it has asked for, there simply won't be an Internet as we know it in SA"

Another problem facing Satra is the regulation of Eskom and Transnet's extensive private networks, which predate the Act and could compete against Telkom once the market is liberalised

Transnet's telecoms arm, Transtel, has invested R600m in infrastructure and is also allowed to sell services outside SA

It says it has a statutory right "to construct and maintain" its own telecoms network and is in a position to use some of its facilities to benefit "needy people"

Satra has received written submissions on policy from 11 interested parties

"The key challenge for Satra will be the effective regulation of Telkom The industry will remain in conflict until this issue has been resolved," says Van den Bergh

Marina Bidoli and Duncan McLeod

Post Office set to increase postal tariffs

(267) BD 25/3/98

10%

Robyn Chalmers

THE Post Office has raised postal tariffs 10% on average, which means the cost of posting a standard letter will rise to R1,10 from April 14.

The move follows a dramatic increase in postal tariffs of 40% on average last year aimed at lifting revenue and reducing the ailing Post Office's reliance on state subsidies. The subsidy has averaged about R500m a year.

The lower tariff increase this year has been broadly welcomed by business clients who provides more than 80% of the Post Office's business. There were fears that last year's sharp hike would lead to a drop in volumes of up to 17%.

MD Frank Touwen said yesterday the Post Office was honouring its commitment to increase rates at approximately last year's inflation rate. Touwen said the Post Office was well on its way to breaking even within three years

"The company will continue to receive a reduced subsidy from the state (in the interim) which will be used to extend services and fund the Post Office's reconstruction and development fund," he said.

Post, Telecommunications and Broadcasting Minister Jay Naidoo has made it clear that government will not continue to subsidise the Post Office indefinitely. He has given the parastatal a three to five-year window period to break even or become profitable.

The Post Office green paper, released last year, envisaged the parastatal making a profit within five years The Post Office reported a loss of R571m in 1996/97 against a loss of R364,2m in 1995/96 and a loss of R379m in 1994/95

Touwen said mail delivery standards have improved and more than 90% of national mail was now being delivered on time Within the various postal regions, 92% of mail was being delivered on time with delivery in four postal regions reaching 95%.

The Post Office's image has been badly dented recently by postal theft and fraud Since April last year 330 employees have been dismissed for criminal activity and 62 members of the public have been arrested in connection with postal crime

Touwen said a security strategy, endorsed by the Post Office's trade unions, was implemented, entailing the use of all legitimate methods of rooting out crime.

Post Office chairman Max Maisela said plans were being put in place for the Post Office to recapture lost markets, as well as to expand into potentially lucrative new markets such as the savings and pensions sectors.

Cellphones go rural in a big way

(267) ARG 28/3/98

Now even the very poor can afford a package

CHRIS MOERDYK
NATIONAL MARKETING EDITOR

Poor people in South Africa's remote and rural areas will have access to cellphone communication long before they get running water – such is the rate at which cellular networks are expanding throughout the country, and the aspirational effect the technology is having on even the most deprived communities.

Jacques Sellschop, MTN's corporate relations group executive, told Media & Marketing this week that cellular networks covered 34% of South Africa's total land area, providing cellular access to 74% of the population

He said maximum saturation – estimated at between 90 and 95% of South Africa's population – could be achieved within five years

Sellschop said cellphones had caught on in South Africa at a rate that exceeded all expectations They had also captured the imagination and aspirations of virtually the entire population

"We visit any number of rural schools to explain cellular technology and it is quite remarkable how children from such deprived backgrounds know so much about cellular telephony," he said

Initial industry estimates suggested that in the first two years after cellular phones had been introduced to the country, 100 000 subscribers would be connected, rising to 250 000 in five years In fact, 500 000 South Africans were using cellphones after two years

'It's strange to see our phones on the walls of traditional African huts'

Sellschop said MTN had achieved its target of installing 7 500 community payphones The payphones use pre-paid cards at a cost of R15 for 30 minutes of talk time, and about 75 million minutes of talk time have been logged so far, he said

"Our community payphones involve technology at such a high level that it can be found nowhere else in the world

"It is quite strange to see our high-technology community phones on the walls of traditional African huts in remote areas of our country

"And for the first time entire families can communicate with their loved ones because our community phones have a loudspeaker system"

He added that cellular telephony had become a way of life for rural South Africans One of MTN's base stations in the Transkei was now the busiest in the country, he said

The growth of the pre-paid cellular market has boosted MTN's retail sales by 35% in less than six months

Of its 570 nationwide distribution outlets, the most successful is Sales House, which contributes 25% of MTN's retail sales. The pre-paid card is the third-biggest selling item in the Sales House catalogue

In terms of cellular telephone usage, one new subscriber is connected every minute of every day.

Is the massive growth in cellular tele-exchange of fact-finding months weeks rather than months.

Internet access row to be re-examined

BD 14/4/98 (267)

Lesley Stones

THE row over Telkom's bid to monopolise Internet access has gone full circle after a high court decision to re-examine technology issues at the heart of the matter.

The Pretoria High Court surprised the industry last week by deciding to reinvestigate whether Internet access was a basic telephony service which Telkom could monopolise or a value-added service open to free enterprise.

Judge BR du Plessis had been asked by Telkom to decide whether the SA Telecommunications Regulatory Authority (Satra) proceeded correctly last year when it ruled that Internet access was a value-added service.

Du Plessis found that Satra had not followed the correct procedures. However, he refused to overturn Satra's ruling, leaving more than 70 service providers free to continue their business. He effectively told Telkom that if it was unhappy with Satra's decision, it had to submit to a full high court investigation into whether Internet access was a basic or value-added service.

Telkom said it was studying the implications of the decision and was not yet in a position to comment. However, it said the judgment provided much needed clarification on Satra's powers and on procedural issues. "This greater clarity will benefit all players in the Internet industry."

The Internet Service Providers' Association welcomed the move. "That is the best judgment we could have hoped for," said co-chairman David Frankel. "If Telkom wants to go the whole legal route we will go it with them."

However the association was still hoping to reach a negotiated settlement with Telkom. "We do not want a protracted legal case. On some issues there is a chasm between us, but there are some very senior people within Telkom who also want a settlement."

Du Plessis has instructed Telkom, Satra and the association to arrange a date for the hearing. The case could begin within two months and could involve two weeks of oral evidence, said Hillel Shrock, legal adviser for association member The Internet Solution. "We now have a situation where someone who has grasped the matter will hear expert evidence and cross-examine witnesses. He is obviously aware that it has huge ramifications for the economy and the industry."

publicised the preparation.

Govt to wean Post Office of subsidies

(367)

Nicola Jenvey

BD 14/4/98

DURBAN — The white paper on posts, telecommunications and broadcasting, to be released next month, would cement the state's commitment to sole ownership of the Post Office, but also to financially sound management of the organisation, Post, Telecommunications and Broadcasting Minister Jay Naidoo said last week.

After the launch of the anti-crime campaign in KwaZulu-Natal on Thursday, he said the state would remain sole shareholder in the Post Office. The white paper would detail a financial mandate for the organisation to operate without subsidies within three years, forcing the Post Office to improve internal efficiencies and root out costly corruption.

The Post Office would also seek to balance the inequities in existing postal infrastructure in previously unserviced areas. The Post Office aimed to create 500 000 new postal addresses this year.

Naidoo said in the year since launching the Post Office's anti-crime campaign, 362 people had been dismissed, suspended or had resigned in connection with criminal activities. He believed the campaign had resulted in a "remarkable downscaling" of mail violations. Naidoo said syndicates targeting the Post Office posed a problem, but the recent arrest of 62 people — five of whom were from KwaZulu-Natal — indicated inroads were being made to destroy these crime groups.

Naidoo said 65 000 phones had been installed in KwaZulu-Natal last year, and the province was on target for a 20% rise this year.

CT(MR) 15/4/98

Post Office winning fight against crime

[illegible] than 862 [illegible] of crime [illegible] posts telecom- [illegible] munications and [illegible] in line with [illegible] public [illegible] break in the [illegible]

(267)

First-time telephones for 2 500 by June

[illegible] ulu Natal villages of [illegible] dance will [illegible] less [illegible] in KwaZulu Natal, [illegible] public pay [illegible] phone [illegible]

'Telecoms partnerships necessary'

BD 16/4/98 (267)

Lesley Stones

TELECOMMUNICATIONS policy-makers and service-providers agreed at a recent International Telecommunications Union (ITU) meeting that state-owned telecommunications companies had to work with the private sector to provide quality services

Delegates at the conference agreed that commercial input was needed to boost the quality of communication services However, they warned that change must be driven by an internal willingness to develop rather than by outside pressure

Officials and policymakers from 143 countries attended the 10-day event Delegates from SA included Posts and Telecommunications Minister Jay Naidoo, Telkom executives and Hamadoun Touré, the GM for Africa for global satellite company ICO

A central theme of the conference was how telecommunications could be made available to everyone at an affordable price ITU director of development Ahmed Laouyane said three key ingredients — money, skills, and technology — were most readily available from the private sector Universal access could be achieved by the turn of the decade if governments embraced liberalisation, restructuring, privatisation, and new technologies, he said.

However, emerging countries should not be forced to progress at a pace dictated by the developed world "Developing countries must take time to introduce sectoral and economic reforms If they rush they will make mistakes," Laouyane warned

Universal access was essential in Africa to help development at grass roots level, said ITU deputy secretary-general Dr Henry Chasia "Today in Africa, to move information, you move people It is time-consuming, costly and inefficient A telephone line today means much more than voice telephony It means access to the Internet, video-based applications such as health-care or tele-education, or to exchange information locally or globally," he said "We cannot talk of a global information society if more than half the world still does not have access to telecommunications "

Governments and parastatals can ask the ITU for advice on drawing up reforms, integrating new technologies and services such as the Internet, choosing technology, tariffs and financing strategies, and establishing funds for rural development

Touré said SA's Telkom was cited as a good example of the progress that could be made by bringing in private partners Texas-based SBC Communications owns 18% and Telekom

TOURE

Malaysia owns 12% of the utility. "Many countries are afraid of privatisation and Telkom's idea of bringing it in step by step is a safe one "

For governments to accept private investment in such a strategic sector there had to be strict service agreements and accountability in place, Touré said

"All governments see is a black hole and they don't know what is beyond, so you need clear targets Telkom has very ambitious targets but they can be achieved through private sector partnerships "

Since enormous progress has been made towards universal access, the ITU was now stressing the need to make these services affordable Touré said Telkom could achieve nationwide access more cheaply by partnering with a satellite company like ICO

"ICO wants to put a phone in each African village and it could be done easily. All you need a small booth with an antenna and a solar panel to power it."

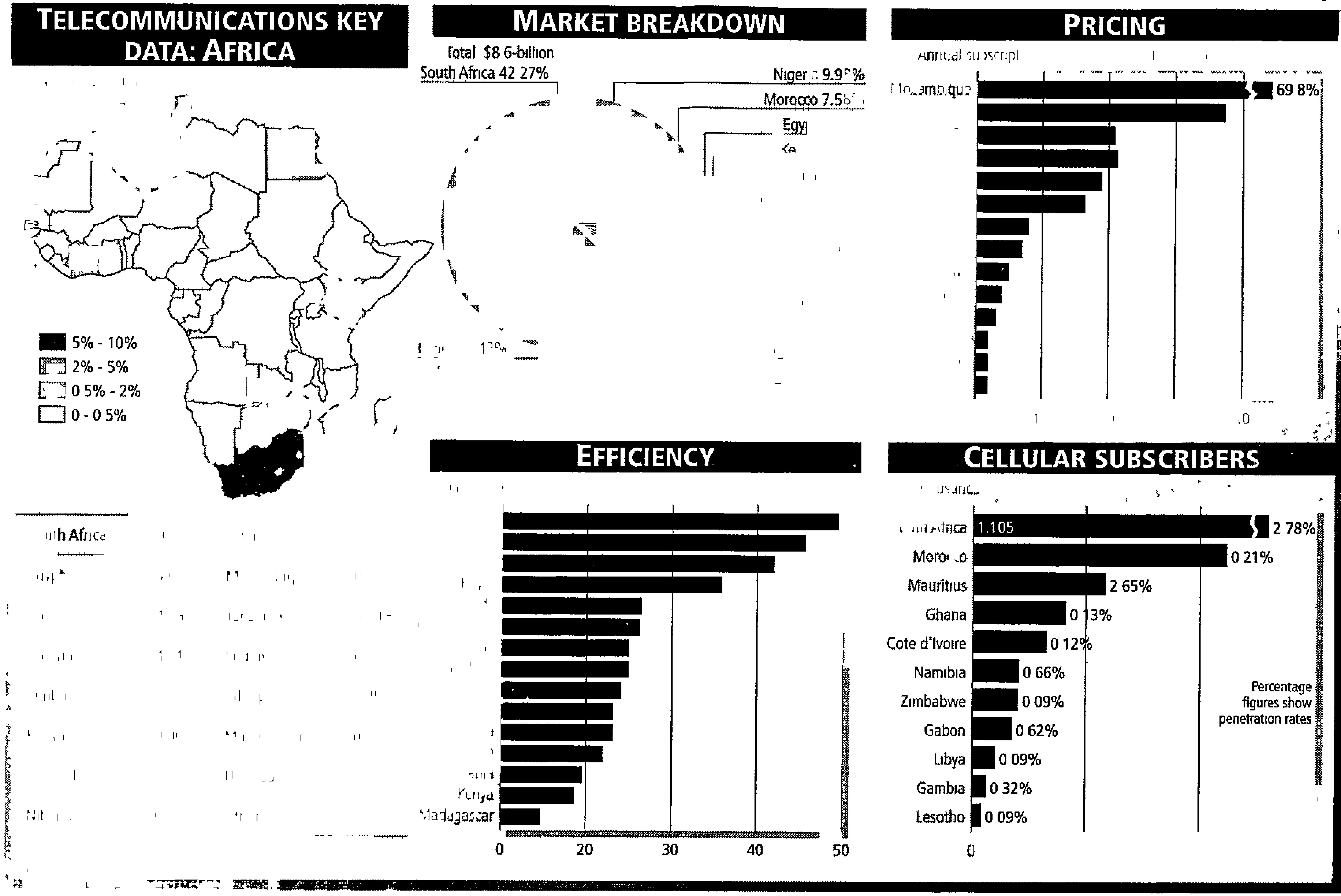
That type of prepaid phone would cost about $1 000 per link, compared with the ITU's estimate of $4 000 per rural line using ground-based technology, Touré said.

Telkom holds a $20m stake in ICO, which aims to offer satellite telephony by the year 2000

Satellite halo lets Africa dial the world (267)

The continent's telecoms services are set for a major revolution, writes MICHAEL HOLMAN

ST (PT) 19/4/98



AFRICA'S long overdue telecommunications revolution is under way as privatisation and deregulation opens up the sector to competition, foreign investment, and new technology

African governments from Ethiopia to South Africa and Uganda to Senegal are ending state monopolies which, in the past, used to charge high rates for increasingly poor services and allowed the communications gap between Africa and the rest of the world to widen

The figures speak for themselves: Africa has one-eighth of the world's population, yet only 2% of its phone lines

In 1994 there were 11 6-million main fixed telephone lines in Africa — 5 3-million in north Africa, 3.8-million in South Africa and just 2 5-million in the rest of Africa

That works out to one line for every 235 people, compared with one line for every two or three people in the industrialised world. As Jay Naidoo, South Africa's communications minister, has pointed out, Tokyo has more phones than Africa

But the continent is now paying the price for low investment, say industry analysts European companies were ploughing as much as half their earnings back into infrastructure in the 1970s, while between 1990 and 1994 the global industry's average investment as a percentage of revenue was 46%

During the same period, only three big African markets — Botswana, Cameroon and Kenya — reached that level The 1994 average for the whole region was 28%

By the beginning of the next century, however, the transformation of the sector should be well under way, with the Abidjan-based Regional African Satellite Communications Organisation (Rascom), formed in 1992 by 42 African countries, playing a leading role

Rascom is to co-ordinate the launch of a continent-wide satellite communications system Last month a dozen international companies tendered for what has been described as one the biggest pan-African investment opportunities ever

The $1 2-billion project is to be developed on a build, operate and transfer basis, with Rascom as a member of the launching consortium

"The (consortium) will be responsible for designing, financing, manufacturing, launching and operating the dedicated satellite system for Africa with Rascom, and transferring ownership to Rascom at the end of a concessionary period," says a spokesman

This will include installation of 500 000 solar-powered telephone stations with international access across the continent over a seven-year period The company aims to slash the average distance to the nearest phone in Africa from 50km to 5km

Rascom expects the satellite to be launched in the first quarter of 2001

Meanwhile, the Gibraltar-based African Continental Telecommunications and Telesat Canada have signed contracts under which the Canadian satellite communications group will help build Aftel's new $835-million pan-African satellite network

The first step in the two-phase operation involves the leasing and repositioning of a satellite to serve South Africa The second will see the launching of a satellite to cover the whole continent

This second satellite will allow customers anywhere on the continent to make and receive local and international telephone calls with a lightweight handset

There are also several initiatives to link Africa with the rest of the world through undersea fibre-optic cables.

AT&T intends to develop a fibre ring around the continent called Africa One, while Siemens has proposed a 6 000km series of fibre optic links along the western coast of Africa — *Financial Times*

Telephone fund could attract millions

(267) BD 23/4/98

Reports by Lesley Stones

A PROPOSED new fund that will help provide telephone services to disadvantaged communities in SA could attract millions of dollars from overseas investors

Plans to set up a commercial investment fund which will donate some of its income to social projects have been put forward by the SA Telecommunications Regulatory Authority (Satra)

Initially a third cellular licence holder would offer services to disadvantaged communities. Later, it could grow to support similar rural development throughout sub-Saharan Africa

Satra is seeking comments on the proposal along with feedback on the economic feasibility of a third cellular network in SA.

If another licence was awarded, the operator would have to meet stringent commitments to service rural areas at an affordable price for end users, said Satra chairman Nape Maepa

"When you put universal obligations on people and ask them to serve areas which are not economically viable you are asking a lot of any business," he said. "It is like asking people to tax themselves more than usual and we are looking for innovative ways to alleviate this so all they need to worry about is their business"

The trust fund would comprise a business side and a social side "Investors of all types ready to make their money grow would invest in a business fund," said Maepa

A manager appointed by the investors would oversee the fund and invest in anything likely to make a profit

"This would be no different from any other unit trust, mutual fund or other investment vehicle," he said. The difference came because a small portion of the annual profit would be diverted to the social side to benefit historically disadvantaged areas

A board of trustees would control the allocation of money and set out criteria by which service providers could obtain funds to support universal access projects

The trust fund idea has already piqued the interest of international governments and agencies Industry insiders said it could attract heavy investment from abroad, especially after the US stressed this month that it would emphasise trade, not aid, in its future dealings with SA

If foreign organisations pumped money in, the fund could amass hundreds of millions of dollars and generate vast amounts of money for development projects Maepa agreed that foreign agencies could be willing to back the fund, particularly if it extended its support to drive development projects in other African countries

As an added incentive, much of the equipment needed to create cellular networks is produced abroad, so the money would eventually go back to those investing countries, he said

"Very often international governments are disappointed at how aid funds they make available to developing countries are used The business fund is not an aid fund However, it has a small social objective that would be consistent with the objectives of many international aid agencies."

More importantly for SA, the fund could create new manufacturing jobs If someone proposed manufacturing handsets in SA, perhaps for the historically disadvantaged market, the fund may well support that venture

Satra is anxious to stress that SA's existing cellphone operators, MTN and Vodacom, should not feel threatened if a fund is established by the private sector to help a third licence holder roll out its services

The new licence holder would have to pay its way to compete in areas not classified as underprivileged and MTN and Vodacom could also apply for funds to make further contributions to social development

Satra's proposals have generated much interest, but it is not a foregone conclusion that the scheme will go ahead "As the regulator we are not here to tell people what they should do, we merely want to indicate the possibilities A trust fund could be very powerful thing for the country."

The discussion document is available from Satra at www.satra org za and comments should be submitted by May 8.

MAEPA

SA leads drive for networks

(267)

Lesley Stones

BD 24/4/98

SA IS to spearhead a pan-African drive for better communications by creating an investment fund to support the growth and modernisation of telephone networks

Success will depend on persuading African nations to conform to internationally acceptable regulatory procedures and so creating a stable environment for investors and technology companies

The fund was proposed by the communications ministry after it investigated why companies were reluctant to invest in the continent, said department spokesman Connie Molusi

"Without information infrastructure these economies are not going anywhere" This required a commitment to reform from countries

Naidoo calls for cooperation

(267)

By Justice Mohale

TELECOMMUNICATIONS is the vehicle through which the African renaissance can effectively become a reality, Posts, Telecommunications and Broadcasting Minister Mr Jay Naidoo said yesterday

Speaking at a media briefing on Africa Telecom at the M-Net Broadcast Centre in Randburg, Naidoo said cooperation between governments and the private sector would ensure that young people received adequate technological training

"Africa is the largest untapped and attractive market for telecommunications services," said Naidoo He urged countries with advanced technology to invest in Africa

Naidoo said Africa Telecom '98 would be officially opened on May 4 at Nasrec, south of Johannesburg

At the same exhibition there will be a special telecommunications conference aimed at committing African policy makers to prioritise the development of telecommunications on the continent, creating conditions to encourage investment, and developing partnerships for telecommunications between the public and private sectors

Sowetan 29/4/98

Africa 'needs strategy for telecommunications'

Robyn Chalmers BD 29/4/98 (267)

A STRATEGY to develop telecommunications throughout Africa will emerge from the Africa Telecom '98 conference, says Posts, Telecommunications and Broadcasting Minister Jay Naidoo

He said yesterday that in terms of foreign investment, Africa was the largest untapped market in the world for telecommunications services and products. Tokyo, for example, had more telephone lines than all of sub-Saharan Africa, even though there were 30 times more people living in the region than in Tokyo

The challenge was to ensure Africa became an attractive market. "This can be achieved by ensuring there is a policy and regulatory framework that is investor friendly," he said

Naidoo said it had been decided to hold a telecommunications meeting at the conference to put in place a strategy for the continent. The meeting, to be hosted by Deputy President Thabo Mbeki, aimed to commit African policymakers to creating investor friendly conditions for the development of telecommunications

Naidoo said a broad African development plan should emerge from the discussions, including a partnership between the public and private sectors

The heads of state of Egypt, Senegal, Ghana, Ethiopia and Zimbabwe were invited to take part

Naidoo said one of the more contentious debates at the conference was likely to be the rebalancing of tariffs. Internationally, tariffs were falling in line with greater competition African companies would have to move in the same direction in the face of enormous telecommunications backlogs

Other challenges included the increasing globalisation and integration of the world economy and the need to implement sector management and institutional development strategies.

The role of public-private sector partnerships on infrastructure investment must be expanded

Africa Telecom '98 is to be held at Johannesburg's National Exhibition Centre from May 3 to May 9

Reuter reports that the SA Telecommunications Regulatory Authority (Satra) has invited applications for temporary frequency-spectrum licences The licences will apply to potential additional cellular operators and suppliers of technology.

Satra chairman Nape Maepa said the authority would issue temporary licences to allow the industry to test and develop new technologies and services.

This follows significant interest shown by the industry after the recent launch of a public discussion document on the economic feasibility of additional cellular licences.

Naidoo said a third cellular licence would be awarded before the end of this year. Government would be keen to introduce up to five licences to keep the market place competitive, he said.

'Voicelink' for the phoneless

(267) Sowetan 29/4/98

By Justice Mohale

TELKOM has launched a revolutionary new means of communication for people who cannot afford the exorbitant rates of private telephones

"Voicelink", the new convenient communication system, for people who cannot afford to pay the connection fees for a telephone in their home, will allow customers to use public callboxes at a nominal fee and leave messages for people they need to contact

Distributor of the system on behalf of Telkom, Mr Johan Steyn, said the new system would help unemployed people who do not have telephones in their homes

"For R34 Telkom will provide customers with personal numbers that will enable people to leave messages at public telephones for them," said Steyn, managing director of ANJ Marketing CC

He said in the case of death of a customer, the number can be inherited by a family member

Steyn said customers can retrieve their messages anywhere in the country at the same rate as local calls

"Nobody can listen to our customers' messages as they (the customers) are protected by the use of their personal secret code which enables them to retrieve their messages," he said

If a customer forgets or loses his secret number, new numbers will be issued immediately on request

Steyn said the messages could remain in the mailbox for up to 10 days

Mailbox

If a client fails to use the mailbox for three months, it would temporarily stop functioning

He said people, however, must not confuse the voicelink with a telephone

He said voicelink was only a means of putting people in contact with each other

After customers have paid for the voicelink numbers, they receive a package containing the secret code, voicelink numbers and 16 business cards

Customers

He said customers could print their voicelink numbers and addresses on their business cards

"I hope the new system will help people in remote areas," said Steyn

He said the system would play a vital role in the lives of people who work far away from home

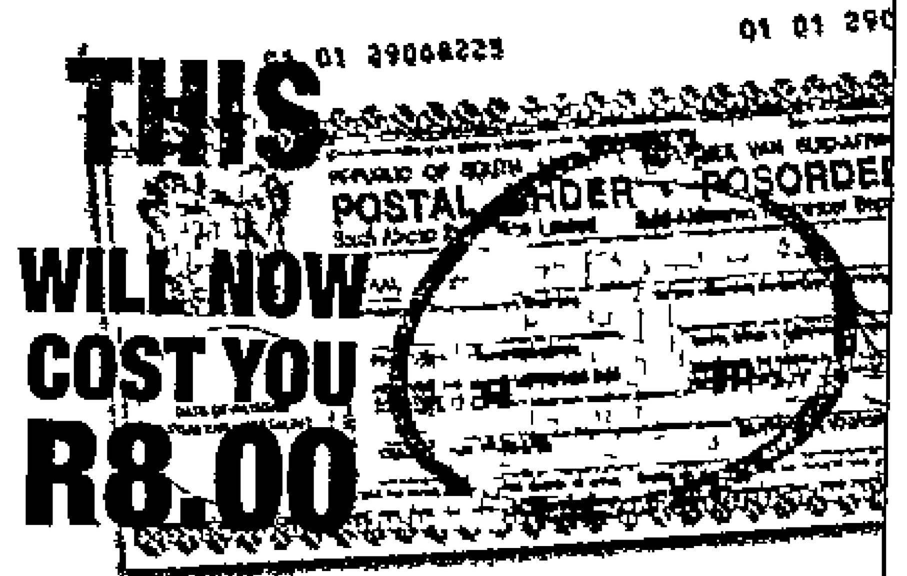
"It would replace the old time-consuming communication system of sending letters which get lost along the way," he said

Postal order price shock

Charities and poor hit by increase

ARG 30/4/98.

(267)



THIS WILL NOW COST YOU R8.00

THE NEW POSTAL ORDER CHARGES

POSTAL ORDER VALUE	PRICE
R1 to R49.99	R8
R50 to R99.99	R9
R100 to R149.99	R12
R150 to R249.99	R15
R250 to R499.99	R18
R500 to R999.99	R22
R1 000 to R2 000	R25

MAUREEN MARUD
Argus Action

The cost of using postal orders will soar tomorrow and charities and migrant workers who send money home to families are likely to be hardest hit.

The charge for the cheapest postal order, even if it has a value of only R1, will be R8 and the most expensive R25

Although the increases are due to come into effect tomorrow, the Post Office has not yet made any announcement of the change

Spokesman Ben Rootman said yesterday "We are preparing media releases "

The higher costs were part of the new "open-value" postal order the Post Office had introduced to give consumers the exact amount they required in a single postal order, instead of several postal orders in various denominations to make up an amount, said Mr Rootman

How the hike will affect the poorest

See page 5

"Customers found the previous postal order system old-fashioned and not meeting their needs," he said

But charities predicted the price rise would mean a drop in donations

"It will significantly hamper the success of our Weekend Argus Jackpot," said Ishmet Davidson, financial controller at Independent Newspapers

He said people gave a R1 donation, paid by postal order by most, for every entry in the competition run by the Weekend Argus Charity Jackpot fund, which in December gave hundreds of thousands of rands to various charities, including R700 000 to the Community Chest.

"People who have always paid by postal order may now decide it costs too much."

Cancer Association president Basil Bloch said "Not everybody has a cheque account. People will not want to pay more for postal orders, so fundraising will definitely suffer How can the Post Office justify charging R8 for a R1 postal order?"

Mr Bloch said charities would have to make other arrangements for receiving donations

Mr Rootman said people entering competitions should use the Post Office's donation coupons instead of postal orders.

"The donation coupon, the correct product, is available in denominations of R1, R2 and R5. The commission is 20c, 30c and 60c respectively, the same as the commission on the old, low-denomination postal orders "

Ansie van der Vlugt of the Cancer Association said all donations were welcome in whatever form, but cashing donation coupons was an "unreal schlep"

"Banks do not accept the coupons, which means we have to take them back to the Post Office and they have to give us a cheque to the value of the coupons which we then have to pay into our accounts "

Mr Rootman said the charge on larger postal orders was cheaper than bank rates and on the lower levels equal to bank rates

Mr Davidson said the Post Office had given no warning of the intended increase "There has been no official communication "

Postal order fee hike 'will hit the poor hardest' (267)

ARG 30/4/98

MANDLA MNYAKAMA
Special Correspondent

The steep increase in the cost of postal orders will mean hardship for people who send money to their families in rural areas.

The post office will charge between R8 and R25 to issue a postal order from tomorrow Customers also say the postal service has become so unreliable that many people are using bus and long-distance taxi drivers to take cash to relatives

"If they increase the cost of postal orders, they will hit us badly" said Mziwonke Booi, 54, a father of three from Tsolo in Transkei

Mr Booi, who lives in Nyanga East with relatives, gets a disability grant after being injured in an accident on a Gauteng mine and has a wife and children at home

He said the new postal order charges were a rip-off "I usually send money to my family back home in Transkei each month when I get paid. I use postal orders because it is a safe way to get money home easily.

"If they continue increasing rates it will mean that most people like myself, here at grassroots level, are going to be affected"

Some people with families in rural areas said they no longer used the post because their money had been "lost" and or had taken ages to reach its destination Instead they asked drivers of buses or taxis to deliver the money. Others asked relatives or friends to do so

Khayelitsha councillor Vuyani Ngcuka said although the postal services were not of acceptable standard and did not yet extend to all areas, the increase in postal order charges would affect the majority of people in areas like his

Most people who used postal orders did not have access to banks

Africa rings in the changes in information industry

(ab7)

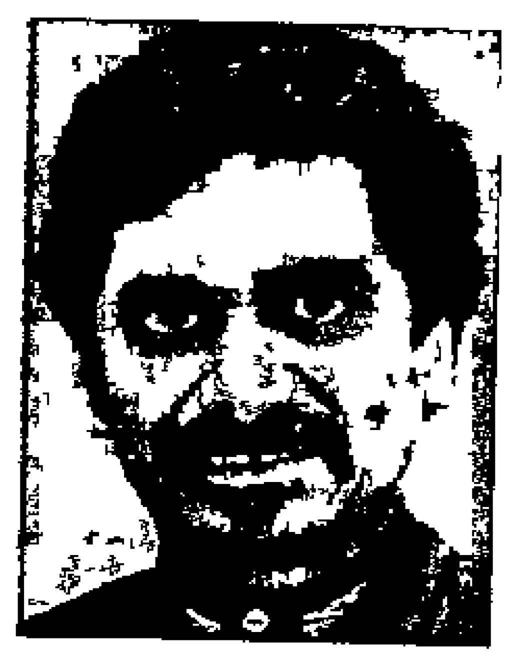
~~2b4~~

Privatisation and deregulation are transforming telecommunications, writes THABO KOBOKOANE

ST (BT) 3/5/98

THE winds of change are finally blowing across the African telecommunications sector as more nations privatise and liberalise, attracting badly needed investment in the process.

In the past two years, five countries have partially privatised their telecommunication operators, two have introduced a second operator in the fixed-line market, 15 private cellular companies have started up, while a dozen Internet service providers have sprung up as Africa seeks to join the international information economy



JAY NAIDOO

This is all based on several radical changes in Africa's regulatory regime, which has sought to separate posts from telecommunications, and to develop independent regulatory agencies

Although it has often lagged behind the rest of the world, there are signs that Africa is starting to wake up International Telecommunication Union statistics suggest a revival is on the cards

A report to be released today comes on the eve of Africa Telecom 98, the ITU telecommunications showpiece which opens tomorrow and runs until Saturday at Nasrec

The report shows Africa had one of its highest annual growth rates in phone lines, 10%, driven by the targets set out for privatised companies

At this rate, the ITU report says, the 1996 figure of 13 7-million main telephone lines could double by 2003

While most fixed lines remain state-run and only three countries have a second operator, "that privatisation has taken place in some of the region's largest economies makes it likely other countries will follow".

For the most part, the sale of national operators has been to strategic foreign investors bringing badly needed foreign exchange and investment

The report says the mobile cellular market is blossoming with subscribers numbers approaching 2-million But most of these are in SA.

It says, however, there is room for additional private investment in the sector, particularly as there are countries without any cellular networks "Mobile cellular, though relatively expensive, can help boost access by substituting for fixed lines," it says

Access to the Internet has also felt the pace of change.

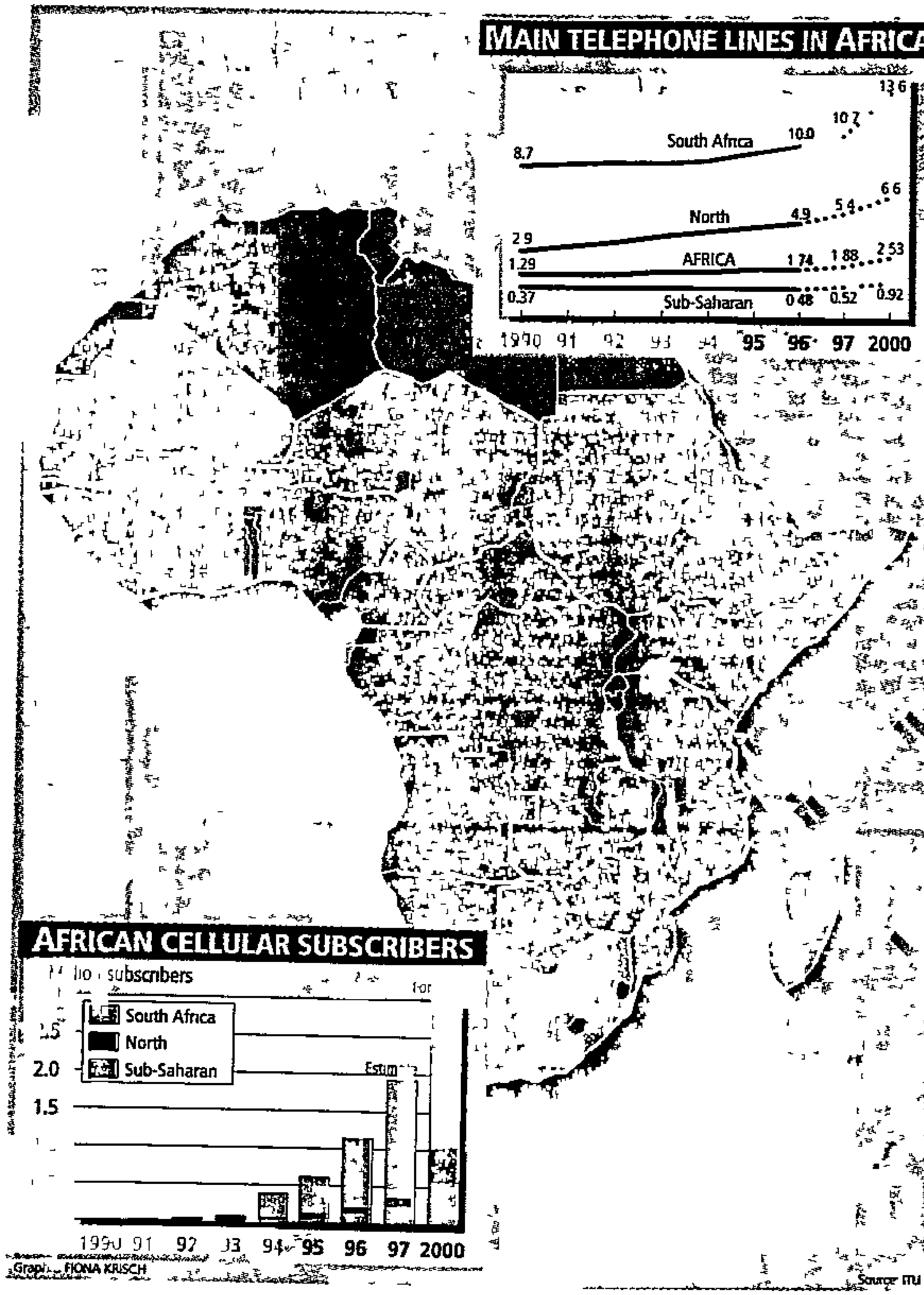
Most countries (47 of the 54) in the region have developed some form of Internet access in capital cities either through local dial-up E-mail, or through full leased-line service.

Despite all these achievements, the study warns the real challenge will be to extend "reasonable access to all"

While privatisation will increase the number of telephone lines and cellular service could supplement accessibility, the report adds that "these developments will need to be backed up by other policies to extend access at the community level"

It says the main challenge for African policymakers is to find ways in which the different sectors — state, private, local and foreign, formal and informal — can work together to achieve common objectives

Meanwhile Jay Naidoo, Minister of Communications, will announce the formation of the Africa Telecommunication Development Fund, which will use Africa Telecom 98 to raise funding for telecommunication infrastructure on the continent. "This vehicle will be a partnership between the public and private sector," says Naidoo



BUSINESS DAY, Tuesday, May 5 1998

Five African heads of state pledge support for telecoms reforms

(267) BD 6/5/98

Robyn Chalmers

FIVE heads of African states threw their collective weight yesterday behind key telecommunications reforms which aimed to catapult Africa into the information age.

Egypt, Senegal, Ghana, Ethiopia and Zimbabwe committed their countries at the Africa Telecom 98 conference to prioritising telecoms development and forging an African telecommunications development plan

The plan will address policy and regulatory frameworks, priority projects for Africa, financing and funding strategies and the need for partnerships between the public and private sectors

Deputy President Thabo Mbeki called for liberalisation and privatisation of telecommunications as well as consistent and stable telecoms policies to attract much-needed investment

Demand for access to telecoms services outstripped the existing physical capacity "Our governments and states, historically the monopoly providers of telecommunications infrastructure and services, are not able to generate the resources necessary to meet the telecoms challenge," Mbeki said.

Africa had to follow the rest of the world and open up the industry to private sector participation "I believe that by and large this matter is no longer in dispute in the majority of our countries," said Mbeki

President Nelson Mandela said a new vision was required for African telecoms. This should be based on the right of universal access to telecoms and the need for a massive investment in human resources

He said the investment needs of the rapidly expanding telecommunications industry could only be met through partnerships between public and private sectors "If this partnership is to have the maximum effect in promoting our goals, it will need to have some co-ordinated vehicle like a dedicated African telecommunications fund."

Mandela said such a fund would finance the infrastructural projects needed to extend telephony to every village in Africa. It had the potential to put the continent on the map of the global information society

Pekka Tarjanne, the secretary-general of the International Telecommunications Union, said Africa was witnessing a boom in cellular telephony while new kinds of satellite systems were due to begin operating in the coming months and years.

Tarjanne said the first signs of an Internet boom in some African countries was being seen "Governments across Africa are now recognising the enormous importance of telecommunications .. and are using their political will to implement change and upgrade their infrastructure," he said.

Rich pickings: Page 15

African renaissance call spreads to telecommunications

Underdeveloped Africa offers rich pickings for the telecommunications business, as the Africa Telecom 98 conference is likely to show. Victor Mallet looks at the continent's dismal record to date

BD 5/5/98 (267)

WHEN representatives of 400 companies and dozens of governments meet this week for Africa Telecom 98, they will repeat the mantra of "African renaissance" — and proclaim the continent as the last unexploited territory for big telecom investments

SA's Posts, Telecommunications and Broadcasting Minister Jay Naidoo has said the week-long exhibition and conference is "one of the most important events to be held this millennium in Africa". It is being held near Johannesburg by the United Nations International Telecommunication Union

Only one in 300 people in sub-Saharan Africa has a telephone There are fewer phones in the region than in Tokyo. However, if there is to be a renaissance in African telecoms to match the still fragile economic recovery, it is likely to result in the withering away of most of the state-owned monopolies that have served the continent so badly for so long

The inefficient monopolies often could not meet demand even for basic land-lines in their own capital cities. Now they are being left behind by new technology offered by foreign investors — including mobile telephony, satellite links and "wireless local loop" systems serving remote areas without the need for copper wire or glass fibre connections.

Few of the old-fashioned state telecoms firms are prepared for the increase in competition made inevitable by the worldwide telecoms liberalisation Nor have they always grasped the implications of the convergence of the technologies of broadcasting, voice telephony and data transmission.

The International Telecommunication Union's African Telecommunication Indicators 1998, published yesterday, paints a sorry picture of state companies that have failed to meet demand for telephone services — even though this is a region where revenue per line is high by world standards

In many countries — including Malawi, Swaziland, Sierra Leone and Tanzania — would-be telephone users have to wait about 10 years to be connected, according to the union's incomplete statistics

In Guinea, the report shows, there are a remarkable 937,5 faults per hundred lines each year, which suggests that the average subscriber (there are only 16 200) has nine or 10 faults a year Even Zimbabweans suffer 240 faults per 100 lines annually.

In the Democratic Republic of the Congo, there are only eight main lines for every 10 000 inhabitants, and in Chad, nine per 10 000. In SA there is more than one main line for every 10 people

Figures such as these have whetted the appetites of the international companies exhibiting their wares in Johannesburg this week. In some countries, modernisation with the help of new investors is already under way. The International Telecommunication Union notes that there were five privatisations of African public telecoms operators in 1996 and 1997, compared with only one between 1990 and 1995. It also notes that a dozen nations have established independent regulatory agencies in the past two years

"The African mobile cellular market is blossoming," the report says, although it acknowledges this is partly because of the inadequacy of the ordinary network. Naidoo said last week that SA would grant its third licence to operate a cellular network before the end of this year.

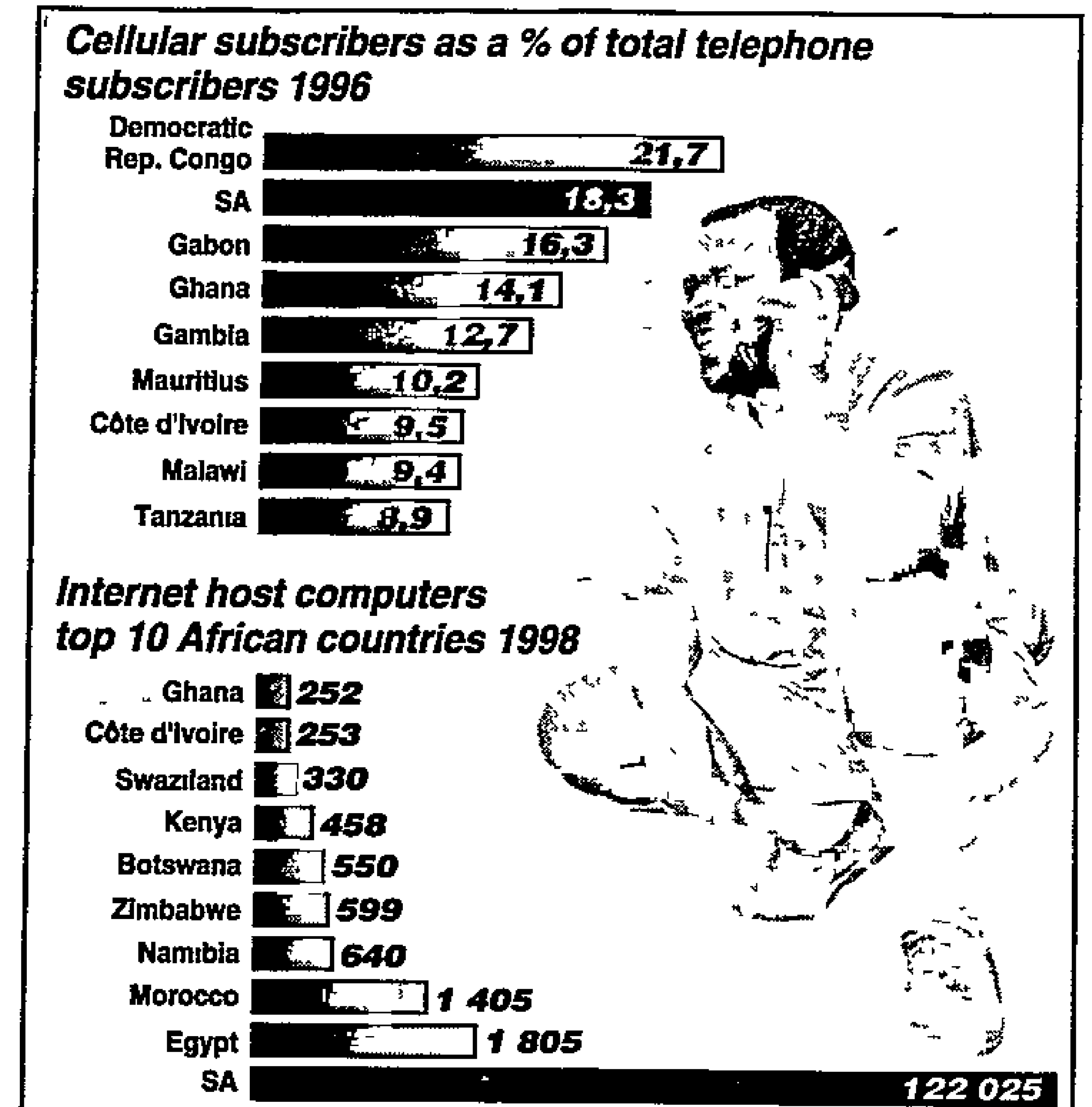
A day later, DSC Communications of the US announced that Celcore, its cellular infrastructure division which specialises in smaller markets with low subscriber densities, had signed a contract to install a system in Lagos, Nigeria's biggest city.

However, Africa is likely to remain a relatively small and difficult market for many years. Of the $95bn raised worldwide for telecoms privatisation in the past four years, only $1,7bn was directed at Africa — most of that for SA.

An international dispute over US attempts to reduce settlement rates for international calls, which provide many African telecoms operators with a substantial net income in dollars, has yet to be resolved. "Even with the most optimistic assumptions," the union concludes, "fewer than one in 50 Africans will have direct phone access by the end of the decade."

Naidoo, however, is enthusiastic about using telecoms as a tool for African economic and social development "This is not a dream. It is very much part of reality," he says "The fact that we are among the least-developed countries in the world in terms of telecoms is not so much a disadvantage as an opportunity" — Financial Times.

Telecommunications in Africa



Graphic KAREN MOOLMAN Source ITU WORLD TELECOMMUNICATION DATABASE

'Telephones for Africa' plan in danger of failing

LLEWELLYN JONES (267)
BUSINESS REPORTER
ARG 5/5/98

Johannesburg – The vision of universal access for all Africans to basic telecommunication services is in danger of failing, says President Mandela.

Speaking at the Africa '98 exhibition here yesterday, he said Africa needed to set up a dedicated fund to finance telecommunications.

"Such a fund would finance the infrastructural projects needed to extend telephony to every village in Africa and would certainly put the continent on the map of the global information society," said President Mandela.

But the task would not be easy. He warned that problems included imbalances between staff in industrialised and developing countries – imbalances that could easily become entrenched.

President Mandela said Africa needed a new vision based on the fundamental right of universal access to telecommunications

"To do this, we have to overcome the most pressing challenge facing Africa in this sector – limited finance for investment in infrastructure."

President Mandela said the investment needs of the rapidly expanding telecommunications sector could not be met by the public sector alone.

"They can be met only through partnerships between the public and private sectors.

"Such partnerships will promote a climate for sustainable investment in infrastructure that guarantees good returns and, at the same time, helps close the information gap

"We have to acknowledge that the targets set by developing countries to bring all humanity within easy reach of a telephone will not be achieved on our continent as the new millennium dawns."

International Telecommunications Union secretary-general Pekka Tarjanne said telecommunications spending in Africa was expected to reach about R100-billion by 2003 Africa was expected to have about 20-million lines by 2000, he said

REUTERS

Connected: Toure Diadie from Mali with a new-generation satellite phone

COMMUNICATIONS *Africa 'needs $20bn input to succeed'*

Mandela calls for telecoms aid

CT (MR) 5/5/98 (767)

Sherilee Bridge

Johannesburg — Africa's telecommunications development vision was in danger of failing if it did not receive aid through foreign investment, President Nelson Mandela said yesterday

The International Telecommunications Union (ITU) has predicted that about $20 billion would have to be invested in the African telecommunications infrastructure during the next five years

Africa plans to increase the number of telephone lines on the continent from the existing 14 million to 23 million by 2000 at a cost of $1 500 a line

Speaking at the opening of the Africa Telecom '98 exhibition at Nasrec, Mandela said investment needs in this rapidly expanding sector could not be met by the government alone.

The biggest challenge facing African governments was limited financial resources Many governments were therefore considering privatising their networks as a means of pumping foreign currency into the communications backbone

Mandela said a restructuring of the telecommunications sector would help maximise the use of these scarce resources. African countries spent $2,8 billion on telecommunications last year

The ITU said countries not willing to take on foreign equity partners as investors to preserve monopolistic control of the sector would find the country's growth stunted

Partial privatisation of national telecommunications operators in Ivory Coast, Guinea, Ghana, Senegal and South Africa have meant that teledensities of the countries would be fast tracked because of network expansion targets featuring in the deals.

South Africa's partial privatisation deal, in which SBC Communications of the US and Telekom Malaysia took a 30 percent stake, generated $1 billion in investment and has pushed teledensity growth in the country to 10 percent a year.

Foreign investors in other African networks expect 20 percent growth as part of the sale.

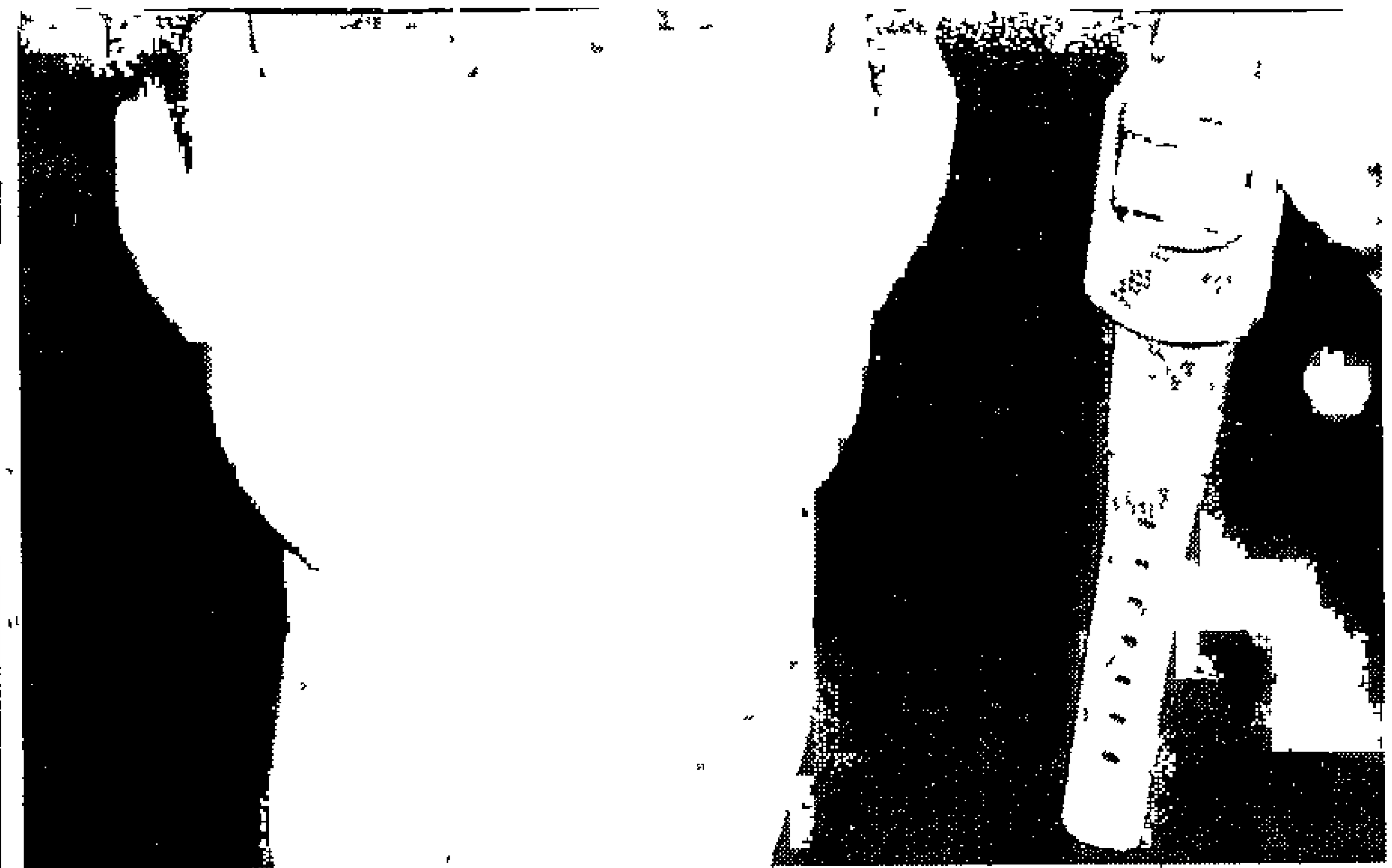
If this is accomplished, teledensities in those countries will rise to more than one telephone for every 100 inhabitants

Thabo Mbeki, the deputy president, said at the exhibition that it was clear Africa had to follow the rest of the world in opening up the telecommunications sector to private participation

"Inevitably we have to go along the route of the liberalisation of the telecommunications sector and the introduction of competition, within the overall national development goals," Mbeki said

He said a strong regulatory system was imperative to the creation of a stable and transparent environment to attract investment.

LINING UP *President Nelson Mandela and Pekka Tarjanne of the ITU cut the ribbon to open the Africa Telecom '98 exhibition yesterday while Jay Naidoo, the telecommunications minister, and unidentified officials look on* PHOTO SHAUN HARRIS



Koji Hirata, senior manager for Tokyo's NTT Global Business, holding a prototype of a wristwatch cell phone at the Africa Telecom '98 conference and exhibition at Nasrec exhibition centre south of Johannesburg. The conference focused on universal access to unversal science and how this could be achieved. The event is the largest of its kind held in Africa.
Picture TREVOR SAMSON

Naidoo calls for business to help in telecom's growth

Robyn Chalmers BD 6/5/98 (267)

AFRICAN governments are ready to enter partnerships with the private sector and will bring projects and strategies to the table, says Posts, Telecommunications and Broadcasting Minister Jay Naidoo

At Africa Telecom 98 — the largest telecoms conference on the continent — Naidoo said African leaders were ready to embrace the new trend of globalisation.

"(The private sector) will have to enter the debate recognising some of the difficulties facing African countries . but we do mean business." The issue of universal access and service should form the centrepiece of the conference's talks, he said.

Naidoo said 20-million lines were being delivered in China each year and this was set to rise to 25-million, with an estimated $20bn a year spent on telecommunications development

Africa needed to follow a similar path and dramatically increase the number of lines being delivered to communities Africa recorded its highest annual growth rate in main telephone lines of the decade last year, with the number of lines in sub-Saharan Africa, SA and Northern Africa rising 10%

"If this rate of growth could be sustained, it would suggest that the 1996 number of 13,7-million telephone main lines should almost double by the year 2003," said the International Telecommunications Union in its latest review

Naidoo said SA would deliver 3-million new lines in the next few years and was setting up a digital fibre optic backbone This was part of a deal forged with SBC and Telekom Malaysia when the SA government sold 30% of Telkom.

Craig Barrett, the president and CEO of the US's Intel Corporation, told the conference there was a convergence on the horizon between computers and communications "We are moving to a world of 1-billion connected computers early in the next decade "

Sapa reports that Nigerian Communications Minister Maj-Gen Patrick Aziza said there was an urgent need to place telecommunications on the sociopolitical and national development agenda of African countries in order to attract investment

He said the move would help transform developing countries into information technology markets

The other challenge was to transform into a paperless automated technology-using society

Egyptian President Hosni Mubarak was to have delivered a message to the conference via satellite, but the link failed and his speech was read by Egyptian ambassador to SA Moushira Khattab

□ Police yesterday arrested a man near the conference centre when he allegedly pointed a firearm at a security guard

The man allegedly drew his firearm when the guard told the suspect not to park in a reserved bay for buses ferrying delegates to the conference

African Connection aims at access for all

Star 9/5/98 (267)

By UFRIEDA HO

A final plan of action has been forged for African politicians to reach the goal of telecommunications access across the vast continent.

At the Africa Telecom '98 conference at Nasrec yesterday, the document, entitled African Connection, was finalised and accepted in principle

The proposals are, however, not binding.

The document originated at preparatory workshops leading up to this week's Africa Telecom '98. Officials from 32 African countries prepared the document's groundwork in Cape Town in February

One of its most crucial points is a strategic funding and financing plan

The document outlines two studies which will be undertaken to assess the level of investment in the telecommunications sector over the past five years as well as a study which will find appropriate telecommunications indicators for the continent.

Ghana's Minister of Communications Ekwow Spio-Garbrah said current indicators for teledensity was a Western concept that was unrealistic for the continent

He said the Western concept of every individual owning his/her own phone could not be an immediate goal for Africa

"We are aiming for universal access through communication centres rather than for every individual to have their own phone," Spio-Garbrah said.

He said it was more realistic for Africa to achieve universal access through facilities such as community tele-centres

"We need African solutions for African problems," said Mauritian Minister Sarat Dutt Lallah

Minister of Posts, Telecommunications and Broadcasting Jay Naidoo said there had to be a balance between return on investment for funders as well as governments' development goals

He added that in putting the African Connection into gear there would be negotiations with, among others, the Development Bank of Southern Africa, the World Bank and the International Telecommunications Union

Visitors inspect some of the hi-tech goods on offer at the Africa Telecom exhibition in Johannesburg.
PIC ANTONIO MUCHAVE

Devising a grand plan for Africa

(367) Sowetan 11/5/98

By Sharon Chetty

AFRICA'S PREMIER telecommunications conference last week may have showcased wares of the world's leading technologists – but the overriding issue remained basic how to deal with this continent's telecommunications backlog

And in an effort to add substance to the discussions, a report charting the course of how Africa will be "catapulted into the 20th Century" was released on Friday by Communications Minister Jay Naidoo and his counterparts

The majority of the continent's 53 communications ministers have committed themselves to a grand plan, the first stages of which are expected to be implemented by June 2000

But while the ministers clearly have a vision for a telecommunications revolution (delivery of lines will have to more than double just to meet the target), they will first have to overcome the social and political problems of the continent which has the largest number of the least developed countries on the globe

Naidoo emphasised that the report, which is not binding, illustrated the commitment of most governments to the task

"What we are saying now is that there is a political will that we are going to work together"

He pointed out that until now, the obstacle had not been lack of investment or funds or the delivery of lines, but rather political will

Wars and conficts

Acknowledging scepticism of the success of such a plan on a continent constantly riven by wars and conflicts, Naidoo said "The past century was dominated by an unhealthy dose of Afro-pessimism we are now making a serious commitment to take our continent into the next century

"It is no small feat that we got the majority of African telecommunications ministers to agree (to the plan)"

The ideas have been under discussion since February and the overriding ambition is that much has to be done quickly to take Africa into the global information society

Priorities will include developing the industry to provide tele-medicine, tele-education and tele-agriculture facilities and increasing access to the internet Tele-centres in rural areas will ensure that larger numbers of people have access to telephones.

"In Africa, access is the issue. If in a village of 500 people we manage to put in 10 payphones not everyone will have a phone, but they will have access."

However, all this will only be possible if there is adequate infrastructure, which requires careful planning and implementation

Over the next 24 months, policy and legislative frameworks will have to be worked out, regulatory systems established and a pool of African expertise harnessed for coordinated spectrum management and frequency planning

The plan will be discussed at as many forums as possible, says Naidoo and will be on the agenda at the Organisation of African Unity's heads of government meeting in June and at the Pan African Telecommunications Union summit in August

Some of the policy issues include separating government from regulators and setting up independent regulators, ensuring that as many people as possible (the majority of whom are in rural areas) have access to basic services, creating conditions that will attract investors, developing local communication industries to be globally competitive while encouraging fair competition and preparing for a convergence of technologies, and liberalising the industry by encouraging more private investment

One of the ideas mooted is the creation of a central fund, a database and facilities for "one stop shopping" for investors, who will then be spared the need to go to every country to look at projects or waste time on development that may be too small for their investment

In principle it has been agreed that an African Telecommunication Development Fund should be set up and institutions like the World Bank and Development Bank be approached for funding

A study will be done on investment in the sector over the past five years and how to increase it over the next five Yardsticks "appropriate to African conditions" will also be worked out

While the plan was to have a government-private sector partnership working on providing the service to Africa's needy, there will have to be a balance between investors getting a return on their investments and human develop, said Naidoo

Ghana's minister for Communication, Ekwow Spio Garbrah, pointed out that the Western norm of one telephone per person did not necessarily apply to Africa and suggested that there had to be a "fundamental reappraisal of norms"

"In Africa, access is the issue If in a village of 500 people, we manage to put in 10 payphones, not everyone will have a phone, but they will still have access," he says

One of the aims will be to avoid establishing huge infrastructure Thus, there is likely to be a "virtual secretariat" which communicates electronically while working on the project rather that a full time group rooted in one place

Human resources

While an African affirmative action plan will be necessary and developing human resources in the industry will be a priority, centres of excellence will also be set up to ensure coordination of the plan

The human resources policy will have to take into consideration imbalances between different countries as well as the urban-rural divide Therefore a network of human resource institutions are envisaged

A feasibility study will be done on a common accreditation and certification programme for people trained in the continent's institutions

An important consideration will be that each country or region is at a different level of development For example, South Africa's priorities and needs will be different to Ethiopia's or Sudan's, where basic development is still necessary A mechanism to ensure experience and expertise is shared, will be implemented

One of the main concerns is to reduce the gap between the "information and technology rich" and the "information and technology poor"

Unless there is a proper strategy, the information revolution will make the divide the "widest gap in history", which may later become almost impossible to narrow, let alone close, say the African ministers

● See page 13

Continent must tune in to global vision

Now that Africa's leaders have developed a common vision for the future of the continent's telecommunications, they need to create an environment to attract investment to the required initiatives, argues specialist writer Robyn Chalmers

(267) BD 12/5/98

PRIVATISATION, liberalisation and public private sector partnerships. This was the mantra of Africa Telecom '98 — the largest and hopefully most influential telecommunications conference yet held on the African continent.

The reality is that African leaders have no option but to get in line with these trends. The goal of extending telecommunications services to all of Africa's inhabitants will not be achieved unless African countries release their monopolistic death grip on telecommunications utilities.

But in its attempts to overcome problems with colonial legacies, debt, economic oppression, development needs, a low skills base, corruption and megalomania, is Africa a safe investment for an industry preparing to make the rules in the next century?

The question churning through the minds of African delegates, on the other hand, is whether the global private sector can be enticed to invest the more than $20bn the International Telecommunications Union (ITU) believes is required over the next five years to provide much-needed telecommunications infrastructure. Indeed, in terms of a "road map" document drawn up by African ministers, it is estimated that $750bn will have to be spent on infrastructure in order to meet the target of doubling the number of telephone lines to 50-million within five years.

Posts, Telecommunications and Broadcasting Minister Jay Naidoo said answering these questions was precisely the point of the conference. Africa Telecom '98 aimed to align commercial objectives with developmental goals while ensuring Africa enters the 21st century in a competitive position. This was premised on the need to ensure universal access to telecommunications for all at an affordable price and at acceptable quality.

The task is huge. Africa's governments — historically the monopoly providers of telecommunications infrastructure and services — are unable to generate the resources necessary to build the information society. The only way to meet the telecommunications requirements of developing countries is to create an environment to harness private sector investment through partnerships with the public sector. This could take various forms, including strategic equity partnerships, joint ventures and business co-operation contracts.

But will private sector investors view Africa as a land of opportunity? Some of the world's largest telecommunications companies were represented at the conference — the US leader Intel Corporation, IBM and Lockheed Martin, as well as companies from Europe, Asia and Africa.

Many said they were enthusiastic about Africa's potential and a number unveiled plans to invest in the continent.

Intel president Craig Barrett made much of the potential of applications of telecommunications technology in Africa, such as telemedicine and tele-education in rural areas.

He warned, however, that countries that install technologies to solve today's problems will fall further behind if they do not address the problems of tomorrow. The key, he said, was to build an infrastructure which had high bandwidth capacity, as this would allow the advantages of computerised healthcare, education and business to flow through.

Most players have made it clear that key reforms will have to take place if there is to be investment on the scale required in Africa. Restructuring and technological innovations will be important drivers to transform the industry away from national monopolies to a variety of deregulated and privatised operators and service providers.

Consistent, stable telecommunications policies and a uniform regulatory environment are required to attract investment and facilitate the access of service providers to the network.

These need to take place within an environment that promotes fair competition. A common and unified African position is seen as key to Africa achieving its vision of being an integral part of the global information society.

One of the most encouraging aspects of the conference was the high level of consensus reached by African ministers in developing a plan to improve telecommunications infrastructure. The ministers committed themselves to developing a policy and regulatory framework for the continent and the creation of an African telecommunications development fund.

Soothing sounds were made towards the private sector by many of the high-profile people at the conference. Deputy President Thabo Mbeki threw his weight behind the notion that Africa would have to follow the rest of the world and open up the telecommunications industry to private sector participation. So did the heads of state of countries such as Egypt, Senegal, Zimbabwe, Ghana and Ethiopia.

Moreover, these governments are recognising the enormous importance of telecommunications in today's modern society, and are using their political will to implement change. At the same time, said Mbeki, there is a burgeoning desire by local people to exploit the business opportunities telecommunications brings. These two factors, he believed, would together ultimately bring about the great African Renaissance.

The International Telecommunications Union says telecommunication growth in Africa remains both steady and slow.

With a few exceptions, growth in new main lines has not been as fast in other developing regions. Worse still, the teledensity (the number of main lines per 100 inhabitants) fell in eight countries between the start of the decade and 1996.

The past few years have seen new private companies entering the sector, putting the continent on par with developments in other regions. There were five privatisations of African public telecommunication operators in 1996 and last year, compared to just one between 1990 and 1995.

By the start of this year, about 17 operators in the region had some degree of private and/or foreign ownership. Fifteen new private mobile cellular companies have started up operations since 1995. The number of cellular subscribers passed the 1-million mark in 1996 and should surpass the 2-million mark this year.

Telecommunication Indicators 1998, published by the ITU, says Africa has lagged behind other developing country regions in economic growth during the 1990s. But, according to the International Monetary Fund, Africa will record GDP growth of 4,7% this year, just behind Asia.

In the wake of the Asian financial crisis, Africa, it says, might actually take over as the fastest growing region in the world. Angola, Uganda and Botswana are forecast to be among the 10 fastest growing economies in the world this year, thanks to an improvement in the terms of trade for mineral resources and agricultural commodities.

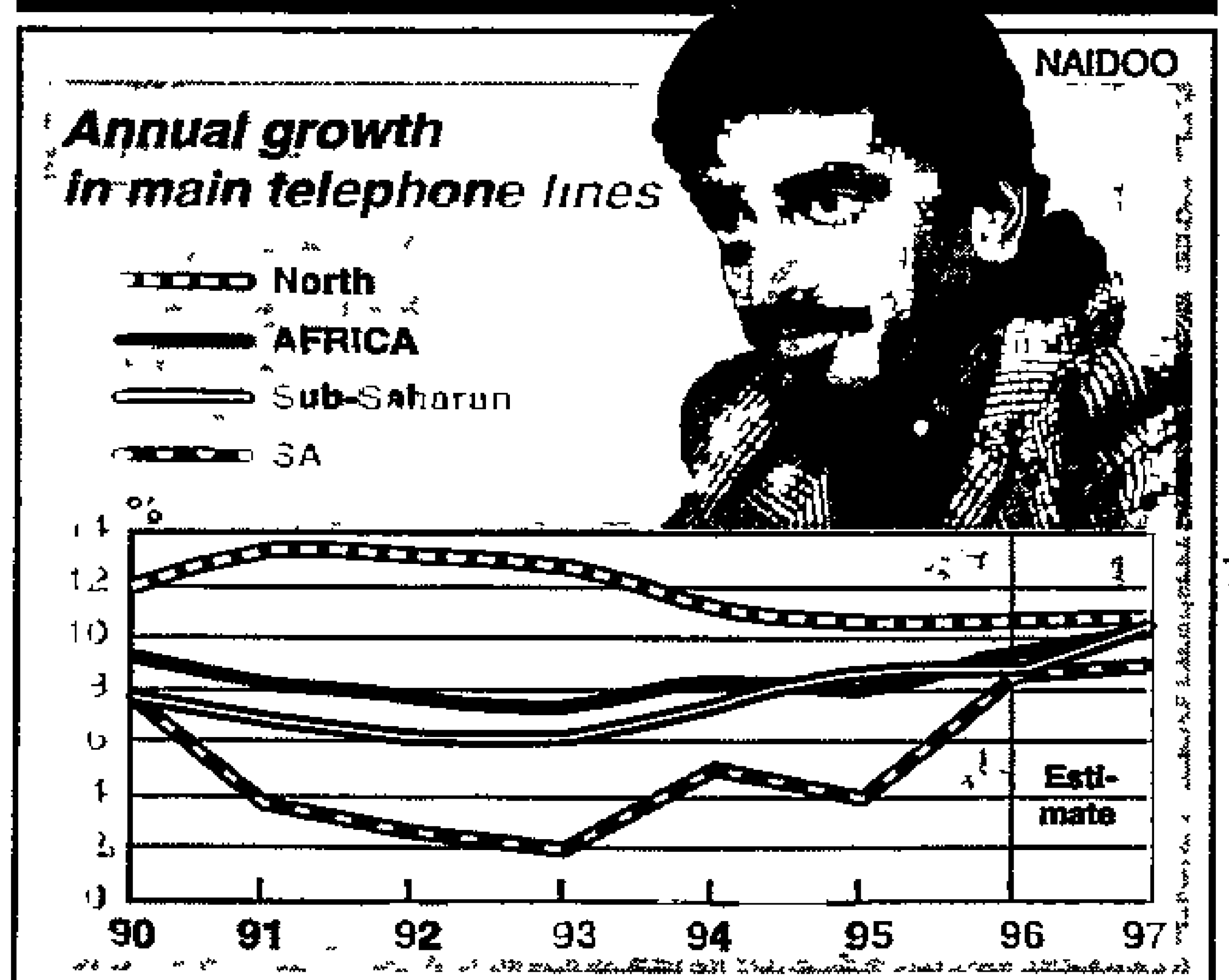
The transformation is also evident in the African telecommunications market.

It is unclear at this stage whether the private sector will come to the party in anything like the magnitude required to build an infrastructure backbone. For them, the profit incentive will no doubt be a key factor and it will depend on whether or not the returns of investing in African telecommunications compare with that in other parts of the world.

Now that African leaders have cleared the first hurdle and forged a common vision for infrastructure development in Africa, the main challenge is to create stable and transparent environments to attract investment, while creating a regulatory framework.

For Africa, Telecom '98 represents a commitment from key players — notably heads of state — to making a start towards catapulting into a century where information is currency and fuel for a global economy.

Trends in Africa



Graphic: KAREN MOOLMAN
Source: ITU WORLD TELECOMMUNICATION INDICATORS DATABASE

Telkom rings up a record with phone call charges

(367)

Plan to narrow gap

ARG 12/5/98

BUSINESS EDITOR

Telkom's local phone call charges are low compared with those in other countries, but long-distance and overseas calls are much more expensive in South Africa, a new survey has found

The survey of 11 countries by National Utility Services found that although Telkom cut the price of long-distance and international calls in January, they were still much more expensive than in most of the other countries studied

National Utility Services has offices in several countries and provides information on water, phone and energy costs to 750 000 clients across the world

Though Telkom's trunk-call charges dropped more than 13% in January, South Africans are still paying a hefty R3,55 for a three-minute call over 200km, compared with about R2,72 in the United States, R2,29 in France and R1,16 in Britain

Only in Germany do customers pay more for trunk calls than in South Africa

The price of international calls was reduced by 15,5% in January, but at R13,74 for three minutes to New York or London, calls still cost more in South Africa

In Britain, where international call rates have dropped nearly 36% in a year, callers can talk to New York for three minutes for just R3,26 and in France, where charges have been slashed more than 47%, an international call costs R4,23.

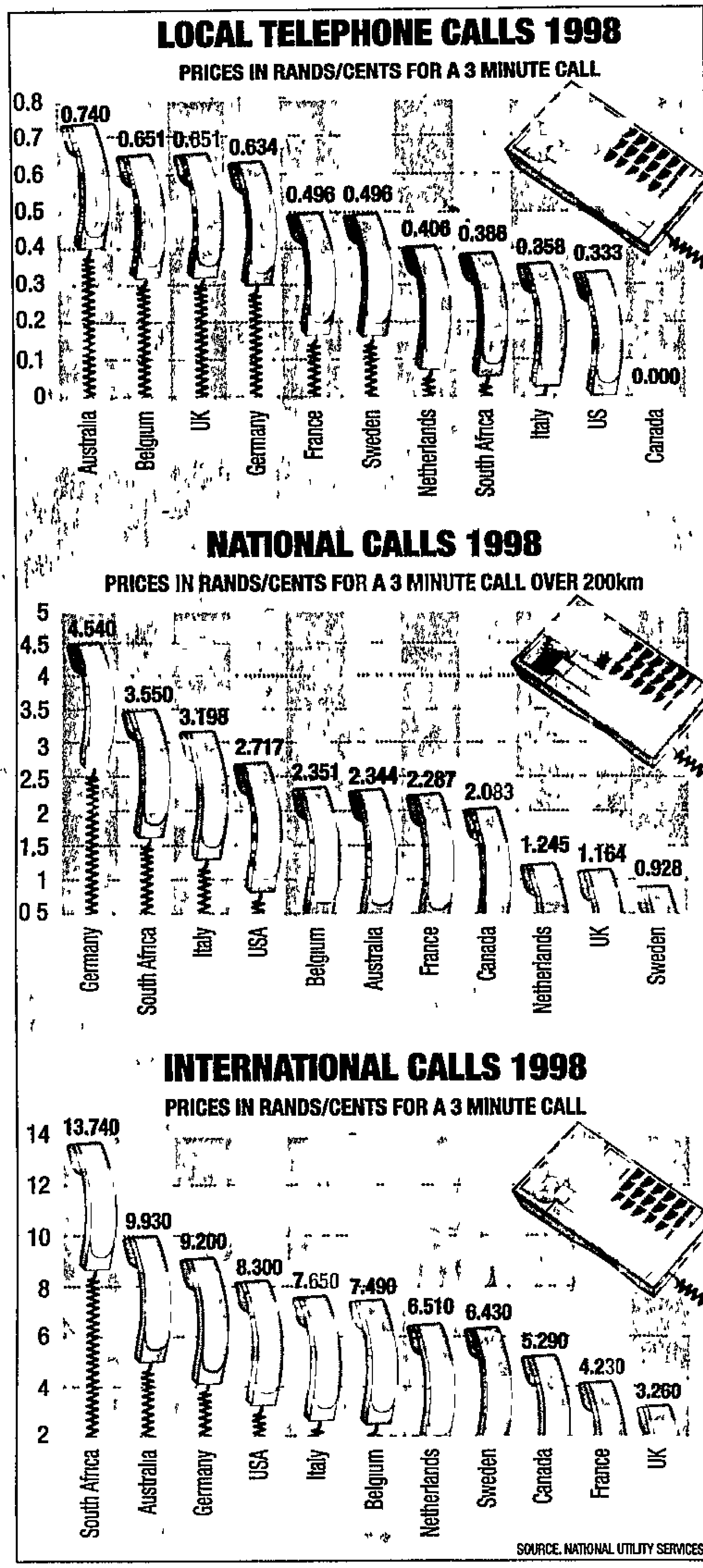
But Telkom does beat most of the competition on local calls in spite of the 25% hike in January, South Africans are still paying less than callers in overseas countries

Commenting on the figures, Telkom corporate communications senior manager Zeona Motshabi said they were narrowing the gap between the prices of local and of long-distance calls

"Telkom's local call rates have been too cheap in relation to costs, and long-distance rates too expensive

"In many countries, a long-distance call costs only 4,5 times more than a local call "

Until January this year, long distance calls had cost 13 times as much as local calls, but Telkom had now reduced this to nine times, she said



Telkom sure it can meet targets, but admits to bad service

Robyn Chalmers (227) BD 13/5/98

TELKOM is on track to meet delivery and training targets set by government last May when 30% of the utility was sold to foreign partners, but its customer service record remains shoddy

Telkom and government officials indicated that service complaints had continued to rise despite a decision to invest R1,7bn in raising standards

Government signed an agreement a year ago today with Thintana Communications, comprising US-based SBC and Telekom Malaysia, on the sale of 30% of Telkom for R5,6bn In terms of this and Telkom's licence, Telkom has to meet stringent targets within a five-year exclusivity period or pay penalties

By the end of the five years, with a possible sixth year of exclusivity should the targets be exceeded, Telkom must be able to clear 97% of business and 90% of residential faults within 48 hours

The existing residential waiting list must be cleared by October next year, itemised billing must be introduced by the end of exclusivity and 80% of orders for residential telephone orders must be met within 28 days Failure to meet these targets will lead to penalties being imposed by the SA Telecommunications Regulatory Authority

Officials were confident these targets would be met, although, one said "It will take some time to change the culture of Telkom Some progress has been made . . but much more needs to be done to deal with complaints "

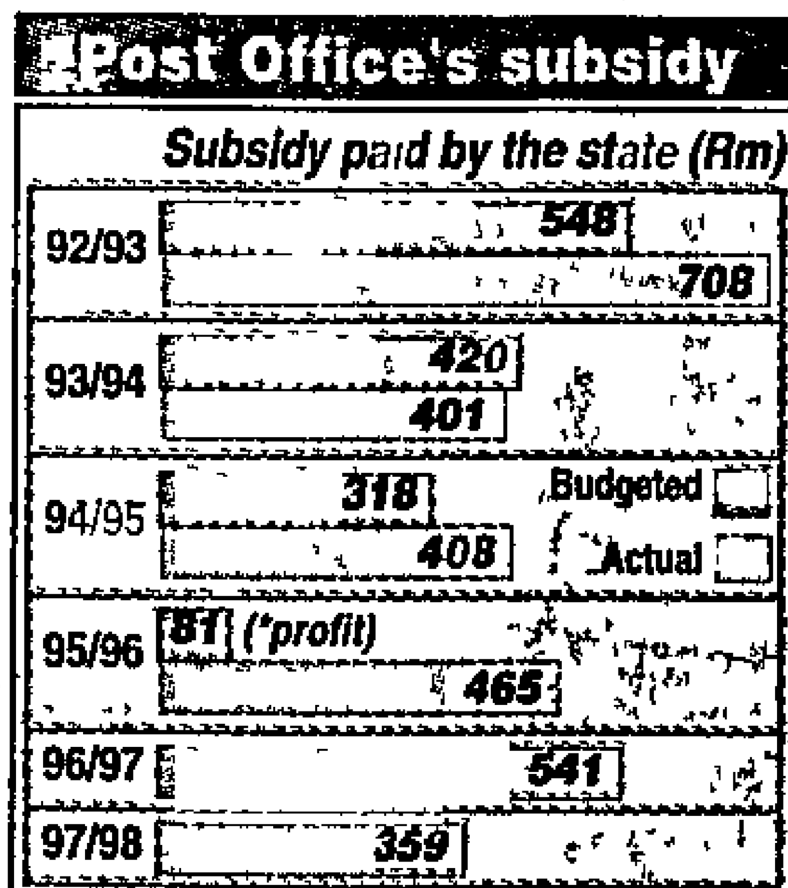
Govt to end Post Office's monopoly

BD 14/5/98 (267)

Robyn Chalmers

GOVERNMENT is set to outline plans today to break the Post Office's monopoly on letter deliveries and pave the way for private sector ownership in the Post Bank.

A partnership between the Post Office and a private company or a foreign postal service is also on the cards to bolster the loss-making Post Office's management skills. These and other recommendations aim to set the Post Office on a sounder financial footing, wean it off its average R500m-a-year state subsidy and provide up to 500 000 new postal addresses to disadvantaged communities a year.



*Note Expected profit by the Post Office in terms of a 1992 "turnaround strategy", which failed to come to fruition

Graphic: KAREN MOOLMAN
Source POST, TELECOMS & BROADCASTING MINISTRY

The proposals are in a white paper due to be unveiled by Posts, Telecommunications and Broadcasting Minister Jay Naidoo in Cape Town today.

Industry and government sources said the most far-reaching part of the white paper was the plan to relax the Post Office's monopoly on letter deliveries. The Post Office has a monopoly on all letters of up to 2kg. Under the new plan, this weight threshold will be gradually reduced. The monopoly will be reviewed every three years as competition is introduced.

The rationale for the move is that the SA postal market is becoming increasingly competitive and government wants the Post Office to meet the challenge with more efficient operations. "Government is likely to start exposing the Post Office to elements of the market. Pressure is being put on the Post Office to improve its efficiency," said one postal official.

Another official said that precedents were being set in places such as Argentina and the Philippines for greater competition in postal markets and even the partial privatisation of postal agencies.

The central pillars of the Post Office's new policy will be universal postal service, greater equity in the distribution of services and improved service.

The private sector as well as foreign postal administrations may be invited to tender for the management partnership with the Post Office. The Post Bank is expected to be restructured, first as a profit centre overseen by a subcommittee, and after two or three years as a standalone Post Office subsidiary. Thereafter, government will consider selling a stake.

According to an internal report published last month, the Post Office has steadily improved its delivery times

Continued on Page 2

Post Office (267)

Continued from Page 1

BD 14/5/98

since 1995 when it was estimated that 29% of all mail was delivered on time. About 90,8% of all mail is now being delivered on time.

Government has given the Post Office three years to wean itself from its subsidy, and Post Office officials are confident this target will be achieved.

The Post Office is moving away from traditional outlets towards postal agencies and franchises with expanded services.

Rebalancing postal tariffs is another issue likely to be addressed in the white paper. The Post Office raised tariffs 10% on average on April 14 this year, which brought the cost of posting a standard letter to R1,10. Tariffs rose an average 40% last year as the Post Office moved to lift revenue and reduce its reliance on the subsidies.

Loosening Post Office's grip may prove costly

(267)

Private sector representative feels that remote towns are going to have to dig deeper for their deliveries Star 15/4/98

BY RYAN CRESSWELL AND SAPA

The Government's plans to limit the Post Office's monopoly on letter deliveries could increase mailing charges, but would increase the choices available, direct-mailing companies said yesterday

The proposals are contained in the government white paper on postal policy unveiled yesterday by Posts, Telecommunications and Broadcasting Minister Jay Naidoo

Speaking at the launch in Cape Town, Naidoo said the white paper created the framework for the Post Office to become a world-class operator in a market which was becoming increasingly competitive

Among other things, it suggests a break in the Post Office's monopoly, which at present applies to all letters up to 2kg

It is proposed that this be reduced to 1kg

"It is the Government's belief that the growth of competition is healthy for the sector, the economy and the public," he said

A spokesman for Express Mailing Service in Johannesburg said he believed a change might prove an advantage to direct-mailing concerns because they could advise clients on various choices.

"At the moment there are no choices," he said

But Mailmaster managing director Steve van Heerden said private postal services might charge high rates to deliver to small towns.

He said his company sent mail to places throughout southern Africa, many of them remote

"I don't like monopolies but at the moment the Post Office is working for us," he said.

Van Heerden added that about 90% of mail was now reaching its destination on time.

He said he would be surprised if the new plans became law.

The plans propose that a postal regulator be established in the ministry with the aim of achieving universal service and making regulations for the sector

The regulator would monitor and protect the exclusive rights of the Post Office in respect of "reserved services", and would also ensure that the Post Office did not abuse its present monopoly position in the market

The white paper also proposes that tariff increases be regulated and linked to the inflation rate.

Postal regulator will oversee changes to structure and service

BD 15/6/98 (267)

Vuyo Mvoko

CAPE TOWN — Posts, Telecommunications and Broadcasting Minister Jay Naidoo is set to establish a postal regulator within his ministry, whose task would be to make regulations for the sector and ensure universal access through the provision of adequate infrastructure.

The Post Office, in terms of the provisions of the white paper released in Cape Town yesterday, would be given a licence to operate for 25 years and would be granted "exclusive privileges" for determined periods of time, after which conditions would be reviewed.

The regulator would protect the Post office in the carrying of letters and in the issuing of stamps within SA.

However, the present monopoly that applied to all letters up to 2kg would be reduced to 1kg and the situation reviewed every three years as competition was introduced.

Naidoo said the regulator, which would report to and advise him, "will monitor and protect the exclusive rights of the Post Office with respect to the reserved services, and will also ensure that the Post Office does not abuse its monopoly in the market".

The white paper said regulation would be imposed only on tariffs within the Post Office's reserved areas: "Market mechanisms should regulate the competitive areas of service provision. Tariffs in the reserved areas will be cost-based and the regulator will ensure there is no cross-subsidisation of non-reserved areas from the reserved areas."

The regulator would also judge the delivery service and resolve disputes, including unfair practices.

The Postbank would have to become "a bank of first choice" for the lower income groups, ultimately becoming a full-fledged savings bank, run as an autonomous company owned by the Post Office or government, probably with a strategic equity partner.

Naidoo emphasised that for now, however, the focus would be on the postal service ensuring that all citizens had equal access to a basic letter service.

Is this the end of the airline's nosedive?

Mkwanazi must return carrier to profitability and improve morale

(267)

FM 15/5/98

The tide may be about to turn for SA Airways (SAA), the State-owned carrier crippled by mounting losses, riven by racial tensions and crying out for a coherent business strategy

The departure of Zukile Nomvete as executive director of SAA "has opened the door for the airline to return to profitability," says one senior SAA official

Nomvete has been replaced by Mafika Mkwanazi, deputy MD of holding company Transnet and executive director of Spoornet By all accounts the new SAA chief brings with him a radically different management style, which many believe accounts for his successful two-year tenure at Spoornet

Johan Hugo, Spoornet manager of communications, says Mkwanazi encourages his staff to give their best "He is popular with all staff They root for him because they feel that he scrums down with them, not against them Obviously, some whites retired on pension, but the number who left because they objected to working under him is minimal"

Mkwanazi faces two major tasks — to return SAA to profitability and to mend fences among divided and demoralised managers

To begin with, there may be a case for some headhunting Under Nomvete's stewardship a number of senior managers baled out Among them were Gary Webb, who had positioned the airline internationally, Nick Vlok, snapped up by Comair, TV personality Felicia Mabuza-Suttle, who headed the PR department, and Martin Sebeshu, who was in charge of human resources

Controversy still surrounds the suspension earlier this year of Johan Kuit, executive manager of passenger marketing Some managers are pressing for his reinstatement, arguing that no evidence has surfaced to warrant the action taken against him

The resignations reflect a deeper malaise

It is now common cause that there was friction between CE Mike Myburgh and Nomvete Senior managers say tensions are rife lower down the line and that morale is at rock bottom These conditions are made worse by an atmosphere of paralysis — decision-making has ground to a halt

Given this atmosphere, hauling SAA out of the red will be little short of a Herculean task The airline last showed a profit in 1996 In 1997 it recorded a loss of R323m Further losses — estimated at R280m — are expected for 1998

Key to future SAA success will be the relationship between Mkwanazi and Myburgh The latter is attributed with trimming bloated staffing levels by 20% and turning a loss of R23m in fiscal 1994 into a R217m profit in 1995 and one of R340m in 1996

Myburgh blames recent losses on the devaluation of SA's currency against the US dollar, the currency in which all major airlines trade, and says companies like Comair were able to show profits because they operate on the domestic and regional markets "and don't have the high fuel burn we have on our long international flights And they don't operate international offices and have to pick up the costs of running them in hard currencies"

In addition, SAA doesn't have enough planes Nomvete's decision to delay the delivery of two Boeing 747-400s resulted in a loss of traffic to competitors The aircraft, due to have been delivered in October

Robert Tshabalala

Mafika Mkwanazi hopes are pinned on the new executive director

1997, will now be delivered only in July and October this year One 747 can generate earnings of R20m-R30m a month

The first plane will be leased and, says Mkwanazi, "a decision will be taken on how to pay for the second one" They will be used on the profitable US route, operating one flight a day — sometimes two — to New York and Miami They will also be used to increase capacity to London, a major money spinner

One of the bigger decisions on Mkwanazi's desk is whether to give Boeing the go-ahead to build four 777 aircraft ordered two-and-a-half years ago SAA has already paid a deposit, which Boeing's senior international communications manager for Africa, the Middle East, Asia and the Pacific, Mark Hooper, says "is much more than the US$19m bandied about"

The case for pressing ahead with the deal is that the 777s can be used on longer regional flights and services to southern Europe and the Middle East

However, they will not be able to fly the profitable Australian route or be used to build the potentially profitable South American service because of twin-engine operating regulations These limit the distance that twin-engine aircraft must be from the nearest airport when flying over water

There is little doubt that SAA could prosper from the twin strengths of Mkwanazi's management style and Myburgh's in-depth knowledge of the sector

The new SAA chief says "I have discussed my management style with Mike Myburgh He won't have a free rein"

Too much water has passed under the bridge for that to happen just yet But at least the two are talking to one another

David Pincus

LABOUR *Sacu to be 'aggressively forward-thinking not militant'*

Communications workers form union

CT(PR) 15/5/98 (267)

FRANK NXUMALO
LABOUR EDITOR

GOING FORWARD *Colin Smith, Sacu's president, shares his delight with operations director Harry Smith* PHOTO JOHN WOODROOF

Johannesburg — A new communications trade union, the South African Communications Union (Sacu) was launched in Midrand yesterday

The 12 000-member union would be "modern, progressive, and forward-thinking, with a strong business orientation", Danny Ferreira, the union's spokesman, said

Ferreira said Sacu would be affiliated to the Federation of Unions of South Africa and aimed to be proactive in its approach to labour presentation, which remained its core function and concern

"We are a new-generation union in that we are structured as a business with a national executive elected into specific portfolios and a structure of regional, local and shopfloor representation that is dynamic and well organised

"We aim to be aggressively forward-thinking without being militant, (because) historically unions in South Africa have been reactive, using methods such as strikes in order to achieve the aims of workers," Ferreira said

He said industrial action had a ripple effect that often backfired on workers and their families by hurting their pockets.

Sacu would offer its members, among other services, comprehensive advice and representation in all personal labour disputes, collective representation as a collective bargaining unit for wage working conditions negotiations, unique loan schemes for members in financial crisis, group life insurance and investments, and a legal help line for work and personal matters

Ferreira said a first in South African trade unionism would be Sacu's "added-value club", whereby members would have access to additional benefits on a sliding scale of value through a continuous loyalty system

"In other words, if a union member is continuously loyal to a particular brand or product, they benefit by securing added-value bonuses," Ferreira said

"In this way, for example, items can be purchased by the member on a 'buy two get one free' basis, in other words, buy two tickets and get one free at a saving of approximately R17"

Delivery is on the way for Khayelitsha

(267)

Post Office gears for revamp

ARG 15/5/98

STORY

A white paper on postal policy unveils a people's bank, writes **CHARLES PHAHLANE**

Next month, for the first time, people in Khayelitsha will see a person on a bicycle delivering mail to letterboxes at their homes

This is in line with the white paper on postal policy, which will focus on street delivery in areas that are accessible, names and numbers are in place, and mail volumes are high enough

But street delivery is a luxury not enjoyed by many – largely in rural areas and informal settlements such as Crossroads – who do not have an address The policy paper says the Post Office is obliged to deliver to postal addresses at all households on an equitable basis.

Where street delivery is not feasible or economically viable, "virtual" addresses will be introduced

This means post will be sent to a pre-selected point where people can collect it

The licensing agreement between the Post Office and the Government says that 4 million new addresses must be provided in the next few years, with 800 000 receiving an address over the next year

Standards will be measured against speed of delivery, customer care and reliability In the first quarter of this year, the percentage of letters delivered on time reached more than 90% compared to an average of 29% in 1995, the paper says

The Post Office will be transformed to a series of multi-purpose centres to meet a variety of customer needs The number of payments and services offered will be extended to avoid duplication of infrastructure and improve the financial position

The functions of the multi-purpose centres will include tax collection points, payment of accounts, rural financing, a pension payout debit order system and lottery businesses

To ensure that the Post Office's infrastructure is optimally used, it is essential that central, provincial and local government use it for the rendering of services, says the paper

The Postbank is identified as a powerful support structure for rural-urban linkage At least 25% of rural household heads relocate to the cities for jobs

"As such, it (the Postbank) is an important financial institution that is in a powerful position to influence not only economic growth, but also that of the postal and financial industry and sector as a whole "

The Postbank will be structured as a bank of first choice for the lower income group, providing them with appropriate banking products, says the paper It also will contribute to household savings and support public investment capital by depositing collected savings in public funding projects with market-related interest rates

It is proposed that pension payouts be delivered through a debit order into a savings account The paper envisages this will help in mobilising savings and enhance security for the beneficiaries

The paper says the Postbank will focus on promoting small, medium and micro-enterprises as a tool for black economic empowerment.

Blacks, women and the disabled will be granted adequate opportunities in the allocation of contracts, says the paper. Large contracts will be broken down into smaller contracts of manageable size.

"The goal should be to utilise and promote SMMEs that create full-time, formal employment," says the policy paper – Parliamentary Bureau

Postman reaches 200 000 more

Statistics released this week by the posts and telecommunication ministry show the far-reaching changes achieved since the new government took office

Licences were granted to 78 community radio stations, and eight new private commercial radio stations were licensed last year

The first free-to-air television station, to reach 75 percent of the population in its first year of operation, was also licensed SABC television coverage has improved, with SABC1 reaching 80% of the population compared to 72% in 1993 SABC2 reaches 85% from 76% and SABC3 76% from 56%.

The postal service was extended to about 200 000 new addresses and 800 000 new addresses will be issued in the next year New telephone connections reached 380 000 last year

Seventeen percent of Telkom's managers are black, while in 1992 there was only one This would increase to 35 percent in five years. – Sapa

Post Office bank to become a full savings bank — Naidoo

(267)

ANDRÉ KOOPMAN
PARLIAMENTARY BUREAU

CT 15/5/98

THE Post Office bank, Postbank, would be restructured to become a fully fledged savings bank and would take on an equity partner in the next few years, Posts and Telecommunications Minister Jay Naidoo said yesterday.

Releasing the government White Paper on postal policy yesterday, Naidoo said an independent board of directors, responsible to shareholders, would be established to run the bank as an autonomous company owned by the Post Office

The chief of the postal policy unit, Mr Howard Gabriels, said yesterday that it was intended to improve the management structure of the bank by bringing in senior people with banking skills Government would consider as an equity partner a local bank or insurance company and might consider an international postal operator. An equity partner would be taken on board within two to three years

"We have to move carefully because we are dealing with a bank and want to ensure that services to the rural areas and the lower end of the market are maintained "

Naidoo also signalled to the market that he intended scrapping the monopoly of the South African Post Office by privatising some of its operations He outlined plans to limit the Post Office's monopoly on mail delivery The Post Office currently has a monopoly on letters up to two kilograms, but Naidoo said he intended to reduce this to one

While this sector of the market was not insignificant, Naidoo intended to show business that the market would be liberalised, said highly placed sources

"It is the government's belief that the growth of competition in the sector is healthy for the development of the sector, the economy and the public. Competition will therefore be encouraged by the government, subject to the requirements for the achievement of universal service provision and related regulation," Naidoo said.

A postal regulator would be established in the ministry to achieve universal service and to regulate the postal sector The regulator would monitor and protect the exclusive rights of the Post Office for "reserved services" and would ensure that the Post Office did not abuse its monopoly in the market, Naidoo said

In another major announcement, Naidoo said he was considering taking on a strategic partner for the Post Office "As far as subsidiaries are concerned, we will allow the Post Office to enter into partnerships with the private sector," he said

The strategic partner would probably be an international postal organisation. There had been several approaches from organisations in Europe and North America, top postal officials said

Policy of 'if you steal the mail you go to jail' being implemented

Naidoo said the White Paper created the framework for the Post Office to become a world class operator in a market that was becoming increasingly competitive He intended making South Africa a hub for postal services in Africa and to build SA posts and telecommunications into a world hub

"The Post Office has been given a financial mandate to reach break-even point within three years," Naidoo said

The White Paper proposed that tariff increases be regulated and linked to the inflation rate

Speaking about the crime experienced by the Post Office, Naidoo said he would implement a policy aimed at "zero tolerance". The "If you steal the mail you go to jail" programme had yielded results

The White Paper recommended that legislation provide for more stringent measures to combat crime in and against the postal service

"Greater co-operation between the police, Interpol and the investigations unit within the Post Office will be encouraged," Naidoo said

The White Paper made extensive recommendations to the Post Office to promote the economic empowerment of disadvantaged communities It also called for a comprehensive human resources plan and strategy to be drawn up for the Post Office with clear targets for affirmative action and training

New direction for Post Office

(267) Sowetan 15/5/98

A GOVERNMENT white paper on postal policy, launched in Cape Town yesterday, proposes far-reaching plans to limit the Post Office's monopoly on letter deliveries as well as partially privatising its operations.

Speaking at the launch, Posts, Telecommunications and Broadcasting Minister Mr Jay Naidoo said the white paper created the framework for the Post Office to become a world-class operator in a market which was becoming increasingly competitive.

Among other things, it suggests a break in the Post Office's monopoly on deliveries, which at present applies to all letters up to two kilograms. It is proposed that this be reduced to one kilogram.

At the same time the Post Office should be licenced and have to provide a universal postal service.

Postal regulator

A postal regulator should be established in the ministry with the aim of achieving universal service and to make regulations for the sector.

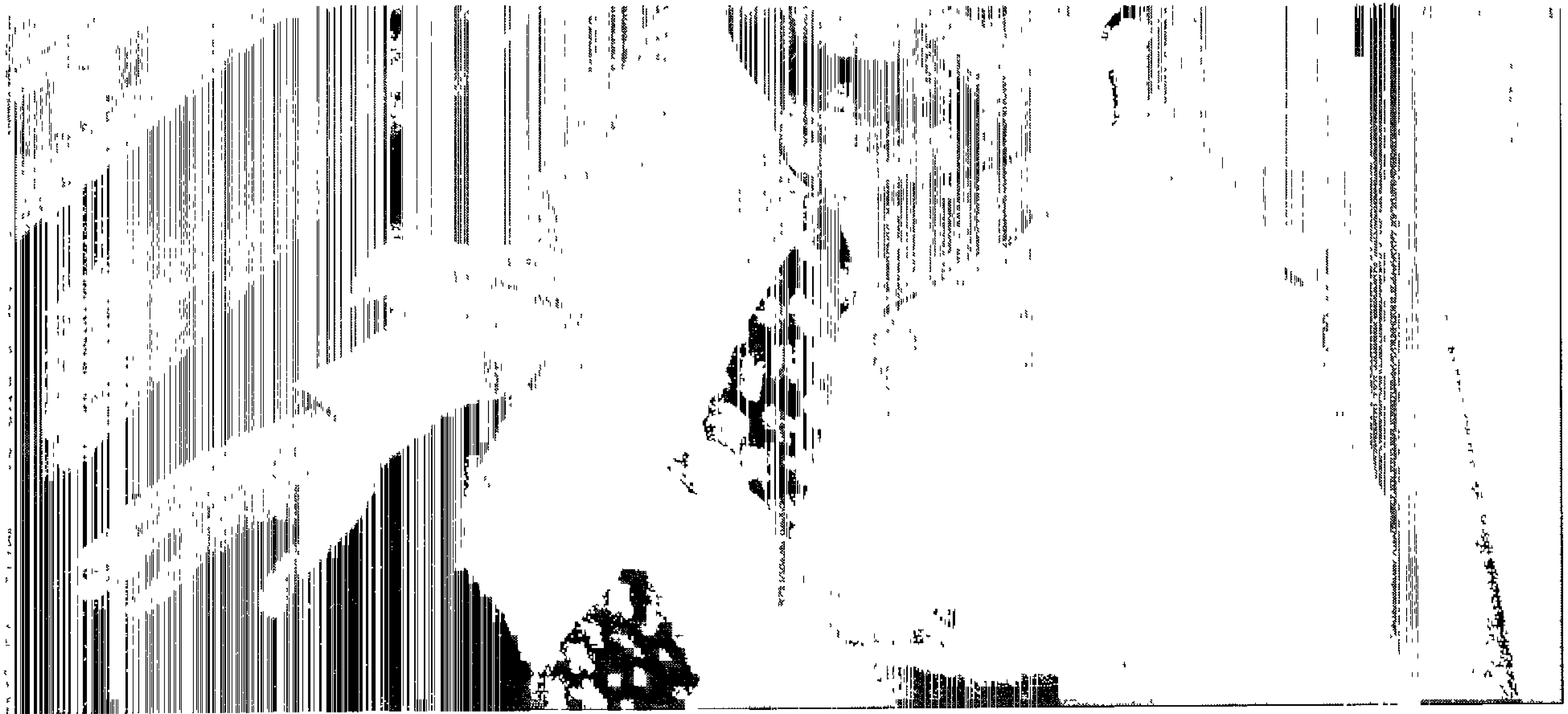
The regulator will monitor and protect the exclusive rights of the post office in respect of "reserved services", and will also ensure that the post office does not abuse its monopoly position in the market.

The white paper also proposed that tariff increases be regulated and linked to the inflation rate.

"The Post Office has been given a financial mandate to reach break-even point within three years.

"We will consider a strategic management partnership between the post office and an international postal administration.

"As far as subsidiaries are concerned, we will allow the post office to enter into partnership with the private sector," said Naidoo – *Sapa*.



UNIVERSAL OBLIGATIONS . . . Howard Gabriels says South Africans cannot expect overnight liberalisation of the Post Office

Post Office thinks it can re-package itself

(867) ST (BT) 17/5/98

STATE ASSETS

By THABO KOBOKOANE

THE privatisation and liberalisation of the Post Office could be on the cards as the service seeks to reinvest and shed the baggage of its past

These prospects are raised by proposals contained in the White Paper on postal services, which seek to introduce a strategic management partnership between the Post Office and an international postal administration It will allow Post Office subsidiaries to enter into strategic equity partnerships with the private sector and a possible private sector partner for the Post Bank once it has been corporatised and positioned into a fully-fledged savings bank

The overall thrust would be to tap into international or private sector management expertise and technological know-how to plug the Post Office into the global market

Within three years key Post Office operating businesses may have significant private sector participation What of the Post Office itself?

"Government could consider private participation in the Post Office in the future For now it remains state owned," says Howard Gabriels, senior general manager, postal policy, in the Communications Ministry In addition, the White Paper proposes reducing the Post Office's monopoly on parcels and letters weighing less than 2kg to 1kg This could be reduced further within three years, which would open the letter business to competition and liberalise SA's postal services

SA still remains way behind other countries, such as Sweden, where a second postal services operator has been licensed to deliver letters

Gabriels cautions against overnight liberalisation, arguing that the Post Office still has universal service obligations to meet "Government believes competition is healthy for the public Our view is that it will have to be gradual and phased in," he says

These measures and others such as inflation-linked tariff increases, form the cornerstone of government's plan to restructure the Post Office. The proposals include a commitment to providing universal access while phasing out subsidies within three years

This year the budget has been slashed by 10% to R450 8-million Next year it will be reduced by a further 20% to R363 2-milion and by 40% in 2001 to R217-million.

Gabriels says current indications are "it is not unrealistic" for the Post Office to reach break-even point within three years and become profitable

However, the Post Office's revenues have always been driven by tariff increases The question now is how does the Post Office plan to turn itself around in the face of increasing competition and lower, inflation-linked increases?

Gabriels suggests the Post Office could boost its coffers by looking at other sources of revenue such as taking advantage of new opportunities in the market, including technology and its proposed entry into the lottery bid Further, he says there are major efficiency gains to be made if the Post Office cuts costs

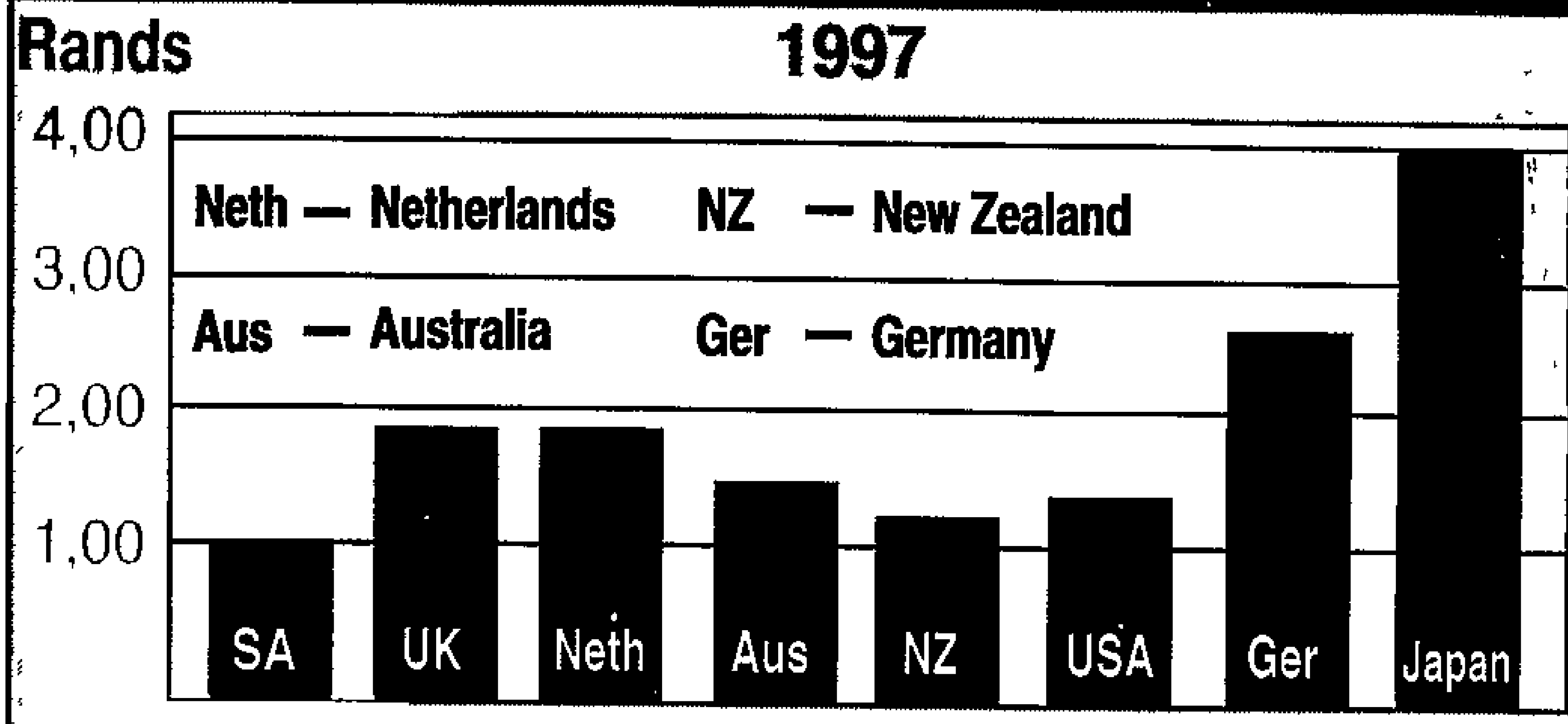
Plan to improve postal service

(267)

Government, in its white paper, has finally shown that it is committed to reforming the Post Office, argues specialist writer Robyn Chalmers

BD 20/5/98

Price of standard letters internationally



Graphic KUBEN DAVID Source. POST OFFICE

LONG-SUFFERING customers of the Post Office may finally have some relief. The Post Office white paper sets the scene for change in the sector on a scale never seen in this country.

Many are no doubt sceptical — and rightly so — about whether the Post Office can be transformed to such an extent that it can take advantage of the explosive growth in communications services, not to mention the timely delivery of mail without the fear of it disappearing into the pockets of crime syndicates and internal thieves

But government has taken a number of bold steps in the recently released white paper on postal policy to improve the ailing postal system Key plans include reducing the Post Office's monopoly on letter delivery, introducing a regulator and paving the way for private sector participation in the Post Office's subsidiaries such as the Post Bank.

As in the case of many other sectors — notably infrastructure provision — which were previously the domain of government, it has become clear that to allow greater private sector participation in the postal system will be to the ultimate benefit of the consumer

Few will dispute that the postal sector is in need of radical surgery. As with Telkom, customer service has long been neglected and the growth of alternative technology such as e-mail has threatened the Post Office's revenue streams without a responding strategy to meet the challenge

The financial state of the Post Office, postal deliveries and growing crime within the organisation, have been among key issues occupying management's attention over the past few years. As with the majority of postal agencies around the world, the Post Office is subsidised by government. This subsidy, which averages around R500m a year in SA's case, should theoretically be used to offset the cost of government-imposed universal service obligations But the Post Office's losses have been due as much to inefficiency, incompetence and poor service as they have been the result of services provided at uneconomical returns to, for example, rural areas.

Up to July last year, the losses of the postal company were defrayed against the taxes and profit of Telkom. When this ended, the Post Office was forced to embrace the business world's norms and standards

In 1992, a strategy and business plan were put in place to meet the inevitable challenge and ensure the Post Office reached break even within five years. The essence of the plan was high tariff increases This was motivated by the fact that postal rates were historically kept artificially low when compared with international operators in the UK, Germany and Japan. The aim was to turn the Post Office into a profit-making entity by 1996/97. The plan was abandoned in 1994 at the time of the election, as it became too politically sensitive to implement tariff increases averaging 30% over five years.

This placed Post, Telecommunications and Broadcasting Minister Jay Naidoo in the unenviable position of having to tell Parliament last year that not only would government have to subsidise the Post Office to the tune of almost R600m, it would have to continue doing so for a number of years.

It was just as politically unpalatable as large tariff hikes in the light of the huge demand on government resources and a new wave of belt-tightening aimed at reducing the burgeoning budget deficit.

Naidoo and the Post Office came up with an interim plan which involved investigating possible efficiency gains while improving the quality and reliability of the service; formulating a new tariff strategy and exploring new business opportunities. A commitment was made to ensuring a longer-term policy review was undertaken A technical task team was set up to undertake wide-ranging consultation which culminated in the launch last week of the white paper on postal policy.

Naidoo said access to reliable and affordable postal services was no longer a privilege to be enjoyed by a few, it was now the rightful expectation of all citizens "Given the limited resources available, our mission is to balance the provision of basic universal postal services to disadvantaged rural and urban communities with a service capable of meeting the needs of a growing SA economy," he said.

It is clear that, after grappling with limited choices, government realised its best option was to move with international trends and allow limited competition into the postal sector. The Post Office is faced with direct and indirect competition from various segments of the postal market such as couriers and rapid, technological communication advances

In rather the same way as it has done with Telkom, government reasons that the Post Office has to have monopoly protection if it is to perform its task of delivering 500 000 new addresses each year. A regulator will monitor and regulate tariff structures, the provision of universal services and other licence conditions such as quality, research, standards and enforcement Free marketers may argue that the private sector can outperform postal administrations and the sector should be opened up completely.

However, the international trend in most countries is to reserve certain services, mainly in the letter market, for the national postal administration. In SA, government has decided to reduce the monopoly to letters weighing up to 1kg from the previous 2kg The monopoly will be reviewed every three years, but it is likely to settle at a weight of around 250g to 500g, as has happened in Australia and the Netherlands.

Monopoly protection is notoriously difficult to enforce and the Post Office's delivery performance will have to build significantly on recent achievements if public dissatisfaction is to be held at bay.

Great strides have already been made with more than 90% of all mail now being delivered on time from the 29% two years ago But with 2,3-billion letters delivered in SA each year, this still means that 230-million letters are either delivered late, do not arrive at all or are being tampered with. This equates to a lot of unhappy customers.

The white paper will give the Post Office and government the tools to ensure SA's postal sector becomes reliable, secure and effective A lot of hard choices still face both parties These include further reducing the organisation's 23 000-strong staff and injecting funds into the Post Office to cover specific capital and operational needs while moving to a profit position

But government has taken the first step by showing it is committed to the radical reform of the Post Office

Posts delivering service, dignity to Cape Flats (267)

ANDRE KOOPMAN

POSTS and Telecommunications Minister Jay Naidoo yesterday launched the first street delivery of post to 46 000 addresses in Khayelitsha, Crossroads, Nyanga, Langa, Philippi and Guguletu.

"Access to a reliable and affordable postal service is no longer a privilege to be enjoyed by a few. It is the rightful expectation of all citizens, especially those in previously disadvantaged areas, and it contributes to the dignity and respect of South African citizens," Naidoo said.

He said the new service in these areas would form the core of a pilot project to determine which areas should receive post and the frequency of such services.

Naidoo also announced that Khayelitsha would be getting three new post offices to be opened in August.

In the Western Cape, street delivery of post could be extended to 200 000 new addresses within the next two years. The Post Office would provide four million new addresses over the next few years.

Address boxes and lobbies are to be introduced in areas where street delivery is not considered economically viable and other street delivery criteria are not met.

In the past two years, about 153 000 address boxes had been installed in the Western Cape, of which 114 000 had already been allocated. Of these 42 000 were in under-serviced areas.

The location of post offices was also being looked at, he said. For example, in 1995 in Pretoria, there were 71 post offices in traditionally white suburbs and only two in traditionally black areas. This was a common picture throughout the country and had to change.

CT 26/9/98

TELECOMMUNICATIONS

(267) FM 29/5/98

BEATING a RETREAT

The barricades of protection constructed round SA's telephone monopoly, TELKOM, are being stormed. As with all outdated dynasties the defences will come tumbling down

Telkom's ability to hold on to its monopoly will be determined by events beyond its control — the battle between old and new taking place in global telecommunications Leading an assault against the entrenched telephony companies are startups armed with Internet technologies Their aim is to unseat entrenched fixed-line telephone monopolies

Worldwide, some of the traditional telephone operators have sensibly assessed the enemy's strength and decided to don the armour of the invading forces Because their markets have been opened to competition, telecoms giants such as America's AT&T and SBC, Germany's Deutsche Telekom, Sweden's Telia, and Telecom Finland have entered into the Internet telephony fray after joining private-sector providers like Israel's Delta Three, US-based IDT/Net2Phone, Germany's Poptel

FM Cover Story

and Sweden's GlocalNet

"The Internet is a major force for change and the key to huge new market opportunities for telecoms companies, which have to decide whether they embrace the new Internet economy and take a lead in creating the future, or fight a rearguard action against it," says Margaret Hopkins She is the co-author of a report entitled *Extracting Value from the Internet,* prepared by UK-based research firm Analysys

"Operators need to abandon old prejudices as well as learn new skills, and drag themselves out of the dark ages of the public switched telephone network and into the Internet age"

The marauders have one unquestionable advantage — significantly reduced cost The key to their future fortunes is packet-switched, Internet Protocol (IP) telephony, where voice is transmitted digitally in "packets" across data networks rather than across expensive circuit-switched networks

IP is a much cheaper way to run telecoms than conventional public switched telephone network communications

Simply put, IP transmits and routes packets of data It allows routers involved in the delivery process to "talk" to each other and identify the destination address for data packets Unlike circuit-switched communications, IP ensures that data/voice is transmitted in the most efficient way There is significant potential for increased network utilisation, allowing data to be sent at greatly reduced cost

IP telephony is 70%-90% cheaper than the traditional circuit-switched variety, says Ido Ganor, senior vice-president of VocalTec Communications, the company that first commercialised the technology

This cost factor is enabling IP-based networks to take a big bite out of traditional markets Analysys predicts that 25% of all international calls will be made across IP-based networks by 2003

According to research by VocalTec, the global, average annual growth rate of traditional telephone networks over the past five years is less than 10% In contrast, data networks have been growing 300%-400% a year over the same period

Susan Almeida, vice-president of consulting services at US-based Strategic Networks, says networks will be designed for data, and traditional voice calls will piggyback along the cheapest path She says the shift from circuit-switched networks to data networks is more fundamental than the last great transition in telecoms the move from analogue to digital

"Today's sea change from circuit-switched to packet-switched networks will make that transition look like child's play," says Almeida, adding that some big players straitjacketed by their own inertia, will be shunted to walking-dead status Others with the innovation and courage to act will catapult to the head of the race

"Why waste money funding infrastructure optimised for the slow-growth phone call market? With the bulk of capital expenditure and senior management attention flowing to packet-switching networks optimised for data, it becomes ever more expensive and cumbersome to maintain a separate voice infrastructure"

Revenues from data networks already exceed those generated by voice traffic in the US, according to Ettienne Reinecke, MD of OmniLink — the virtual private network provider recently formed as a joint venture between Dimension Data, Old Mutual, Wooltru and Nedcor

Reinecke says that though traditional networks will be around for a long time, voice-over-IP will become the world standard in corporate networks in the next few years "Many of the larger telecoms companies in the US now regard voice as an auxiliary service and are looking to capitalise on the exponential growth in data traffic," he explains

Alert telecoms companies in the US and Europe have started switching the bulk of their research and development from voice to finding a common protocol for voice and data Their motives are at worst survival, at best enhanced profits

Telecoms companies won't be able to regulate the accelerating trend towards

Operators need to drag themselves out of the dark ages of the public switched telephone network and into the INTERNET age

portunity to be ready when the competition arrives in their home markets "

Telkom managing executive for marketing Al Todd (who is also an executive of equity partner SBC) says "We are well aware of the technological advancement in this area and have been staying abreast of such developments We continue to view the Internet as a business opportunity and our fundamental strategy includes becoming more effective in this area However, voice telephony is exclusive to Telkom in SA at the moment "

Todd adds that Telkom will continue to decrease domestic long-distance and international rates annually as part of its tariff restructuring International revenues represented approximately R2,7bn of Telkom's revenues in fiscal 1997/1998

"This revenue stream will decline primarily as a result of planned price reductions associated with price re-balancing, but may be balanced with increased calling as our markets become global," says Todd He maintains that there will continue to be a need for traditional telephone companies for some time to come "Let's face it, a large number of users worldwide remain disconnected from the information highway for various reasons It's not likely in the near term that voice over IP will be a mass market offering

"A number of telecoms companies worldwide have diversified their businesses, improved their efficiency and learnt to compete effectively in areas that have become subject to competition Telkom will follow this trend to be successful in the future," says Todd, adding that Telkom has committed to universal access "I'm not quite sure others would voluntarily seek this role "

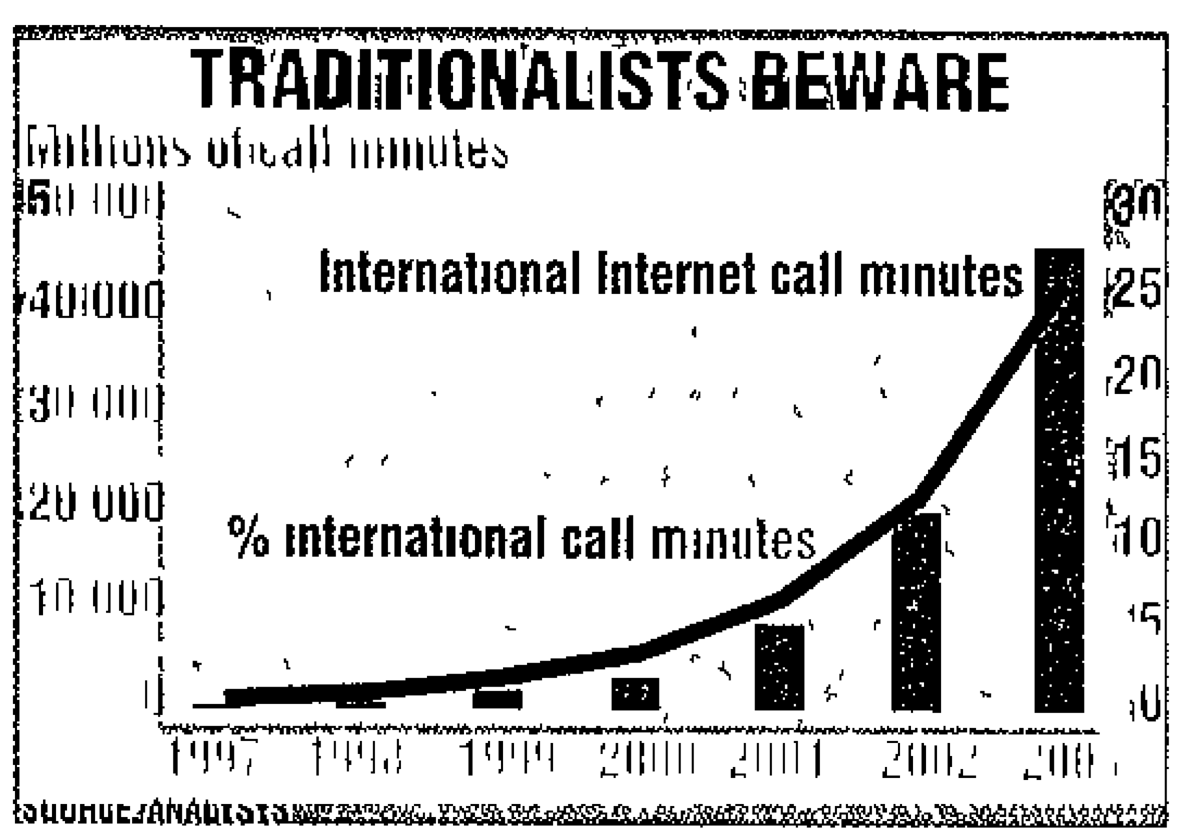
Despite the threats that IP telephony represents, Todd sees it as an overall opportunity since it is a potential growth engine for all networks "We are rolling out a 'managed' access network nationally that will give access to all Internet service providers, providing them with the reliability they need to better serve their customers," says Todd

Yet government's determination to protect Telkom's monopoly has raised the concern that the operator is not installing the necessary high-bandwidth infrastructure needed for modern communication needs As a result, SA corporations could be stuck with inferior telecoms infrastructure that will seriously impede their ability to compete abroad

Reinecke says insufficient bandwidth provided by Telkom is slowing the growth of electronic commerce and video conferencing He says that instead of laying more copper cables or attempting to add intelligence to its network in order to manage bandwidth, Telkom should look at technologies like "wave-division multiplexing" for optimal use of existing networks

With wave-division multiplexing, the white light spectrum can be split into seven colours, each with a different wavelength — and each capable of carrying messages Tests in the US have shown that this technology can offer an exponential increase in speed over the same fibre "It's estimated that if one gathered all the traffic on the Internet in a single day, it could all be transmitted successfully on a single fibre using wave-division multiplexing," says Reinecke

"Attempts to manage networks to increase bandwidth capacity won't succeed Indeed, industry experts are warning that telecoms companies that focus on network management and ignore wave-division multiplexing will be left behind in the race to conquer the bandwidth squeeze," he says



Level 3 Communications, a US company rolling out a managed IP telephony network, points out that existing carriers are stuck with albatrosses around their necks huge investments in old-style telephony

As a showdown looms in the Pretoria High Court between the Internet industry and Telkom over the national operator's disgraceful attempts to monopolise Internet access, local IT companies are making voice-over-IP solutions widely available

One such product is a wireless voice-over-IP device developed by Israeli firm BreezeCom Its local distributor — Voice & Data — says that it could slash the cost of Telkom's rural phone programme by 90%

All telephone users stand to benefit enormously from the coming changes International Data Corp predicts that nearly 16m people will make calls over the Internet by 1999 One of the reasons for this growth is that major data networking firms like Cisco Systems, Bay Networks and 3Com, as well as suppliers of traditional telephone equipment, Northern Telecom (Nortel) and Lucent, are investing fortunes to improve IP telephony Lucent, the infrastructure offshoot of US telecoms operator AT&T, is integrating Internet technology with current telephone systems Data players are rapidly developing robust switching and routing equipment for IP telephony

A possible merger of Bay Networks — a traditional data switching and routing vendor — and Nortel is the subject of industry speculation

Cisco CEO John Chambers recently named Nortel as his most significant competitor in the years to come

Rick Furguson, territory manager at Cisco Systems SA, says the concept of voice and data integration is nothing new The US Federal Communications Commission has strongly hinted that regulatory fees will likely be applied to US Internet telephony companies, but only after further investigation of the issue The Commission insists that regulation is necessary, and admits that current standards are not appropriate

While the merits of regulating this exploding industry are debatable, the SA Telecommunications Regulatory Authority (Satra) will find it almost impossible to use SA's flawed Telecommunications Act to enforce any ban of IP telephony operators in the local market There also seems to be a strong sentiment among Satra officials that SA must keep pace with technology trends The feeling is that while Satra must protect Telkom's monopoly, it is duty-bound to act in the public interest In other words, it must ensure that Telkom's monopoly is not protected at the expense of the rest of the economy

This is comforting, but it is the ultimate responsibility of the information technology industry to place pressure on government to rectify misguided legislation

Marina Bidoli and Duncan McLeod

voice-over-IP, placing them under considerable pressure to find alternative sources of revenue, open their networks and deregulate, says Reinecke

US-based Forrester Research predicts that the rise of Internet telephony "will create a perilous environment for carriers To escape from the perpetual price war, suppliers will have to enable rapid development of value-added services"

The one weak point in the onslaught by IP networks is that, for the moment, they remain bedevilled by poor quality Though the voice quality across a managed, private IP network is good, voice over the public Internet remains problematic — like having a conversation with someone from the bottom of a water-filled bathtub However, with massive, global research and development efforts, Ganor predicts that within 24 months this issue will be solved

Forrester Research says advancements in IP gateway hardware are bringing transmission delays down to unnoticeable levels that will make these calls sound cleaner "By 2001, US carriers like Concentric and Qwest will have gateways in the top 200 US metropolitan areas, enabling 90% of US consumers to dial in to Internet telephony services"

In the light of these developments, Telkom is left exposed — like the emperor with no clothes

Datatec subsidiary UUNet Internet Africa MD Paul Dinsmore says the development of IP voice services will result in a concerted push for the removal of Telkom's legislated monopoly This will happen as people begin to realise the high cost inflicted on SA business by maintaining the monopoly

No company providing a so-called "value added network service" is legally permitted to switch voice calls between networks, according to Section 40(2) of the Telecommunications Act This clause is highly contentious, and is likely to be challenged by the Internet industry this year

Big local players like Datatec and Didata may be cautious in pushing the legal and regulatory envelope to its limits and challenging Telkom's monopoly But The Internet Solution joint MD David Frankel says there is no question that start-up operators will appear whose sole focus will be on offering voice services

He points out that the Telecommunications Act does not clearly specify whether competition in IP telephony is illegal or not Because voice carried across IP networks is, in fact, nothing but data, Frankel contends that there is a chance that service providers could legally offer voice services

"Telkom will argue that there is nothing grey about it, but some players in the market are going to push the envelope," Frankel says "Telkom will fight hell for leather to stop companies from offering IP telephony That is a problem for the country because if voice over the Internet becomes a more cost-effective way of communicating, SA should not be precluded from using these services"

How fast the market in SA develops depends on what action is taken by Telkom and the authorities when operators start offering services, Frankel says

VocalTec's Ganor warns that monopoly carriers, like Telkom, will not implement IP telephony in their home markets unless there is competition "Most carriers do not start on their own turf, but rather practise in other markets to give them the op-

INTERNET TELEPHONY

HOW TO MAKE DIRT-CHEAP CALLS

❑ **PC-to-PC:** This service is unlikely to appeal to the mass market because of the inconvenience of conducting a conversation through a computer A user needs a PC, a connection to the Internet and telephony software,

❑ **PC-to-phone:** Companies in the US and Europe are offering software that lets PC users connect directly to an ordinary telephone The way this service works is by converting voice into digital packets that are sent to an Internet service provider The packets arrive at a gateway where they are reassembled and converted into voice Finally, the traditional public switched telephone network (PSTN) directs the call to the correct number,

❑ **Phone-to-phone:** Also under development is Internet telephony between two traditional handsets with the middle part of the communication being transmitted over the Internet The call travels over the PSTN to a gateway that converts voice into data packets and routes them over the Internet to the called party's destination There, another gateway reassembles and converts the call into analogue and it is finally sent over the PSTN to the destination telephone number, and

❑ **Corporate networks:** Telephony over corporate networks is very different from telephony over the public Internet Where voice quality cannot be guaranteed on the public Internet, it can be controlled over an intranet Medium-sized and large organisations stand to benefit most ■

BTR DUNLOP

FM 29/5/98

A SPECULATIVE RECOVERY STOCK

- **ACTIVITIES** *Makes automotive, industrial and consumer products*
- **CONTROL** *Management-led consortium 56,45%*

Year to December 31	'94	'95	'96	'97
Debt equity ratio	—	—	0,03	0,11
Int & leasing cover	—	—	197	3,5
Return on cap (%)	18,4	16,4	13,5	6,1
Turnover (Rm)	778	804	835	1 094
Pre-int margin (%)	13,6	12,6	14,1	5,5
Earnings (c)	76	61	47	17
Dividends (c)	37	41	41	15
Tangible NAV (c)	291	313	425	384

Operating profit, 35% down at half-time, slid 49% for the year as the woes of the industrial division continued Motor business, 71% of turnover and assets, contributed 98% of trading profit A tabulated divisional breakdown shows a nil contribution from industry, though CE Mike Hankinson confusingly says the industrial division incurred a "material loss"

Chairman Mervyn King calls the results "very disappointing" and refers to problems throughout the group following lengthy uncertainty about ex-holding company BTR Plc's involvement and commitment In March a management-led consortium acquired BTR's interest The company is to be renamed Dunlop Africa

Non-SA operations now account for 32% of total turnover King says Hankinson has assembled a "largely new" management team The board will consider several "strategic issues" in the next few months

Borrowings rose by a net R40m as net investment of R74m was way above operating cash flow of R36m However, liquidity has historically been excellent, and balance sheet ratios remain acceptable So, though distribution was slashed, the company was able to pay out virtually all the reported headline EPS

The share price peaked in 1996 at 850c, since when it has been downhill almost all the way The operational review seems optimistic for virtually all activities, though the SA tyre market is expected to remain highly competitive But the big question is whether the new management can restore what was once a most successful business, with well-established brands and products For those who think it can, a price around 285c must, though speculative, offer recovery potential **Michael Coulson**

INDEPENDENT NEWSPAPERS

SHARE COULD BE UNDERVALUED

- **ACTIVITIES** *Publishes 14 paid and 11 free newspapers, also commercial printing, distribution and radio interests*
- **CONTROL** *Independent Newspapers Plc (60%)*

Year to December 31	'94	'95	'96	'97
Debt equity ratio	0,34	0,21	—	—
Int & leasing cover	31,6	22,7	—	—
Return on cap (%)	22	26	31	30
Turnover (Rm)	724	872	992	1 093
Pre-int margin (%)	10,0	11,7	12,5	15,2
Headline earnings (c)	93	135	175	193
Dividends (c)	20	60	90	120
Tangible NAV (c)	389	375	423	581

Eleven of the 14 group papers recorded circulation gains for the first time since the 1994 election The *Cape Times* made its first profit in more than a decade An apparent 11% rise in group turnover is slightly unflattering, turnover of continuing operations rose 13% But even this suggests ad revenue — the main source of income — remained under pressure

The 42,5% stake in the *Sowetan* was sold to the major shareholder, New Africa Investments (Nail), the holding in Allied Publishing (now owned equally with Nail and Times Media) was cut from 72% to 33,3%, and magazine publisher Penta was sold after Caxton won a lengthy restraint of trade court battle These sales brought in cash of R65m and (despite a R13,9m net loss on Penta) R31m exceptional profits

Capex absorbed a mere R34m net, though chairman Liam Healy says the company is reviewing its print capacity and investment programme The group is expansion-minded, and is investigating a relaunch of *The Friend* using print and editorial capacity in Kimberley The Saturday titles are the subject of a major initiative, and Independent also wants to increase its radio interests

Group titles were revalued by R526m to R1,18bn, which would add R25,50 a share to reported tangible NAV

The year ended with net cash of R126m, allowing an even more generous dividend policy It remains to be seen whether this can survive possible heavy capex .Healy says 1998 began well, with circulations continuing to rise and strong national advertising, despite a slow economy Only in KwaZulu-Natal does the market remain depressed **Michael Coulson**

UNISERV

A GIANT LEAP OF FAITH

- **ACTIVITIES.** *Holding company with its only interest being international forwarder Union Transport*
- **CONTROL** *Anubis Trust — British Virgin Islands*

Year to January 31	'95	'96	'97	'98
Debt equity ratio	0,49	n/a	n/a	n/a
Int & leasing cover	7,5	n/a	n/a	n/a
Return on cap (%)	14,5	13,7	14,7	14,4
Turnover* ($m)	—	465	504	528
Pre-int margin* (%)	—	1,72	2,80	3,18
Earnings (c)	40,7	23,3	31,6	39,4
Dividends (c)	11,0	6,0	8,0	10,0
Tangible NAV (c)	93	211	244	301

*of Union Transport

Uniserv has an effective 51,9% holding in Union Transport (UT) held through 34% of the ords and 100% of the pref shares The latter will convert into ords in April 2000 UT operates in 127 countries, 36 of which are accounted for by own subsidiaries or joint ventures It improved its headline earnings by 35,7% primarily due to the return to profitability of its US operations that now account for 25% of net profits off 31% of revenue Africa, despite a 10% fall, remains the most important region with 43% of profits flowing from 24% of revenue Europe and the Pacific contributed 23% and 9% of profits, respectively UT listed in Luxembourg last September, raising an additional US$15,5m through a private placing This has strengthened its balance sheet and will enable management to pursue its objective of both organic an acquisitive growth During 1997 acquisitions were made in Australia, the USA, Taiwan, Uruguay, India and Hong Kong Post year-end has taken 100% of its Italian network partner Management says no more than these will "make significant contributions in the years ahead" again highlighting the need for more detailed information to shareholders who still appear required to act largely in good faith

The OECD forecasts European and US growth in 1998 and 1999 at 2,7% pa which, despite the Far East slowdown, will keep total global growth at about 2,5% This, combined with Uniserv's acquisitive expansion, should ensure sound profit growth The share is on a demanding 29 p e but appears set to advance further **Stafford Thomas**

Telkom will jack up its service to tune of R1bn

(267)

SHERILEE BRIDGE

CT (BR) 9/6/98

Johannesburg — Telkom, the state-controlled telecommunications utility, is expected to announce contracts of up to R1 billion in a move to strengthen its business services

The utility confirmed yesterday that it was announcing the winners of contracts for its asynchronous transfer mode (ATM) network roll-out

Telkom said the figure was likely to be lower than that reported by the telecommunications and electronics industry but it would not provide a firm value for the contract

ATM technology is a high-speed transmission standard which is being adopted increasingly by telecommunications operators worldwide

The technology integrates voice, data and image, and is seen as a next-generation integrated services digital network (ISDN) solution.

ISDN never really took off in South Africa although it was dubbed the ultimate telecommunications medium for companies around the world, said an industry source.

ATM services would be aimed at businesses which need to send bulk data, rather than at the man in the street, said another source

The introduction of ATM technology, especially at such expensive implementation costs, is seen by the industry as Telkom's way of upgrading its business services after the relative lack of interest in ISDN

It is also seen as a strategic move by Telkom to position itself in the business sector before the deregulation of the South African telecommunications industry

The local telecommunications market said it expected all Telkom's investment to be focused on its underdeveloped business services in the future

Clusters the key to IT sector and job growth

CT(BR) 10/6/98 (267) ([illegible])

Vera von Lieres

Cape Town — Business clusters, or geographically bound concentrations of similar businesses, were key to expanding the local information technology (IT) sector and creating jobs, Jay Naidoo, the minister of telecommunications, said yesterday

Clustering would help catapult Africa into the 21st century

Naidoo was speaking at a workshop organised by the Cape Information Technology Initiative (Citi) to discuss clustering Silicone Valley in the US was an example of a successful cluster It was regarded as an outstanding high-technology global centre

"There are between 300 and 400 sector-related companies based in Cape Town that could become part of the vision Citi has for developing a Silicon Valley for the Western Cape "

Naidoo said the region was rapidly becoming a global communications hub, with substantial strengths in service and financial service-related industries

"But to be able to harness the strengths of the local industry we have to be strategic about how the local sector is developed "

South Africa would probably come to be regarded as well developed in the IT arena within a couple of years, but it was locked into a continent that faced particular challenges, Naidoo said

"The challenge is how to take Africa into the 21st century, how to create regional markets, regional projects Here, clustering becomes an important process."

Ifor Ffowcs-Williams, an international expert in clusters, said South African business and technology firms had to work co-operatively if they wanted to meet the challenges of globalisation

Communities that failed to specialise and work together as a local team would become import rather than export communities

Ffowcs-Williams said clusters grew naturally in developed and less developed economies

Faizel Mulla, the co-ordinator of Citi, said there had been considerable growth in the IT sector in the Cape Metropolitan area, but the sector needed a framework such as the cluster concept to reach its optimum level

Satellite telecommunications boost for Africa

MTG 19-27/6/98 (267)

David Shapshak

A new generation of low-orbit communications satellites could be the boost African telecommunications is looking for

While South Africa's fledgling techno-enthusiastic population has embraced cellular telephony, it has not established much else on the continent. However, satellite companies are expecting Africa to hop directly to satellite use

Communication by satellite has many advantages There is no need to lay the costly fibre optic cabling, switches and other fundamentals necessary for a terrestrial telephone network

Satellite telephones have been augmenting the communication of many business interests in remote parts of Africa, mostly mining operations, for many years And journalists covering myriad wars in Africa in the past few years have relied on sat-phones to transmit stories

However, sat-phones are a luxury for only a few of Africa's elite and foreigners

But, says Ed Staiano, CEO of Iridium, while the early systems are too expensive for the average person, the company will fund the development of more efficient, cheaper systems

Iridium, a subsidiary of Motorola, recently launched the last of its 66 low-orbit satellites whose network — or constellation — will cover the globe It will be operational by September

"We see our market, in the early stages, as primarily serving developers, tourists and business interests, not so much solving the complete rural problem But it'll be the same phenomenon as cellular [telephony] — because of the demand it will be quickly funded and we can develop the system to bring costs down "

Constellations like Iridium and Globalstar — another low-orbit constellation expected to be operational before the end of the year — are in lower orbits, 780km and 1 414km respectively, than the existing networks, such as Inmarsat-3

The advantage of the low-orbit satellites, says Staiano, is there is no delay in conversations the satellites require less energy to transmit the call and the handsets can be much smaller

Iridium and Globalstar plan to offer integration with terrestrial cellular networks, with both offering a variety of phone models which offer either subscriber identification module (SIM) cards or a satellite cradle

Globalstar's John Cunningham says Africa has several distinct telephone markets which satellite telephony could service without depriving a country's telecom organisation of its revenue streams He adds that satellite communications can instantly provide infrastructure, anywhere on the continent Both Iridium and Globalstar are planning to include universal service components to their service

Staiano is offering various subsidisation schemes for African countries so they may use Iridium's sat-phones for crisis management and disaster relief

Sat-phone application in rural areas of developing countries has already proved fruitful In 11 villages in northern India, where there is no telephone network nor electricity, solar-powered "phone boxes" let villagers make government-subsidised calls There are similar schemes in Ghana, China, Tanzania and South Africa

Another advantages of satellite communication is that you can use your sat-phone anywhere, even in the middle of an ocean

"New kinds of satellite systems, known as GMPCS [global mobile personal communications by satellite], are due to begin operations in the coming months and years, promising a level of access to telecommunications never before attained [in Africa]," says Pekka Tarjanne, secretary general of the International Telecommunications Union

"GMPCS has the potential to bring greatly improved access to telecommunications, particularly in remote, rural or under-served areas "

However, the most reliable means of communicating in Africa during the short term is radio, says Julius Lieberman, MD of Lieberman Communications, South Africa's largest supplier of Motorola's two-way radio system

Nonetheless, satellite still holds the most promise for a continent-wide telecoms system Satellite communication could not only leapfrog technology, but also the restrictive regulatory environments of many African countries whose governments retain almost dictatorial control of national telecommunications companys and whatever lucrative profits they generate

The communications ministers of several African countries announced during the recent Africa Telecom that they would be working towards creating more investor-friendly environments for foreign financiers

Tarjanne points this out as the way, in the words of Minister of Posts, Telecommunications and Broadcasting Jay Naidoo, to "smart catapult" the continent into First World telecommunication

For sale: A learner's licence for only R350

(964) Star 20/6/98

A year after our expose nothing has changed

By SHONEEZ BULBULIA and JACKIE CAMERON

You can buy a learner's licence for a R350 cash bribe and a few clandestine meetings with traffic department officials.

And that's despite a tightening up of security and new anti-corruption measures implemented at the department this week

We bought a learner's licence this week with the help of an East Rand woman who was outraged after two of her friends were urged to "buy" their learner's licences – "because it's easier" – while they were sitting for their tests at the traffic department in Loveday Street

These two friends believe they knew the right answers to the tests but that officials marked their papers "failed" three times because they did not succumb to the bribery.

More than a year ago, the traffic department promised to root out corrupt officials following a *Saturday Star* exposé in which we bought a learner's licence for R350 and were offered a driver's licence for R1 000

This week we put the Johannesburg traffic department to the test again – and they failed abysmally.

Corrupt examiners and other department officials have become so brazen and competitive in their attempts to earn extra cash on the side that they ask test applicants to refer people to them directly

The 18-year-old Germiston woman, who does not want to be named, deliberately wrote silly answers to the test questions but walked away with a learner's permit after a corrupt official tore up her test paper and filled in the correct answers for her on a fresh test sheet.

She made contact with a corrupt official after being approached by a driving-school employee who offered to help her illegally acquire a learner's permit for R100.

"This man approached me at the entrance to the licensing department and told me he had an easy way of getting me a licence, and that it would cost me R100.

"He told me to book for a test, without specifying a date on the application form. I did this, and paid the R25 booking fee.

"The next day, after paying him R100, the man took me to a woman, called Milsy, at the licensing department and told her that I wanted to buy a licence."

Milsy told the Germiston woman that she would have to pay R150 for the licence "because the people inside the offices want money – or no learner's"

"I sat a test and was told I had failed. Milsy telephoned me later and said I had failed because I had not given enough money An extra R200 would secure my licence, Milsy told me.

"So I went back the next day with more money. First I went for an eye-test The man who did the test asked me to refer anyone I might know who was prepared to buy a learner's licence directly to him He said his name was Raphael.

"Next I went to sit the exam Only 10 out of about 50 people passed I was called up last. I had deliberately filled in the wrong answers. The examiner threw my answer sheet into the bin and took out a new sheet.

"He filled in the correct answers, gave me the form and told me to pay at the cashier outside. Milsy was waiting outside for me and demanded her money"

Johannesburg traffic chief Titus Malaza admitted that more could be done to clamp down on corruption, but claimed that efforts to clean up his department's act were being hampered by the new constitution and the new Labour Relations Act.

"Yes, there is widescale corruption in the licensing department. We're fortunate that you people are unravelling it. In other departments, people are scared of pinpointing corrupt officials.

"One problem in rooting out officials is that people who complain about corruption don't want to give evidence. We can't trap employees because this raises problems in terms of the Labour Relations Act and the new constitution"

The *Saturday Star* wants to see results – and we will test the traffic department again

Telkom faces crippling national strike over wages

Pearl Sebolao BD 24/6/98 (267)

TELKOM could be hit by a crippling national strike if the Communications Workers' Union goes ahead with its threat of strike action following a breakdown in wage negotiations last week

About 26 000 workers, accounting for about 47% of Telkom's workforce, would participate, union general secretary Kiti Selebogo said yesterday.

He said the union would soon serve Telkom with a 48-hour notice of a national strike and would only resume talks with the company if it indicated it was prepared to revise its wage offer The Commission for Conciliation, Mediation and Arbitration on Monday issued a dispute certificate to the union, which meant workers could embark on a protected strike

Telkom said attempts to resolve the dispute failed because of the union's unwillingness to move from its initial demands The union is demanding a 16% wage increase for auxiliary workers, 12% for those at an operational level and 10% for supervisors It is also demanding a minimum wage of R2 200 a month.

This would cost the company an extra R700m a year, Telkom said Selebogo, however, disputed that Telkom could not afford the increases Taking into account that some senior managers took home close to R1m a year, the minimum wage demanded was "not an issue that can raise eyebrows", he said

Telkom has tabled a final offer to the union which amounts to an average salary increase of 8% and a performance increase of 2% This would bring the minimum wage to R2 000 a month

Telkom, union in wage talks as Pick 'n Pay averts strike

(267) BD 25/6/98

Pearl Sebolao

TELKOM will meet the Communication Workers' Union for wage talks today to avert a national strike which could disrupt service delivery.

Union general secretary Kiti Selebogo said the union would await the outcome of the meeting with Telkom before deciding whether to serve the company with a 48-hour strike notice.

"Hopefully it will be a productive meeting that will avoid the situation where workers are forced to take to the streets," Selebogo said.

The union had threatened that more than 26 000 workers would embark on a national strike for higher wages.

Negotiations between Telkom and the union broke down last week and the Commission for Conciliation, Mediation and Arbitration has since issued the union with a dispute certificate, which means its members can take part in a protected strike.

The union is demanding a 16% wage increase for auxiliary workers, 12% for those at the operational level, 10% for supervisors and a minimum wage of R2 200.

Telkom is offering an average salary increase of 8% and a performance increase of 2%, bringing the minimum wage to R2 000 a month.

Telkom spokesman Amanda Singleton confirmed that a meeting had been scheduled with the union to avert a strike. She said if the union went ahead with the strike, "more than 20 000 workers" would be affected and it would affect service delivery.

However, a contingency plan was in place to minimise disruptions.

Meanwhile, a strike at Pick 'n Pay by members of the Joint Affirmative Management Forum was averted when the commission summoned the parties to a meeting yesterday.

The forum had threatened to strike yesterday to protest against the company's failure to recognise the forum because its membership could not be verified.

A forum spokesman said it was agreed the strike should be called off and steps be taken to verify the forum's membership figures.

Khayalami could get fibre-optic 'spine'

Deborah Fine (267) BD 30/6/98

THE Gauteng provincial government has approved the Khayalami metropolitan region as an investigation site for the development of a megabandwidth fibre-optic spine between Pretoria and Nasrec to establish the province as Africa's information technology leader

This was confirmed by Khayalami mayor Isaac Mahlangu at a recent meeting

The region consists of the Khayalami metropolitan council and its three local councils of Midrand, Lethabong and Kempton Park/Tembisa

Mahlangu said the investigation into the feasibility of constructing a fibre-optic cable and other information technology facilities in the area would be carried out in co-operation with the national trade and industry department

As an additional boon to investors in the region, the council would be spending R102m on service delivery in the 1998/1999 financial year, a fifth of which would be used in business and industrial areas An additional R40m had been set aside for the development of housing infrastructure.

The council was also in the process of instituting a streamlined, integrated development model in line with proposals to establish a single municipality, or megacity, for the entire region

Post office faces 40% reduction in subsidy

BD 30/6/98 (267)

Robyn Chalmers

GOVERNMENT has outlined the post office's subsidy for the coming three years, with a 40% reduction to about R215m set for the 2000/01 financial year after which the utility must break even

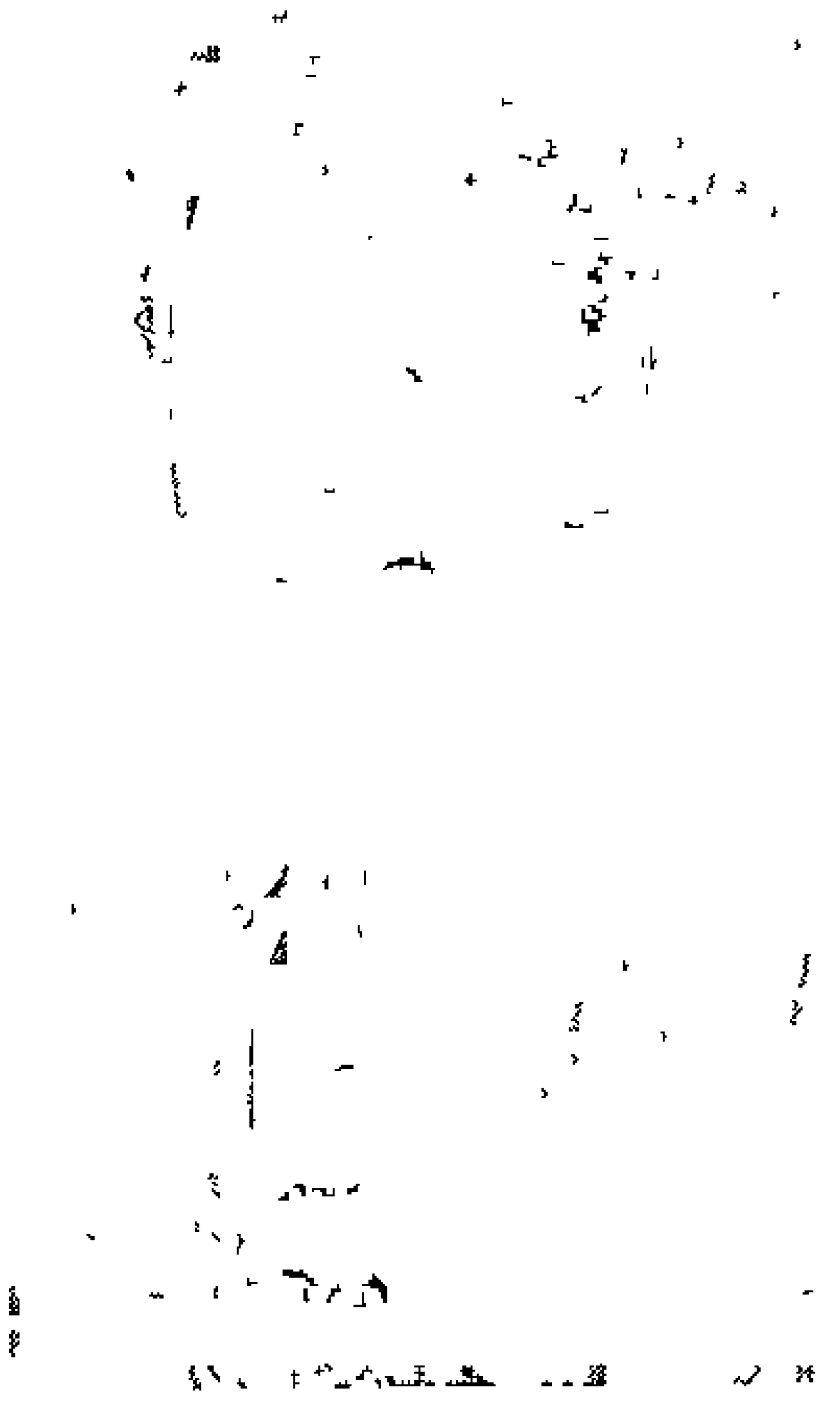
Details of government's initiative to link the post office with an international strategic management partner should be announced within weeks The communications department is also working on the establishment of a postal regulator in line with the recently released white paper on postal policy, although this is subject to legislation.

Communications department senior GM Howard Gabriels said yesterday the post office had implemented a number of measures to grow volumes and had improved its service quality It was on target to reduce its losses, with a 10% reduction in the subsidy to R450,8m set for the 1998/99 year from R506m in 1997/98

Gabriels said a 43% hike in postal tariffs last year had not affected volumes as badly as expected and continual improvements in delivery times as a result of a more efficient management of operations was beginning to pay off

Latest figures indicated that about 90% of mail was delivered on time in the first quarter of this year This should improve to and stabilise at 95%

A drive by government, the post office's management and labour to outlaw mail violation was beginning to pay off About 400 postal employees had been fired and 60 outsiders charged



GABRIELS

Gabriels said about 4-million households had no addresses and a process had begun to rectify this situation The post office had also restored street deliveries to new townships and these two initiatives had the potential to boost volumes significantly

Gabriels said initiatives to link the Post Office with a strategic management partner were in line with international postal trends There was a need to locate SA as a postal hub for Africa and to bring to SA the best managerial practices and technology

Telkom roll-out lines up big service boost

ARG 1/7/98

Revenue hits R20-bn

LLEWELLYN JONES (ab7)
Business Reporter

A concerted effort to upgrade and modernise Telkom's network has laid the foundation for dramatically improved service levels, says chief technical officer Wilbur Crossley.

On the release of Telkom's financial results for the year to March yesterday, Mr Crossley said more than 228 000 non-digital lines had been replaced with digital lines last year, resulting in 82% of automatic working lines being connected to digital exchanges

Mr Crossley said this would go a long way to improving Telkom's service to its customers

Revenue jumped by 23% to R20-billion, driven largely by the continuing large-scale roll-out of telephone services and the explosive growth in the cellular telephone industry

During the year, Telkom installed 386 426 new working lines, 275 218 of which were in under-serviced areas This included more than 32 000 new public phones, which was substantially higher than the 18 000 required by Telkom's licence.

Mr Crossley said strong revenue growth illustrated the impact of Telkom's line roll-out drive, in which the company had added more than 642 000 new lines over the past two years Telkom would reach the target of 2,8 million new lines comfortably by March 2002, as laid down in its licence

He said Telkom was in the throes of improving its service to customers

"In the past we have emphasised growth; now we will emphasise service, service and service "

He noted that there was room for improvement in many areas, such as the number of faults reported, the time it took to clear them, and the time it took to activate new telephone lines

"Over the past year Telkom recorded 666 faults per 1000 lines – where I come from (America), 3,5 faults per 1000 lines is regarded as too many

"We want to be declared a world-class company, but only our customers can do that and . we have to provide them with a world-class service."

TELECOMS *Parastatal's results exceed expectations, but profits remain flat*

Telkom needs an extra R5bn

(267) CT(BR) 1/7/98

SHERILEE BRIDGE

Johannesburg — Telkom, the telecommunications parastatal, said yesterday that it needed up to R5 billion to fund this year's infrastructure commitments

Sizwe Nxasana, the chief executive, said the money would be raised locally and offshore through a variety of financing vehicles He said funding was needed over and above Telkom's internally generated funds

Telkom needs R42 billion for its overall four-year capital programme to March 2002, during which time it would roll out almost 3 million new telephone lines

Nxasana said the parastatal expected to use a combination of self-raised funds and increased debt levels within acceptable gearing ratios

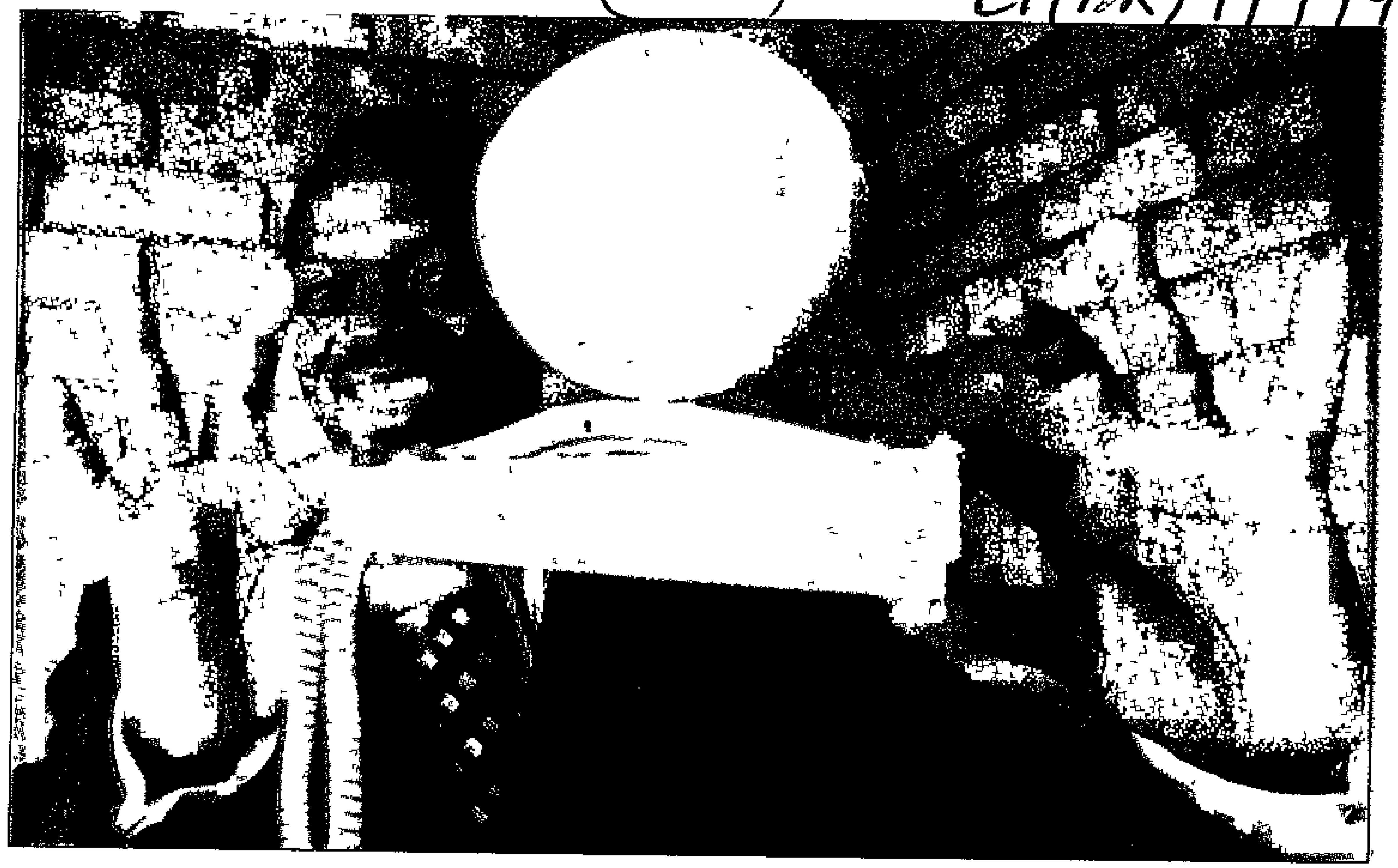
"We are confident that our expanding customer base will continue to fuel revenue growth and ensure financial stability and sustained profitability in the future," said Nxasana

Telkom's roll-out programme, together with the boom in the cellular industry, lifted the parastatal's revenue by 23 percent to R20 billion in the 1997-98 financial year Budgeted capital expenditure for 1998-99 was R9,75 billion

Nxasana said the strong revenue growth was an indication of the telephone roll-out programme More than 642 000 new lines were added to the network over the past two years Telkom aimed to install 395 250 lines in the coming year

The parastatal's annual results for the year to March 31 1998 exceeded expectations, but profit remained flat at R4,5 billion, compared with last year's R4,4 billion

Telkom's 30 percent foreign partners, SBC Communications and Telekom Malaysia, expect earnings to remain flat until the end of the parastatal's exclusivity period "Our equity partners understand the need to stabilise the network," said Nxasana



BALANCING ACT *Sizwe Nxasana, the chief executive of Telkom, is pleased that 642 000 new lines have been added to the utility's network over the past two years* PHOTO JOHN WOODROOF

Operating costs grew by 31 percent to R15,5 billion, primarily because of a 45 percent increase in interconnect charges through international routing points and the growth in cellular subscriptions

Network maintenance expenses also contributed to the operating increase.

Capital expenditure grew by 91 percent to R7,03 billion, in line with a modernisation and the line roll-out programme, as well as ongoing expansion work by Vodacom

Vodacom, in which Telkom holds a 50 percent stake, increased its contribution to revenue by 76 percent compared with last year

Nxasana said Telkom's targets for the year included the rebalancing of its tariffs to ensure the company was well positioned by the time the telecommunications industry was deregulated and opened to competition

He said Telkom would also continue to drive international call rates down

Nxasana also said the telecommunications utility was on track to achieve its long-term target of fully digital lines by 1999

Strike notice served on Post Office, Telkom

CT(BE) 3/7/98

Frank Nxumalo

Labour Editor

(667) (E20)

Johannesburg — The Communication Workers' Union would today serve a 48-hour notice to strike on Telkom and the Post Office (Sapo) in terms of section 77 of the new Labour Relations Act

The move follows a meeting by the national working committee, which came out with a "unanimous mandate to embark on industrial action to support our demands that are currently not met by both Telkom and Sapo"

Seleboho Kiti, the general secretary of the union, said more than 39 000 workers would take to the streets nationally from Monday to Wednesday to push for a 16 percent wage increase for auxiliary workers, a 12 percent increase for operational staff and a 10 percent increase for supervisory-level workers

Kiti said the national marches would be followed by provincial marches, go-slows, work-to-rules, sit-ins and stayaways if there was no settlement by the end of this month

He said the union was prepared to "meet Telkom halfway" by moderating its minimum wage demand from R2 300 a month to R2 150 a month

Telkom said it has been in substantive negotiations with labour since February and that it declared a dispute on May 18

The dispute was then referred to the Commission for Conciliation, Mediation and Arbitration

The company said it had reviewed its negotiating mandate and submitted an "improved offer in a serious attempt to resolve the dispute" after a month-long dispute-resolution process at the commission

But the union rejected this offer and applied to the commission for a dispute certificate, which was issued on June 22

The certificate entitles union members to embark on a protected strike after giving the company a notice of 48 hours of their intention

POSTAL SERVICES *Staggering R430m cut achieved by better revenue controls*

Post Office slashes debt

CT (mr) 7/7/98 (267)

Ncaba Hlophe

Johannesburg — The Post Office had reduced its operating loss for the year to March by a staggering R430 million through better revenue controls, Frank Touwen, the managing director, said yesterday

Touwen said the loss was cut from R700 million last year to R271 million He said the loss included an annual loss of R153 million from former TVBC states post offices, which were incorporated during last year Turnover increased 25 percent to R2,4 billion

Touwen said efficiency had improved significantly, with close to 95 percent of mail being delivered on time

Security of mail was also improving as the group's "zero tolerance" to theft had resulted in more than 400 employees being fired in the past 15 months

"These were the best results that the Post Office had achieved since company formation, and we are close to breaking even after years of substantial losses "

But Touwen warned that the group still needed the reducing subsidy from government, which stands at R450 million Government plans to reduce its subsidy by 20 percent to R363,2 million and by a further 40 percent in 2001 to R217 million

"This will be largely used to recapitalise the Post Office and for the roll-out of postal services to the previously unserviced areas "

The Post Office was also bracing itself for privatisation, as proposed in the white paper on postal services It seeks to introduce a strategic management partnership with an international postal administration

Jay Naidoo, who is promoting the white paper, said the move would allow Post Office subsidiaries to enter into strategic equity partnerships with the private sector

STAMP OF APPROVAL *Jay Naidoo is promoting the white paper on postal services*

Pay deal averts post office strike, while metalworkers accept offer

Pearl Sebolao
and Reneé Grawitzky

(267) BD 9/7/98

A PAY deal averted strike action in the strategic communications sector yesterday, while metalworkers have accepted an employer offer giving them above-inflation increases of 8% on actual rates

The three-day national strike by Telkom and post office employees scheduled to start yesterday was suspended after agreement was reached with the Communication Workers' Union (CWU) and three other unions.

Sapa reports news of the settlement was late in reaching all the workers, and at least 160 post offices were closed nationwide. Demonstrations by thousands of workers in Pretoria went ahead as planned.

Telkom spokesman Amanda Singleton said management and the CWU had agreed on the "repackaging of items in the company's final offer", but would not disclose details.

The parties were expected to conclude the agreement late last night.

The agreement struck between the post office and the unions provides for an 11% increase for employees on the lower levels, 9% for the higher levels and a minimum wage of R2 115 a month. A further increase of 1% would be added on October 1.

The final settlement offer drafted in meetings between the National Union of Metalworkers of SA (Numsa) and the Steel and Engineering Industries' Federation of SA (Seifsa) will give lowest-paid workers R8,83 an hour, while artisans will earn R18,57 an hour

Numsa negotiator Elias Monage said the agreement would ensure that the planned countrywide strike would not take place.

A crucial aspect of the agreement, he said, was employers' agreement to discuss industrial policy. This would be achieved through the establishment of an industry policy forum, which would hold talks with government.

Seifsa negotiator Brian Angus said the settlement was slightly higher than employers would have liked but was reasonable in current conditions. A breakthrough for employers was an agreement to review existing collective bargaining processes, he said

Strikes by SA Clothing and Textile Workers' Union members continue in the footwear and fabric knitting sectors. The union said it intended calling on its 42 000 members in the clothing industry to launch a secondary strike within the next seven days contemplated in the Labour Relations Act. The action would be directed at employers in the Western Cape and KwaZulu-Natal.

CAPE TIMES
★ THURSDAY, JULY 9, 1998

A tough day of labour pains for managements

(267) CT 9/7/98

AS protest action throughout various industries intensified, a last-ditch effort by Telkom, the SA Post Office (Sapo) and the Communications Workers Union (CWU) averted a strike by more than 20 000 postal workers yesterday

At least 160 post offices were closed yesterday by workers demonstrating over an earlier wage dispute, a Sapo spokesperson said in Pretoria

Employees at 10 Iscor plants held demonstrations yesterday to protest against the pending retrenchment of 6 000 workers

Negotiations were also being concluded to call off a strike by more than 30 000 National Union of Metalworkers of SA (Numsa) in KwaZulu-Natal.

Both the Steel and Engineering Industries Federation of SA (Seifsa) and Numsa confirmed yesterday that a provisional agreement had been reached Seifsa said meetings were planned with other unions.

Meanwhile, South African Clothing and Textiles Workers' Union (SACTWU) members unanimously agreed yesterday to continue their strike after the contingent of the Western Cape employers of the National Employer's Caucus of the Fabric Knitting Industry abandoned negotiations

SACTWU members embarked on a national legal strike in the Fabric Knitting Sector on July 3. The workers demanded an eight percent across-the-board increase. Ninety percent of the 4 500 members in the industry nationally voted in favour of the strike.

The union said yesterday it would call upon its 42 000 members in the clothing industry in the Western Cape and 26 000 clothing workers in KwaZulu-Natal to embark on a secondary strike within seven days as contemplated in the Labour Relations Act 66 of 1995

"This action is embarked on to show solidarity between workers in the clothing and fabric sectors within SACTWU," said Wayne van der Rheede, Sactwu's Western Cape regional secretary. — Own Correspondent, Staff Writer

CHEQUES REMOVED FROM DUMPED LETTERS

Jail for mail thief, PO promises

(267) CT 10/7/98

LETTERS dumped in a Rondebosch bin will eventually reach their destination — once the Post Office employee responsible has been convicted. **CLAUDIA CAVANAGH** reports.

IF you live in the Rondebosch area and are expecting tidings or maybe a pound sterling or two from relatives overseas, you could be in for a long wait

And if you're the Post Office official who carefully selected the more lucrative looking letters in your bunch, slit them open and removed cash, postal orders and valuables before dumping the evidence in a bin in Firth Road, you're in for the high jump

Tampering with mail is a criminal act — and the crime would probably have gone undetected if Firth Road resident Jean Myburgh had not added a last bag of rubbish to her bin on Wednesday evening

Thanks to her vigilance, the pile of overseas and local Fast Mail which she found discarded on top of her rubbish is in the hands of the Post Office's new investigative unit, which has vowed to bring the culprit to book before the day is out

"Our new slogan is, 'Open mail and you go to jail'," said national spokesperson Ben Rootman

"We're taking a very hard line against this sort of thing It will no longer be tolerated "

Regional spokesperson Trevor Spannenberg concurs "The culprit is stupid, as he will be easily identified and find himself facing a disciplinary hearing "

Since September last year, when a toll-free number was established for members of the public to report postal irregularities, 400 employees across the country have been caught, prosecuted and fired

In the Western Cape, a dedicated team of 12 investigative experts has been appointed to stamp out postal theft

Some of the letters, which came airmail from Canada, Holland, England and New Zealand, had been clearly marked "card only"

Others had family photographs, letters of condolence and cards offering best wishes for happy events, all posted with love and destined not to reach the person they were addressed to

One of the unfortunate Rondebosch residents who will not receive her card and R100 cheque from her parents in time for her birthday on Monday, is Dr Vicky Lambert of the Sports Science Institute in Newlands

"This is unbelievable," she told the *Cape Times* when told about the incident

"I really hope the Post Office addresses this problem. It undermines all the good they are doing "

Those for whom the dumped letters were intended can rest assured that they will eventually receive their mail

"But first we must retain them as evidence," said Christopher Menese of the Post Office's investigative unit

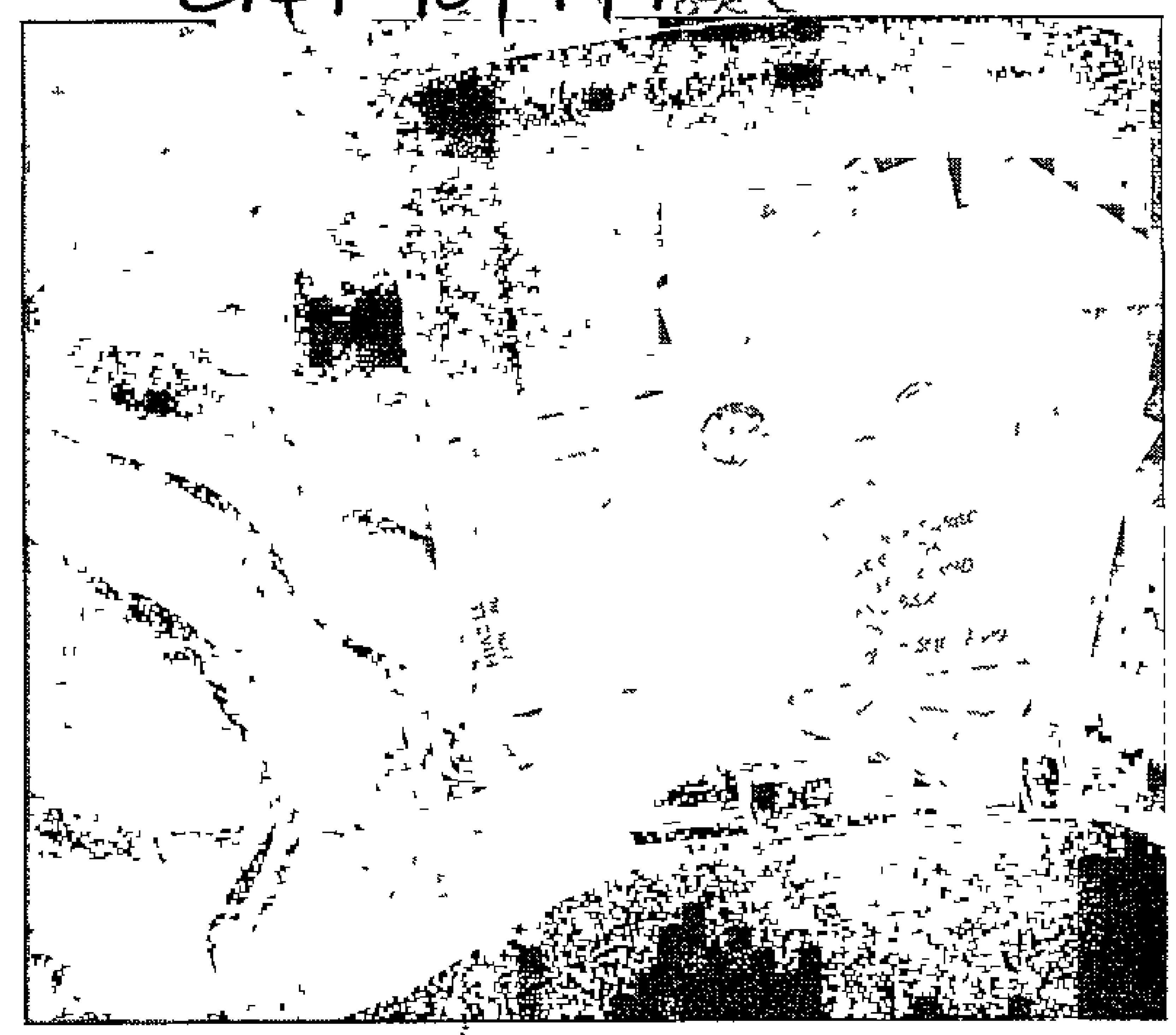
"We'll investigate the case, open a docket and when we discover who is responsible, hold a disciplinary hearing and refer the matter to the police "

"Then we'll return the letters to the people they were intended for "

According to Spannenberg though, each letter will be personally delivered with an explanation

"They can put in claims if anything valuable was lost," he said

● The toll-free number is 0800 033554



LETTER LITTER: Nonzaliseko Xhalise with some of the letters that her employer Jean Myburgh found opened and abandoned in the rubbish bin on Wednesday

PICTURE: THEMBINKOSI DWAYISA

Councillors allegedly received double pay

CP 12/7/98 (267)

One of the worst in a string of claims levelled against Satra

By ALI MPHAKI

THE South African Telecommunications Regulatory Authority (Satra), has been rocked by allegations of corruption and maladministration.

One of the worst is the claim that the six councillors on the executive were paid double their salaries, namely R 334 652 in February last year, instead of R167 326 – yet only one, Noluthando Gosa, has refunded her debt, despite several letters of demand to all six.

A Satra memorandum, in the possession of City Press, warns that the failure of the councillors to pay back the money will have dire audit implications for the organisation.

Another allegation is that equipment Satra bought for R928 255 from the former occupants of the building they are now leasing, does not work or does not exist. The former occupant is MTN, a regulatee under Satra's authority

Papers in City Press's possession show that most of the equipment bought needed major repairs

Satra is a government-created authority, set up for the regulation of telecommunications activities other than broadcasting. Plans are already in the pipeline to merge Satra and the Independent Broadcasting Authority soon.

Satra chairman Nape Maepa this week claimed that the allegations smacked of a campaign to discredit his organisation.

He confirmed that his wife had travelled to Maputo on Satra's American Express Card on March 3, but said the travel agency "inadvertently" charged her ticket to the organisation's account instead of to his or her personal credit account.

Maepa told City Press that when he discovered the error two months later (on May 20), he immediately took steps to rectify the situation. He said he told travel agency Wings to refund Satra the money (R1 131 for the air ticket and R412 for an emergency visa) and to charge his own credit card for the amount of his wife's ticket.

"This was accomplished," he said.

A spokesperson for Wings told City Press this week: "We only discovered our error this week while doing receipts."

On the question of councillors receiving double salary payments, Maepa said there was a miscalculation by the Department of Communications in February 1997 for salaries when the council first took their seats and salaries were paid for the first time.

He said contrary to the implication, no one had refused to return the money, but they were awaiting further clarification on the matter

Despite the fact that one councillor, Gosa had repaid the double payment, Maepa said the council had decided to act collectively as it was an administrative problem, and were liaising with the Department of Communications.

Gosa told City Press she had decided to pay back the money because she hated receiving letters of demand and wanted to settle the matter

A further allegation against Satra is that an IT support contract tender for Satra was awarded to one of Maepa's friends, Mashudu Tshivase, who owns the company Star Awards

EMBATTLED ... *Satra chairman Nape Maepa says there is a campaign to discredit his organisation* ■ Pic: ANDRIES MCINEKA

A source within Satra told City Press that Star Awards was not shortlisted among eight other bidders for evaluation, as it did not comply with the tender requirements. The bid was awarded to another company but Maepa intervened, the source said.

The source said Maepa was not happy with the tender committee's approval, and refused to sign it. He said Maepa then made certain recommendations, changing the evaluation criteria.

Maepa admitted that Tshivase was his friend, but said the tender evaluation process which had resulted in another company being awarded the tender was flawed.

"I asked that the proper process be followed and a company different from that recommended under the flawed evaluation process was then awarded the tender," he said.

NEWS

Telkom loses millions from fraudulent telephone calls

Star 16/7/98

(267)

BY FIKILE-NTSIKELELO MOYA

Telkom has lost about R4-million in revenue from long-distance calls made on telephones fraudulently connected to someone else's line

Fraudsters allegedly tamper with phone cables so that they can allow immigrants to call home using their telephone at someone else's expense.

Telkom spokesman Andrew Weldrick said yesterday about R4-million had been lost in the past four months

He was speaking after the conviction of three Ethiopians in the Johannesburg District Court for tampering with lines over three weeks, costing the company about R30 000.

Habte Ferede, Tesfaye Tenesgen and Zewdu Yemane, who arrived in South Africa as political refugees, pleaded guilty before Magistrate Anton le Roux yesterday.

The men had hired an unused floor of a Johannesburg inner-city building and tampered with cables from other offices to connect their own lines in such a way that a call from their phone would be charged to companies next door.

They were arrested after a Telkom investigations team, who became suspicious, installed closed-circuit television that caught the trio in the act

Prosecutor Takalani Ratshibvumo asked that the case be postponed to August 21 to check whether the men had previous convictions.

CAPE ARGUS, THURSDAY, JULY 16, 1998

3 convicted as phone scams run to R4-m

(ab7) ARG 16/7/98

Johannesburg – Telkom has lost about R4-million in revenue from long-distance calls on phones fraudulently connected to existing lines – at an innocent party's expense.

This emerged after the conviction of three Ethiopians in the Johannesburg District Court for tampering with lines over three weeks, costing the company about R30 000.

Scamsters allegedly tamper with phone cables to allow immigrants to call home at someone else's expense.

Telkom spokesman Andrew Weldrick said about R4-million had been lost in the past four months.

Habte Ferede, Tesfaye Tenesgen and Zewdu Yemane, who arrived in South Africa as political refugees, pleaded guilty before magistrate Anton le Roux yesterday.

The men had hired an unused floor of a Johannesburg inner-city building and tampered with cables from other offices.

They connected their own lines in such a way that any call from their phone would be charged to companies next door.

They were arrested after a Telkom investigations team became suspicious over a spate of calls from the companies suddenly made only in the evenings or during weekends, to foreign countries.

The team installed close-circuit television on the premises which caught the trio in the act.

Prosecutor Takalani Ratshibvumo asked that the case be postponed to August 21 to check whether the men had previous convictions.

Surprise as Post Office head quits

(267)

BD 16/7/98

Robyn Chalmers

THE sudden resignation of Post Office MD Frank Touwen, just as the postal utility has started to recover, has caused surprise and some consternation in the industry

Touwen, 52, said yesterday he had accomplished his task at the Post Office and was returning to the commercial sector He resigned last Tuesday with immediate effect, but does not have a new job yet.

Industry observers believe he was unseated, possibly to make way for an affirmative action appointment. Criticism is understood to have been levelled at Touwen for retaining a largely white management team, and there was a feeling in certain government circles that he was inflexible on some issues

TOUWEN

In its recently released postal white paper, the posts and telecommunications ministry proposed linking the Post Office with an international strategic management partner. The proposal appeared to be designed to bolster the management team

Touwen's resignation mirrors that of former Telkom MD Brian Clark, who quit just before government sold a 30% equity stake to SBC Communications and Telekom Malaysia.

"There is a suspicion that he was pushed but .. he certainly led the Post Office into a new, more successful era," said one industry source. "It is very unclear ... why he left so suddenly and this in itself is unsettling."

Touwen declined to say whether his decision was sudden, or whether he had been considering it for some time. His five-year contract expires in September 2000.

"We have come from a position ... where the Post Office was being hammered for its poor performance. It is now close to breaking even, its operating performance has improved and so has its general image. I've accomplished what I wanted to," Touwen said.

Post Office chairman Max Maisela, who will serve as acting managing director, said his resignation had been accepted "with regret". Improvements under Touwen included reducing the operating loss by more than R430m to R271m Posts, Broadcasting and Telecommunications Minister Jay Naidoo said no plans had been made on a successor

Update

BUREAUCRACY IMPEDES PROGRESS

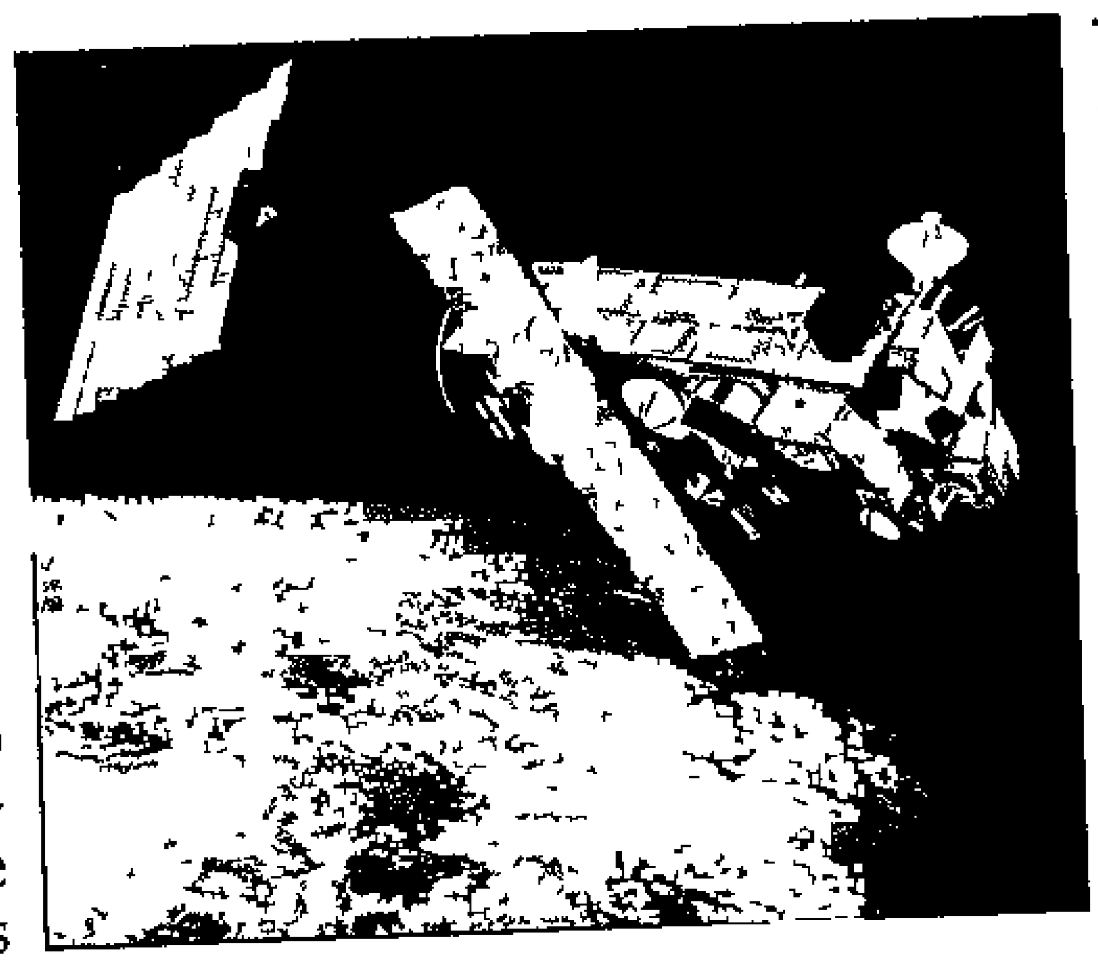
(267)

FM 17/7/98

SA left behind in phone race

Tardiness by the Department of Communications could delay the rollout of important satellite telephony services until mid-1999 A lack of government policy means that countries north of the border will have access to the technology for nearly a year before it becomes available to SA users

Iridium, the first GMPCS (Global Mobile Personal Communications by Satellite) system becomes commercially available worldwide on September 23, but will have no signal over SA "If we do not receive a licence to operate ground facilities and services by September this year, users will have to wait until June 1999," complains Iridium regional director James Rege



"We are moving into the rest of Africa," adds John Richardson, Iridium Africa CEO Tanzania is ready to receive the signal and 16 others have followed suit In the next four weeks most countries contiguous to SA will be licensed Those without policy have permitted Iridium to operate, subject to legislation to be introduced later

Satellite operators have been complaining for over a year that SA's licensing process is slow "A draft policy on GMPCS has been prepared and consultations are underway," says Ministry spokesman Mandy Jean Woods "There's no time frame for expected completion of this process Very few countries have policies at this stage We do aim to benchmark our policy against international practice"

A policy document is not likely to be handed to the regulator for debate before year-end

Iridium is investing millions to set up an SA operation Richardson says that a formal application to offer services was submitted in February 1997 "We have complied with all the requirements for the licence It will be a great loss for SA's future economic development and technology deployment if satellite technology is left out in the cold"

The irony is that Iridium will lose its competitive edge locally, as it will begin service almost simultaneously with competitors like GlobalStar and ICO

Sara Frewen

Plan for new Cape Flats rail link

Joining lines would ease southern suburbs access

ARG 21/7/98 (267)

SHARKEY ISAACS
STAFF REPORTER

If you live on the Cape Flats and don't have your own transport, shopping in the southern suburbs is a drag. This is because you have to use two modes of transport, bus and train or train and minibus taxi.

But the South African Rail Commuter Corporation has a great idea

It's looking at a plan to join the Mitchell's Plain line to the southern suburbs and Cape Flats suburban rail lines

This would have the effect of giving thousands of commuters in the Wetton-Lansdowne Corridor fast and convenient access to the Wynberg/Claremont shopping belt.

The vital question of where to put it is still in the early stages, but it's likely to be somewhere between Philippi Junction and Heathfield station on the southern suburbs line

Whichever way you look at it, it's going to have enormous repercussions for the area and the people who live and work there.

Consulting engineers Jeffares and Green have been appointed by the SA Rail Commuter Corporation to investigate the technical feasibility of the new rail route.

The study is being guided by a project management committee which meets monthly.

Represented is the SARCC, the provincial government, the Cape Town Municipality, South Peninsula Municipality and Jeffares and Green.

The feasibility study will include public participation and an environmental impact assessment

The rail link will have a major impact on areas which it might traverse

Project manager Johan Raugh, of the South African Rail Commuter Corporation, said the Wetton/Lansdowne Corridor rail connection could reach fruition in the next 10 years – or even sooner – if development made good progress

Cape Metrorail regional manager Andre Harrison said the demand for a connecting railway line was already increasing with a fast-growing infrastructure of already settled communities in the area

Mr Harrison said the completion of this link would create additional commercial opportunities and also provide Cape Flats communities with a wider range of public transport services

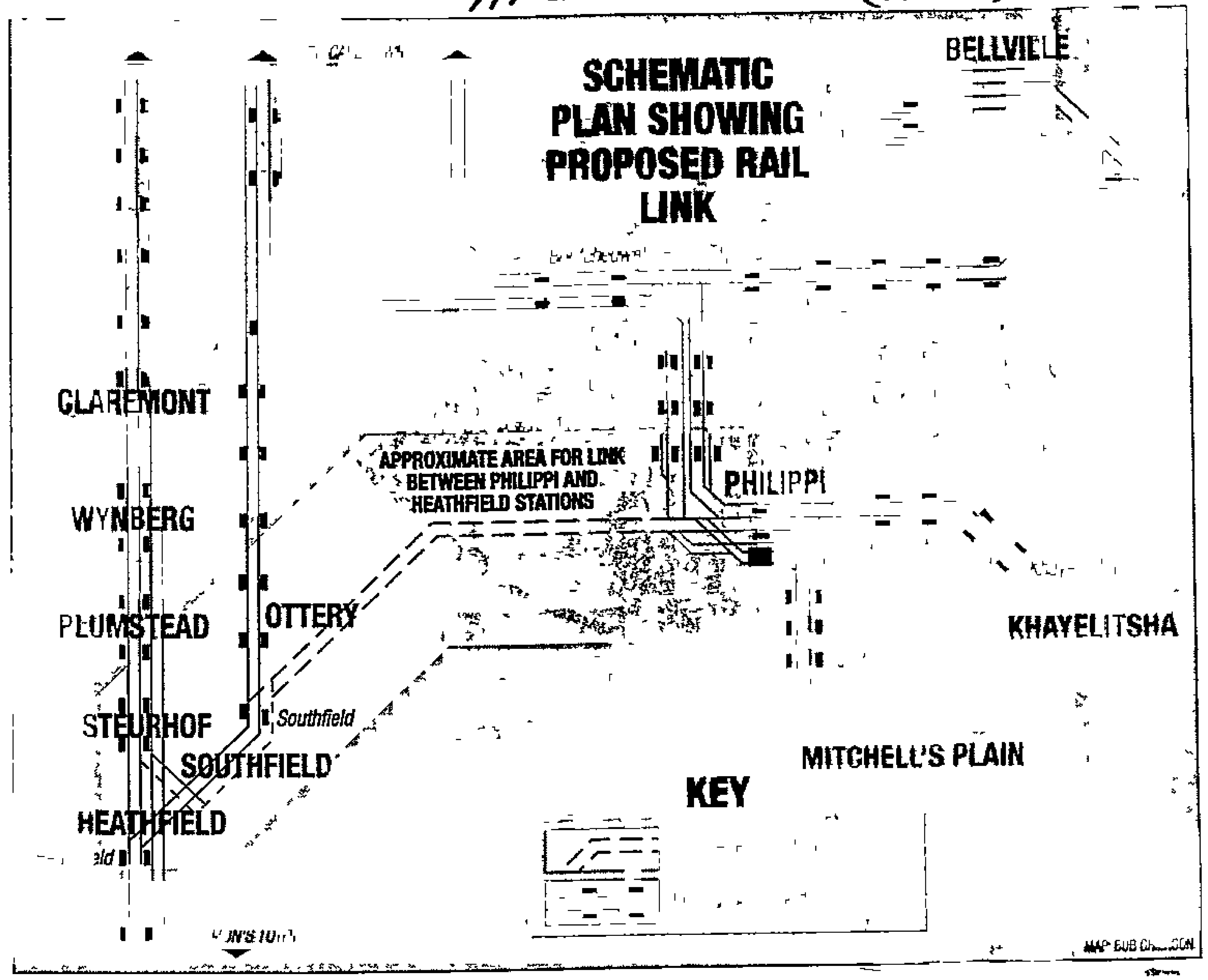
He said the line would also reinforce the Wetton/Lansdowne Development Corridor and the proposed Capricorn Development at Muizenberg to give greater volumes of people easy access to the southern suburbs via existing lines with trains – the most effective mode of conveying large numbers of people

"There is already a demand for more trains by shoppers living on the Cape Flats to reach the south," Mr Harrison said.

"At the moment, they are forced to use more than one mode of transport"

Neighbours

Send your neighbourhood news and notices to Peter Goosen at 488 4311, fax 488 4075 or e-mail nhood@ctn independent.co.za



Private postman defies letter of law

ARG 21/7/98 (267)

MANDLA MNYAKAMA
SPECIAL CORRESPONDENT

The Post Office is in dispute with a George man who has started his own postal service

Peter Marais has been accused by the Post Office of contravening the new Postal Act

A year ago Mr Marais, who was unemployed, started his own postal service He obtained a small business loan and serviced areas like informal settlements which did not get a home delivery service from the Post Office

He employed seven residents to assist him, using four bicycles and a bakkie

Mr Marais is defiant of the law, which allows only the Post Office to deliver mail in South Africa

He said he had more than 40 clients – mainly local businessmen who needed mail delivered – and he delivered about 2 000 letters a day

He said he would not only continue, but planned to expand the business

He said he aimed to open branches countrywide to create jobs for the unemployed

Although George postmen taunt his staff, and he has had a letter – delivered the usual way – saying that his business is illegal, Mr Marais is determined

"When I received the letter I didn't have any fear because I started a business for myself because I was unemployed The right to work is enshrined in the Constitution, so why should I be afraid?"

He said he wanted to show the Post Office the support he had from local communities, and hoped to work with the Post Office in these areas

Mr Marais was critical of Posts and Telecommunications Minister Jay Naidoo "We voted for democratic government – in which Mr Naidoo is a minister He must come to solve this problem," he said

"I don't see any need for this reaction from the Post Office because people out there can't be reached by the Post Office "

Recently Mr Marais extended his services to Mossel Bay with the assistance of a local woman, Lynnette Classen, who started to service parts of the Garden Route town last month She got the job through a newspaper advertisement

The Post Office's senior manager for customer services, Shaun Povey, said Mr Marais had not got permission from his department to provide postal services

He was in contravention of the Postal Act, and his actions would also be illegal in future in terms of the white paper on postal services

"The Post Office is the only institution allowed to provide such services – and the Government has given us permission to provide universal postal services," said Mr Povey

There are plans to extend home deliveries to areas not previously covered by the Post Office.

Unhappy mailmen search for stamp of respect

TERRI DUNBAR-CURRAN
SPECIAL CORRESPONDENT

Every week hundreds of men set out early in the morning to deliver post all over Cape Town. Their job is an important one, yet they say it is becoming increasingly difficult.

"I cannot be proud to say I am a postman," says Mark Klaassen, whose run covers Hanover Park and Lansdowne

He claims the media are stereotyping the postman and his job

For example, he said the South African television series *Egoli* contained a character called Bertie, a postman who is intellectually handicapped

"He makes people think that all postmen are retarded," said Mr Klaasen

He is also not wild about the current Post Office television ad showing hundreds of postmen fleeing from a horde of dogs

"It makes people laugh at us," he said.

But Trevor de Koker, a postal worker in Kirstenhof and Tokai, said he liked the ad

"The only problem I've got with it is that there are too many dogs!"

About 10 years ago postal workers wore official uniforms and there was an element of pride which went with the job, says Mr Klaassen

Now they have simple trousers, a shirt, and a jersey with the Post Office badge on it

They do not have proper hats and therefore have to wear their own peaked caps, which do not offer adequate protection from the sun

And in rainy weather their Post Office-issued rainjackets were not sufficient to keep them dry, said Mr Klaassen, if they wanted fuller protection they had to buy it themselves

Many postal workers could not afford this, said Mr Klaassen, which meant they were often soaking wet

Special occasion: Minister of Posts and Telecommunications Jay Naidoo, left, and Hanover Park and Lansdowne postman Mark Klaassen in happier days

Cyclists were also not provided with helmets, he complained

Peter Williamson of the Cape Town Traffic Department said that the wearing of helmets by cyclists was not yet compulsory, but it was advisable

Post Office spokesman Trevor Spannenberg declined to comment on Mr Klaassen's complaints, but said they would be looked into

Telkom's R4,8bn for empowerment

CT(BR) 23/7/98 (267)

NCABA HLOPHE

Johannesburg — Telkom, the state-owned telecommunications utility, had awarded more than R4,8 billion worth of contracts to black empowerment groups out of a total of R9,7 billion in the last two years, it said yesterday

Ronell Myburgh, a media liaison consultant, said Telkom had exceeded its R150 million target for this year and had sourced R240 million worth of purchases from empowerment groups

"Telkom is determined to make sure that economic empowerment gets a fair share of its roll-out programme," she said

Large enterprises such as the R2 billion digitally enhanced cordless telecommunications (Dect) roll-out programme have a strong empowerment component

The contract was awarded to Alcatel Altech Telecomms (AAT) which is 20 percent-owned by Rethabile, a black-owned group, and Lucent Technologies

AAT has already identified over 50 empowerment groups which were participating in the first phase to deliver 60 000 subscriber lines to underserviced areas by September this year

An empowerment condition was also attached to the R1 billion asynchronous transfer mode technology awarded this year to the PQ-Africa-Newbridge and BSW Telecoms-Plessey Solutions consortium.

Satra in revised frequency plan

eT(BR) 28/7/98(267)

Ncaba Hlophe

Johannesburg — The South African Telecommunications Regulatory Authority (Satra) announced a revised frequency plan yesterday that is expected to boost Telkom's roll-out programme and open up investments in the telecommunications industry

Mothibi Ramusi, Satra's frequency planner, said the new spectrum would expand investment opportunities in broadcasting, telephone services and video surveillance.

Ramusi said the proposal was part of Satra's programme of updating the country's spectrum plan, which had not been properly co-ordinated It would balance the conflicting needs of different industries.

"(In the past) you had big companies such as Eskom and Transtel owning certain frequencies which, according to international standards, would be used for something else," Ramusi said.

He said a key component of the plan was to devise a strategy that would enable companies like Eskom and Transtel to move from their old radio bands to new frequencies

This is the second of Satra's band-planning strategies, and is expected to be completed in the first quarter of 2000.

According to the plan, Satra has made spectrums available that can be used by Telkom to support its roll-out programme The programme incorporates traditional wire-bound telephone systems, with the flexibility of radio, to underpenetrated areas

Last year, Telkom awarded a R2 billion contract to Alcatel Altech Telecoms and Lucent Technologies for digitally enhanced cordless telecommunications (Dect) and a Time Division Multiple Access (TDMA) system with Dect tails systems

The contract covers the provision of 300 000 subscriber lines to underserviced urban areas and 120 000 lines to rural areas over 24 months.

"TDMA could actually attract investment far in excess of the R2 billion Dect contract," Ramusi said.

Satra has also allocated spectrums to allow TDMA to be shared by microwave multipoint distribution telecommunications and allow multichannel broadcasting services.

The spectrum will be opened to the broadcast services industry for up to 10 years.

The new plan has also made available spectrums for low-power video surveillance, which will be useful for monitoring crime hot spots in central business districts and shopping malls

Satra to spell out licensing conditions

BD 30/7/98

MAEPA

Reports by
Lesley Stones (267)

THE long-awaited announcement that SA is to open its airwaves to a third cellphone service will come tomorrow from the SA Telecommunications Authority (Satra).

Details of the licensing conditions will be set out, finally allowing companies interested in holding a licence to draw up bids

But what will not be settled tomorrow is the vital aspect of who can hold a stake in the bidding consortiums That will only be decided through another public consultation process to determine the ownership of companies operating telecommunications services in SA. At the moment, Telkom, MTN or Vodacom are free to hold a major stake in the third licence operator, or to bid for the licence outright Foreign companies could also bid without local partners

Satra would frown on both practices, but currently has no right to intervene Now the authority is calling for public comments to help form a policy on the make-up of companies allowed to operate services such as paging, Internet access, and voice telephony once Telkom's monopoly expires Only when these ownership issues are determined will bidders for the third licence be able to finalise their consortiums.

The policy was needed to ensure local empowerment and banish anticompetitive practices, said Satra chairman Nape Maepa. He expects the industry and the public to suggest that new licence holders should feature a maximum of 30% or 40% of foreign investment, and probably no participation at all from incumbent operators The regulations could also stipulate a minimum management role for formerly disadvantaged groups.

"We have had people saying part of the third licence-holder should be owned by the existing operators, but that can lead to certain activities which would not be in the public interest," said Maepa "We have to ensure the telecommunications sector is run along competitive lines with transparent ownership which is not conducive to anticompetitive behaviour and predatory pricing."

Comments must be received within two weeks, with oral hearings to follow.

A month later Satra hopes to issue a policy which would hold the power of the law, says Maepa After that policy is issued, companies will be requested to bid for the third cellphone licence. Drawing up guidelines which will allow a third network to succeed against the entrenched MTN and Vodacom duopoly has taxed Satra for the past few weeks. Tomorrow the authority will spell out conditions including the obligations to provide telephony services to underdeveloped areas, and whether or not a new player could roll out its services faster by piggybacking on the MTN and Vodacom networks

Potential players include Thebe Investments and Vula Communications, Thethani Universal Technologies, Hong-Kong based Hutchison Telecommunications, US-based Formus International, and Finland's Sonera

Satra will opt for three, if not more

(267) ET (PM) 31/7/98

Ncaba Hlophe

All speculation comes to an end today as the South African Telecommunications Regulatory Authority (Satra) announces its decision on the viability of a third cellular network operator

Satra is expected to grant a third licence to vie for the cellphone market, currently dominated by MTN and Vodacom

A feasibility study commissioned by Satra three months ago established a case for a third licence to address the low mobility market and boost the participation of previously disadvantaged groups

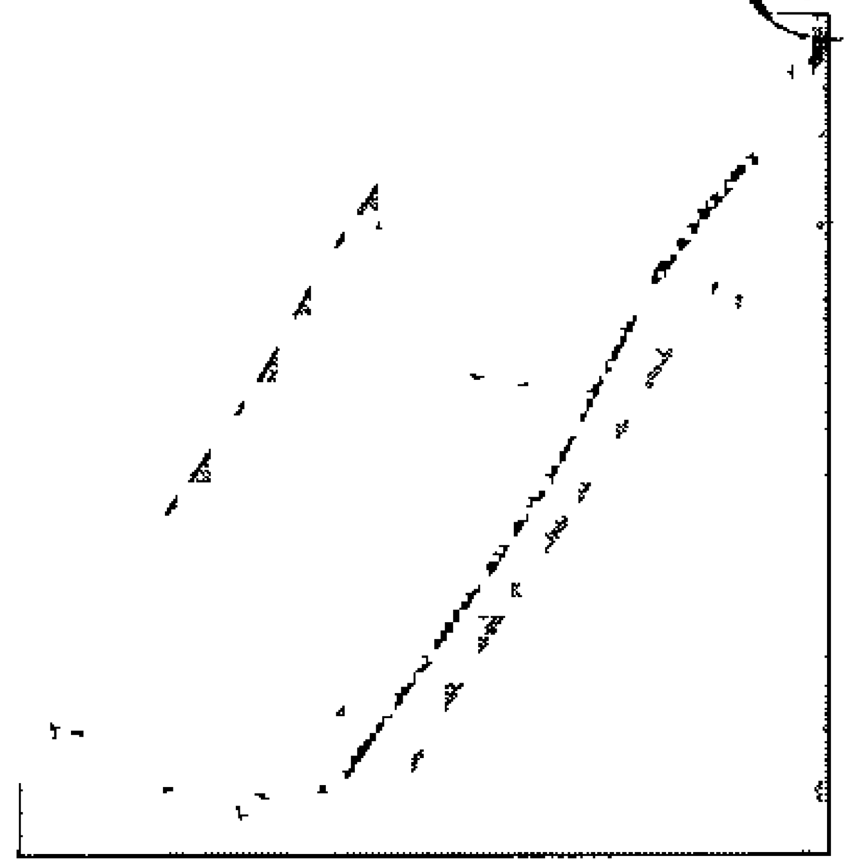
No surprises are expected in today's announcement, only modifications of a few issues raised in the study But Satra may still cause a major upset by granting more than one licence However, such a move would be against the recommendations of the study, which has guided the consultation process It would also certainly complicate issues

The industry was shaken enough by the possibility of a new player, despite the fact that Satra was obliged to investigate the possibility of a third operator in terms of the Telecommunications Act of 1996

Statements of support by both Vodacom and MTN have only been perfunctory acts of professional protocol, masking deep-seated concerns about the unfair competitive advantages the new operator could enjoy

Telephone penetration in South Africa is still skewed according to the economic imbalances of the previous era 84 percent of white households have phones, compared to only 2 percent of rural black homes and 29 percent of urban black households

"Even when Telkom meets its obligation to roll out 2,6 million (telephones) by year 2001, 3,3 million of black households will still remain without telephones," Satra said in its discussion document



The study recommends that Satra should create regulatory controls and mechanisms to cushion the new operator against the adverse effects of servicing the lower income band

Both MTN and Vodacom have expressed misgivings on this point, as it implies the newcomer will be granted different licence conditions

"Satra should not find in favour of the feasibility of another licence based on assumptions of special nursing provisions to nurture or protect a new entrant," said Michael Stocks, MTN's legal and regulatory executive

Both Stocks and Alan Knott-Craig, Vodacom's chief executive officer, said they would be willing to share infrastructure with the third operator on commercially viable terms

"Vodacom is, however, opposed to national roaming on the technical difficulties as well as the negative impact which roaming would have on competition in South Africa," Knott-Craig said

The provision of national roaming is one of the conditions Satra has had to consider regarding the entry of a new operator

The other conditions include interconnections, number portability, infrastructure sharing, co-location, choice of technology and rapid roll-out obligations

The study has suggested that a trust fund be established through the government's vaunted public-private partnerships to subsidise the new operator's universal service obligations

The new player will certainly suffer a huge identity problem in its initial stages

On the one hand, it might be seen to encroach on Telkom's roll-out programme, while on the other it aspires to compete with Vodacom and MTN

"If it tries to tackle the two head-on it certainly will fail," an analyst said

"At the same time, it might squabble with Telkom as it targets underpenetrated areas in both urban and rural "

It would certainly be interesting to see if Satra attaches any predetermined roll-out obligations, and what mechanism it would put in place to support such obligations

Perhaps the question should be whether Satra could structure the operator to supplement Telkom's roll-out programme

Licence fees would also be another problem area, especially if the new operator was structured to boost its empowerment and universal service ability

The study recommended an initial licence fee of R5 million, to slide lower in the next three years according to the performance of the operator

The fee would be 5 percent of the net operating income of the preceding year, unless the operator acquired the minimum number of subscribers

The fee could even be waived for any year in which the maximum number of subscribers is attained

Both Vodacom and MTN will certainly frown on favourable licence conditions for a new competitor

Vodacom especially stands to be penalised if it fails to deliver 22 000 subscribers in underpenetrated areas within five years

At the 18 000 mark now, Vodacom has no reason to worry But it will not applaud the head start and preferential treatment its competitor might receive

Even the performance guarantee of R50 million recommended by the study would not be enough to comfort the current operators, as it will reward the new operator for meeting service obligations

Whatever its shortcomings, a third licence will expand the market and business opportunities for many empowerment groups

These groups include Vula, Thebe and the Telecommunications Empowerment Consortium, who have all already registered their interest in the opportunity

They are expected to be looking to team up in joint ventures and partnerships with international telecommunications groups such as Nokia, Motorola and Qualcomm, Nortel and many others who are waiting on Satra's announcement

(0)

NEW CELLULAR LICENCES

IMMINENT DEATH OF A DUOPOLY

Satra hard-pressed to ensure competitive environment

(267) FM 31/7/98

The heydays of the duopoly enjoyed by Vodacom and MTN are about to end This week the SA Telecommunications Regulatory Authority (Satra) is expected to give new competitors the go-ahead to take on the cellular operators

Declining to give away details, chairman Nape Maepa says Satra is on track to issue new licences by the end of the year An announcement will be made on Thursday Sources believe there will be more than one new licence

The news will be welcomed by equipment suppliers and black business groups, which have been positioning themselves for the multibillion-rand empowerment opportunity

Vula, Afrozone, Thebe, Cosatu, the Communications Workers Union (CWU), Telecommunications Empowerment Consortium, Lumisa Telecoms and Zakhele Investment have expressed an interest More black companies and investment firms are likely to join the fray

Bidders are expected to operate in consortiums that will include experienced international operators and infrastructure suppliers Nokia, Qualcomm, Ericsson, Nortel and Motorola are keen for a slice of the cake

The new operators' success depends on Satra's ability to create a regulatory structure that makes it possible for them to compete with the entrenched duopoly

Satra will have the advantage of a beefed-up Competition Act, which should be passed by parliament this session and will make it harder for dominant players to stifle smaller competitors

Assuming Satra is able to ensure a fair and competitive environment, bidders must overcome the most serious obstacle of all — finding access to capital

Robert Tshabalala

Nape Maepa new licences by the end of the year

Satra's consultants, the ITC Consortium, have proposed a private-sector trust fund of at least US$400m (see *FM Focus*)

In its report to Satra, the ITC consortium, which completed the cellular feasibility study, emphasises that the power to regulate the telecoms market is also the power to destroy it

Accepting that the market must be distorted deliberately to achieve the social and political goals, it says the market could collapse if potential investors and operators have to bear costs and obligations that exceed benefits

In the words of one equipment manufacturer "If empowerment obligations are not clearly defined and the costs limited, this could break the business plan If that seems to be the case, we will walk"

Satra must tread carefully

It hopes new competition will result in cheaper calls and improved service However, its suggestion of a "low-mobility" wireless service, such as cellular payphones for underserviced areas, has received a mixed reaction Telkom won't tolerate competition in this area unless its social commitments are reconsidered

Others maintain a low-mobility solution is uneconomical

"Both low- and high-mobility services are inherent in the GSM cellular technology," says Maepa, adding that MTN and Vodacom's focus on high mobility was "purely a marketing decision" He is adamant that cellular technology can be used to meet universal service needs

In further moves to liberalise the industry, Satra has invited representations on the ownership and control, or the holding of any financial or voting interest, in telecoms service licence holders

It has asked for feedback on issues such as limiting the control and services of telecoms providers, foreign ownership restrictions, collusion, anticompetitive practices and concentration of ownership

"We must have regulation in place to ensure no anticompetitive behaviour," says Satra's head of economic and financial analysis, Thabo Makhakhe

>> In Washington DC, a third wireless operator saw prices drop by a third <<
Chase Libbey

He says Satra will draw up a policy on cross-ownership

Though US-based SBC has been forced to sell its 15,5% in MTN because of its stake in Telkom, cross-ownership continues to be a factor in the cellular sector Rembrandt is a direct shareholder in Vodacom and an indirect one in MTN, and government owns a total of 73,5% in the cellular operators through Telkom and Transnet There have been suggestions that government's stakes should be sold to black empowerment groups

Another issue confronting Satra is whether organisations like Denel and Sentech — which were created with tax revenues — should be allowed to team up exclusively with one operator, or make their services available to all

There is also the concern that most of Satra's employees are members of the CWU If the CWU were part of a winning bid, competitors could cry foul and say that information had been leaked

If Satra succeeds in creating a competitive environment, everyone will win Europe, Canada, the US and Australia all offer examples of how markets have grown as a result of competition and consumers have benefited with improved services and cheaper prices

In Washington DC, prices dropped 30% when a third wireless operator entered the market, says Chase Libbey of US-based Consultants in Law & Communications Though a third operator may not be able to catch up with a duopoly in terms of subscriber numbers, it can be profitable and expand the market

Marina Bidoli

Outrage as two cellular licences awarded

ST (BT) 2/8/98

(267)

Bidders say the decision will lead to a costly duplication of infrastructure, writes SHERILEE BRIDGE

Picture RAYMOND PRESTON

PUTTING THE RULES IN PLACE ... Nape Maepa of Satra says two additional licences will enhance competion

CELLULAR users in SA should have a choice of four different network operators by early next year following the recommendation by the SA Telecommunications Regulatory Authority (Satra) that two additional cell phone licences be issued

But potential empowerment bidders for the two new cellular licences have lashed out at the decision.

Satra said on Friday two more licences should be added to the MTN-Vodacom R12-billion-a-year duopoly The recommendation came as a surprise after indications that only one additional licence would be granted

Vula Communications, a black-owned media and telecommunications company leading one of the bidding consortia, said it was "very disappointed" by the move.

CE Mark Headbush said the decision would have an impact on both the financial and the empowerment strengths of the new operators.

"One licence would have ensured a strong empowerment presence in the cellular market It would also have meant there would have been aggressive competition between the black-owned network and the existing operators Four players means that more has to be shared and weakens the playing power."

If two new licences were awarded, regulatory mechanisms would have to be put into place to ensure the survival of both networks, Headbush said

Afrozone, another potential bidder, said it felt there was room for only one more network. Director Chris Makhele said investors were worried about the financial viability of one, let alone two networks

The biggest concern was duplication of infrastructure as each network would have to spend between R6- and R10-billion

Most black empowerment bidders expected Satra to back them in their quest to make use of the existing networks while setting up shop.

The authority said the new entrants should be allowed to use established roaming and interconnect facilities at preferential rates

Nape Maepa, chairman of Satra, said two licences would best spread the opportunities for empowerment and enhance competition.

"Regulatory interventions are used internationally to level the playing field when new entrants come into an established market "

He said these issues, along with questions about cross ownership and maximum percentage of foreign investment, would be addressed in the tender document

The documents are expected to be released within one or two months. This will be followed by a four-month period to prepare bids.

Among the consortia expected to put in bids are the Vula Communications-led group, which may be joined by Thebe Media and Communications, the Telecommunications Empowerment Consortium (TEC) and Afrozone Investments; and a consortium driven by the Communication Workers' Union.

The tender evaluation process, which rests with Satra, is expected to take about two months.

Minister of Posts, Telecommunications and Broadcasting Jay Naidoo said the recommendation was in line with his ambitions for the industry The universal services obligations of the new networks could clash with those of Telkom, but Naidoo said the telecommunication utility's roll-out programme would not be affected

Vodacom and MTN said they were open to competition as long as it was on an equal basis

MTN announced on Friday that six black empowerment groups had been allocated a 3.5% shareholding worth about R175-million

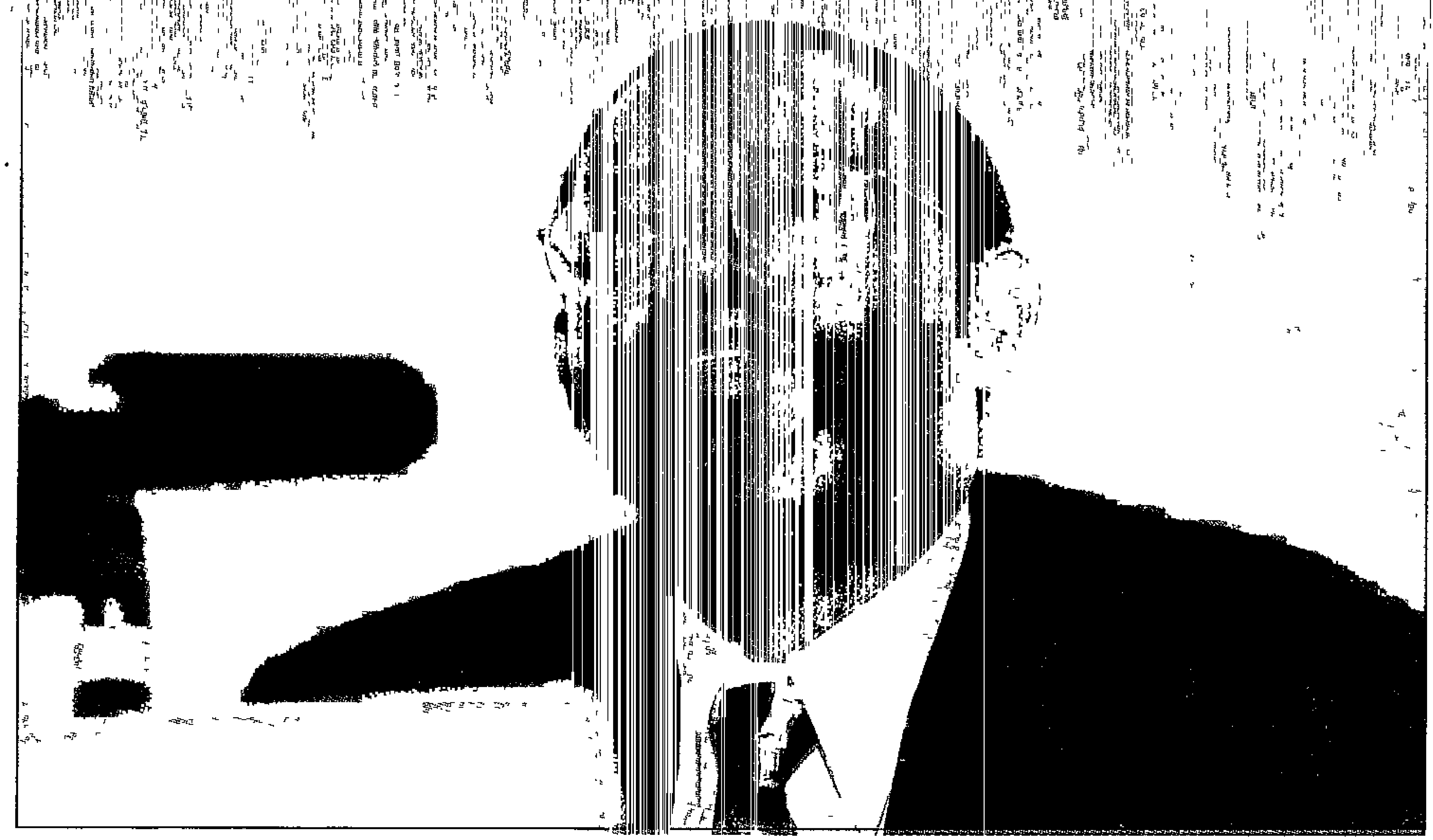
The groups selected from a list of 45 are a consortium led by women's empowerment group Pontso, Safika Wireless, Union Alliance, Eastern Cape Black Economic Empowerment Group, Siphumele Investments and the Workers Investment Company

Outrage as two cellular licences awarded

ST (BT) 2/8/98

(267)

Bidders say the decision will lead to a costly duplication of infrastructure, writes SHERILEE BRIDGE



PUTTING THE RULES IN PLACE . . . Nape Maepa of Satra says two additional licences will enhance competion

CELLULAR users in SA should have a choice of four different network operators by early next year following the recommendation by the SA Telecommunications Regulatory Authority (Satra) that two additional cell phone licences be issued

But potential empowerment bidders for the two new cellular licences have lashed out at the decision

Satra said on Friday two more licences should be added to the MTN-Vodacom R12-billion-a-year duopoly The recommendation came as a surprise after indications that only one additional licence would be granted

Vula Communications, a black-owned media and telecommunications company leading one of the bidding consortia, said it was "very disappointed" by the move.

CE Mark Headbush said the decision would have an impact on both the financial and the empowerment strengths of the new operators

"One licence would have ensured a strong empowerment presence in the cellular market It would also have meant there would have been aggressive competition between the black-owned network and the existing operators Four players means that more has to be shared and weakens the playing power."

If two new licences were awarded, regulatory mechanisms would have to be put into place to ensure the survival of both networks, Headbush said

Afrozone, another potential bidder, said it felt there was room for only one more network Director Chris Makhele said investors were worried about the financial viability of one, let alone two networks

The biggest concern was duplication of infrastructure as each network would have to spend between R6- and R10-billion.

Most black empowerment bidders expected Satra to back them in their quest to make use of the existing networks while setting up shop

The authority said the new entrants should be allowed to use established roaming and interconnect facilities at preferential rates

Nape Maepa, chairman of Satra, said two licences would best spread the opportunities for empowerment and enhance competition

"Regulatory interventions are used internationally to level the playing field when new entrants come into an established market "

He said these issues, along with questions about cross ownership and maximum percentage of foreign investment, would be addressed in the tender document

The documents are expected to be released within one or two months This will be followed by a four-month period to prepare bids

Among the consortia expected to put in bids are the Vula Communications-led group, which may be joined by Thebe Media and Communications, the Telecommunications Empowerment Consortium (TEC) and Afrozone Investments, and a consortium driven by the Communication Workers' Union

The tender evaluation process, which rests with Satra, is expected to take about two months

Minister of Posts, Telecommunications and Broadcasting Jay Naidoo said the recommendation was in line with his ambitions for the industry The universal services obligations of the new networks could clash with those of Telkom, but Naidoo said the telecommunication utility's roll-out programme would not be affected

Vodacom and MTN said they were open to competition as long as it was on an equal basis

MTN announced on Friday that six black empowerment groups had been allocated a 3 5% shareholding worth about R175-million

The groups selected from a list of 45 are a consortium led by women's empowerment group Pontso, Safika Wireless, Union Alliance, Eastern Cape Black Economic Empowerment Group, Siphumele Investments and the Workers Investment Company

Network licence proposals draw mixed reaction

(767) BD 3/8/98

Mzwandile Jacks and Lesley Stones

CELLULAR network company MTN says it is not afraid of competition in the light of a decision to award two new licences to operate cellphone networks in SA

MTN was prepared to discuss with the SA Telecommunications Regulatory Authority (Satra) industry matters including infrastructure sharing with new entrants to the cellphone market, spokesman Jacques Sellschop said yesterday

The decision by Satra on Friday that two additional cellphone licences will be issued should give users a choice of four network operators by early next year

However, Sellschop questioned the economic wisdom of setting up a third, let alone a fourth, cellphone infrastructure

"There is nothing that SA needs that cannot be provided by the two existing operators The networks have an investment of about R10bn in cellular telecommunications At a rand-dollar exchange rate that must pose a considerable challenge to an investor at the present exchange rate "

Satra chairman Nape Maepa said the authority was regulating in the public interest About 16-million lines were needed in the country and if the two cellular networks failed to provide them after four years, two new networks were needed

The decision to award two rather than one new licence took the industry by surprise. More than 30 interested parties submitted documents to help Satra reach its decision, and most were fiercely in favour of just one new licence

As MTN and Vodacom are so well entrenched, fears were expressed that the remaining market share was too small to split in two

However, the African Telecommunications Forum (ATF) praised the decision for taking a long-term view "The ATF exists to encourage black participation in this sector, so the more the merrier," secretary-general Thami Mtshali said "We just don't want this to be a 'rent-a-darkie' partnership This should be a black empowerment move led by a black company with perhaps some foreign investment "

The ATF believed there were enough potential customers to make two new licences viable, he said "There are more than 40-million people in the country and we are an emerging market."

Licensing conditions such as whether new operators can piggyback on the MTN and Vodacom networks to roll out their services faster will only be addressed when the tender documents are issued

Vodacom CE Alan Knott-Craig said his company was not opposed to sharing infrastructure on commercially acceptable terms, and welcomed the advent of two new additional networks

Consumers would benefit and the industry would grow more quickly to its estimated potential of 10-million subscribers However, these benefits would only materialise in a truly competitive environment where players competed on an equal basis, he said.

Government gets R1-bn from Telkom

(267) Sowetan 6/8/98

By Pamela Dube

TELKOM has contributed more than R1 billion to the Government in taxes and dividends during the past year, Telkom's chairman Advocate Dikgang Moseneke said yesterday

Presenting the Telkom annual report to the Parliamentary portfolio committee on communications, Moseneke stated that while the corporation did not receive any funding from Government, it had contributed significantly to the country's economic growth

Telkom contributed R1,1 billion in taxes during the 1997-98 financial year and paid over R400 million in dividends to the Government

The Government has a 70 percent stake in the parastatal

Over the past four years, Telkom has recorded an annual compound growth of 32,60 percent – more than half of its registered growth during the 1996-97 financial year During the 1997-98 financial year the corporation recorded a profit of R3,5 billion

Moseneke agreed that several factors contributed to the dramatic growth and profit earnings during the year under review

The statutory regulations passed last year by Parliament helped stabilise the telecommunication industry in South Africa, thereby contributing positively to the growth of the organisation.

Equity transaction

Of major significance was last year's conclusion of the 30 percent equity transaction – laying the foundation for Telkom's opening up to bring more stakeholders including foreign interests and labour

Telkom "moved swiftly during the year under review to lay the foundations for world-class service delivery", Moseneke said

About R4,4 million of the proceeds from the sale of the equity stake to SBC Communications Inc and Malaysia Berhad was "immediately released to the company for our infrastructure programme"

He also conceded that the Government's positive attitude towards the telephone service provider over the years have enhanced business for Telkom

Last year the Ministry of Telecommunications granted Telkom a six-year licence as exclusive provider of public switched telecommunications services (PSTS) – providing the installation of 2,8 million new lines, 120 000 payphones and the replacement of more than one million digital lines

The licence, said Moseneke, along with the overall regulatory stability now prevailing in the telecommunication sector, enabled Telkom and its equity partners the level of certainty required to operate in an environment of gradual, controlled competition

Acknowledging, however, that Telkom had not always had smooth sailing, Moseneke said deterioration of some of the corporation's networks due to inadequate maintenance over the year, cost the organisation R2,2 billion

Lesotho govt promises return to peace after week-long stayaway

17/8/98 (267) BD 17/8/98

Candi Ratabane Ramainoane and John Dludlu

MASERU — The beleaguered Lesotho government, which has been facing a week-long stayaway in the capital, yesterday sought to wrest victory from the opposition alliance by promising a return to normality in the country as the SA-led task team began probing the government's disputed electoral mandate.

SA Constitutional Court deputy president Justice Pius Langa, chairman of the three-nation task team including Mojanku Gumbi, deputy president Thabo Mbeki's legal adviser, appealed for a normalisation of life in Lesotho, saying that this would make his team's work easier.

However, Langa, whose team was set up following an SA-brokered deal between the government and its opponents, vowed to press ahead with his work even if the situation did not return to normal.

The task team also includes officials from Botswana and Zimbabwe, while commonwealth officials are sitting in the hearings as observers

Government business has, like all business in Maseru, come to a standstill in the past week Tom Thabane, the foreign minister, said yesterday the legislature would resume its business today

He denied suggestions that the legislature had failed to meet in the past week because of fear of the protests

Government expected the law enforcement agencies to bring back normality in the city which has been engulfed by demonstrations over claims that the May election was rigged in favour of the ruling Lesotho Congress for Democracy (LCD).

Thabane, who was linked to a report alleging electoral irregularity last Friday, also played down the significance of Friday's meeting between chiefs of the army, intelligence and police agencies, on the one hand, and the leaders of the opposition alliance, on the other

Thabane said Prime Minister Pakalitha Mosisili, also defence minister, allowed the security chiefs to hold the meeting simply to warn the opposition groups that any law-breaking would be dealt with "They (security chiefs) listened, but were not there to negotiate," he said of the extraordinary meeting at the Roman Catholic archbishop's residence

Agreement was reached with the security apparatus that people's rights would be respected by all sides, which the opposition also saw as a victory following Wednesday's teargassing of protesters by the army .

The understanding further discredits the army's teargas action against the marchers. However, most crucially, it means that the camping at King Letsie III's gates could go on as long as the protesters do not attack people or loot. Another stay-away was planned for today.

Mosisili has also called a meeting with all political parties today to discuss the situation in Lesotho.

Langa's team heard grievances, mostly directed at the conduct of the Lesotho's Independent Electoral Commission, from the opposition at the weekend. These include concern that the commission was using the same legal firm used by the LCD. The opposition also wanted the commission to explain the suspension of its election director.

Meanwhile, the African National Congress executive committee yesterday backed SA's efforts to restore stability in Africa's trouble spots.

COMPETITION *Clear definition of powers is needed to avoid potential conflicts*

'Protocol' needed for Satra

CT (PR) 17/8/98 (267)

NCABA HLOPHE

Johannesburg — Pierre Brooks, the chairman of the Competition Board, called last week for a formal protocol to avoid a potential conflict with the South African Telecommunications Regulatory Authority (Satra), which had extended its authority to all competition matters in the telecommunications industry

"Satra has the power to regulate the telecommunications industry, including unfair competition, but it appears to interpret this power to include all competition matters," Brooks said

He said the technological advances of the industry and the envisaged new Competition Bill required a protocol to formalise the relationships and areas of activity of the two bodies instead of the current informal and loose arrangement

He said the Telecommunications Act of 1996, which created Satra, did not curtail the role of the board to govern competition matters in the industry

In deciding what activities fell within the competitive domain, Brooks said the board would not attempt to interpret the Telecommunications Act as this was a role to be executed by the judicial system

But this limitation should not preclude the board from having an advocacy role to promote competition, he said

Nape Maepa, the chairman of Satra, agreed that a system needed to be created to make sure that the two organisations complemented each other instead of competing against each other

"Some of the powers conferred by the act are not commensurate with our capabilities and we hope that the new Competition Bill will devise ways to make our relationship easier," Maepa said

However, he came out strongly in support of Satra for granting two additional cellular network licences as a viable vehicle for empowerment and competition in the industry

He disagreed with the protests of both MTN and Vodacom against Satra's stance to assist potential new entrants

"The issue is not whether we should facilitate empowerment, which many companies have adopted as a policy, but to what extent should we do it," Maepa said "The initial estimates of the market were conservative In fact, we could have perhaps issued the four licences right at the beginning"

He said while certain aspects might constitute unfair competition, it was necessary for the transitional period to favour the previously disadvantaged groups and to support them to make sure they succeeded

MTN and Vodacom said they did not oppose competition but were concerned about attempts to generate competition on unfair and discriminatory bases

MEDIATOR *Pierre Brooks hopes the new bill will enhance the Competition Board's relationship with Satra*

SA Post Office given five years to dust off cobwebs

(267)

Government threatens to privatise postal service

ARGT 22/8/98

TWEET GAINSBOROUGH-WARING

If you wonder why your local postman has become so energetic these days, it may be because he has only five years to prove he can deliver the goods

If he doesn't, he and the rest of the South African Post Office's employees may find themselves out of jobs, and private companies could be delivering the mail

The Government has given the Post Office five years to improve its service, and threatened it could lose its monopoly

In an attempt to meet the challenge, the Post Office plans to deliver mail to four million new street addresses, including squatter camps, over the next four to five years and, in the process, create thousands of new jobs for postmen and women

Meanwhile, several post offices in relatively affluent areas have been closed to save money. However, it is claimed that the closures have not affected postal services in these areas

The Post Office's new services will include additional street deliveries, postbox clusters in residential areas and "virtual addresses"

The virtual addresses will be assigned to people in areas where postal deliveries are not available They will be given an identity number enabling them to collect their post from a post office, or the nearest agency

Rima Tshishonga, speaking for the Post Office, said the organisation was planning to increase the number of agencies in previously unserviced areas to sell stamps and offer other services such as parcel post

Some local shops will serve as post office agencies, she said

"The type of service offered will depend on its viability," she said

The Post Office has introduced pilot street delivery schemes in Khayelitsha and Guguletu, the first time street delivery has been expanded since the 1980s.

Ms Tshishonga said the service in Khayelisha had begun with deliveries every second day because the volume of post did not warrant daily deliveries

She said the results from the pilot studies would be used to develop a new delivery policy in these areas.

Post Office 'losing R350m a year to private sector fraud'

Patrick Wadula (267)

BD 24/8/98

THE Post Office is losing almost R350m a year due to external fraud perpetrated by companies using stolen Post Office franking machines to mass-mail their clients

Post Office Philatelic Services senior manager Franco Frescura said at the weekend that although the known losses were between R60m and R80m a year, the Post Office believed that its losses could be running close to R350m every year

"This is costing the taxpayers and the Post Office a lot of money," he said.

Frescura said the Post Office handled approximately 7-million letters on a daily basis, of which 70% were prepaid mass-mailed letters sent out by companies that used franking machines The balance of the post consisted of mainly personal letters

He said the Post Office was improving its monitoring system of postage through improved quality, strict cost control and effective management

Last week the Post Office's Philatelic Services officially launched new self-adhesive stamps, to be available nationally from September 7.

Post Office chairman Max Maisela said the new peel-and-stick stamps would not replace the gummed stamp and the use of franking machines.

He said research showed that recipients were 10 times more likely to open mail if the envelope had a stamp on it rather than a franking machine mark

"But small and medium-sized businesses that find franking machines to be expensive or tedious to operate will be encouraged to switch over to this new product," he said.

Maisela said these types of stamps were used in countries including Australia, Singapore and Hong Kong

Frescura said the Post Office was looking at targeting mass mailers including 40 000 small and medium sized businesses

"We are looking at equipping mass-mailing companies with these new peel-and-stick stamp machines that can fit on a desktop and process almost 10 000 letters an hour These machines will be able to pay themselves off in two to three months," he said

(267)

Postal bill limits service monopoly

ARG 27/8/98

CLIVE SAWYER
POLITICAL CORRESPONDENT

A decisive programme for black economic empowerment is to be closely tied to postal policy reform legislation tabled in Parliament yesterday by Telecommunications and Broadcasting Minister Jay Naidoo.

The Postal Services Bill reforms legislation in line with new policy devised by Mr Naidoo's ministry in the past three years.

The new bill claims to promote competition in the sector while ensuring every citizen benefits from postal services

The post office will keep its monopoly on all letter mail, the issuing of stamps and roadside letterbox collection

The white paper on postal policy recommended that this monopoly should last for three years and be renewable

All other services, including parcel and express services, will be categorised as "non-reserved" and will be open for competition and market forces.

The bill provides for the setting up of a regulatory body with duties which will include monitoring and regulating tariff structures.

The bill makes provision for new technology, including electronic mail. It also provides for restructuring of the Postbank as an autonomous company owned by the postal company and the Government

The Postbank will be geared to providing savings and banking services to rural communities

An explanatory memorandum on the bill said that proposals were being drafted to make Postbank the "bank of first choice for the lower income group"

It is intended the bank would be used to create a culture of saving among clients

The bill also provides for sentences for a wide variety of crimes involving tampering with post

Didata technology consultant Andre Vermeulen adds that a number of overseas companies have indicated an interest in setting up call centres in SA because of the favourable exchange rate. These potential investors would like callers to link into the call centre through a data network, as this works out cheaper than using the telephone network. But because of Telkom's monopoly on voice services, they are holding back. "SA faces the danger that such investments could end up north of our borders," says Vermeulen. Many technology companies are holding back training their engineers on new "voice over data" technologies, he adds.

Meanwhile, Telkom has been able to take advantage of the industry inertia. Fearing there will be a mass exodus of users once its exclusivity is lifted, Telkom is negotiating with clients to offer its sophisticated PrimeNet services at discounted rates. These services operate off Telkom's intelligent network platform and compete with private-sector virtual private networks like those of Omnilink and Datatec.

It emerged last week that Telkom's determination to hold on to every aspect of its monopoly nearly cost the country a US$500 000 foreign investment by a multibillion-dollar international satellite broadcasting venture.

Telkom and WorldSpace, a US-based group that plans to launch three digital

PROGNOSIS FOR THE FUTURE

- **Continued uncertainty in definition of terms and legal status**
- Extended delays in regulation and legislation
- **Slow progress towards a more liberalised environment**
- Slow progress towards a more deregulated environment
- **Telkom will continue to defend and entrench its monopoly**
- Satra will continue to be directed by the Minister of Posts, Telecommunications & Broadcasting
- **Business will continue to be hamstrung in its long-term strategic and expenditure planning**
- Vans and industry players will continue to lobby for change

SOURCE SATMA

radio satellites aimed at emerging markets, were expected to settle their differences this week after WorldSpace threatened to withdraw its investment in SA and move its African operations to Ghana. Telkom backed down, but only after legal intervention and after SA Telecommunications Regulatory Authority (Satra) chairman Nape Maepa was asked to become involved.

At issue is the fact that Telkom has been granted a monopoly over the uplink frequency band that WorldSpace wants to use, namely 7 025 MHz-7 075 MHz.

Justine White, an attorney representing WorldSpace, claims Telkom assumed that what the broadcaster aims to do constitutes a public switched telephone service. "They defined it as a long-distance phone call," she says.

She adds: "You can't have ownership restrictions when dealing with $500 000 investments."

A Telkom spokesman declined to comment ahead of a press conference scheduled for Tuesday, after the *FM* went to press. It is understood to have resolved its differences with the company.

WorldSpace is launching three geostationary communications satellites at a cost of $1,5bn, one of which will offer 87 channels of digital radio to Africa, the Middle East and southern Europe.

White explains that Telkom wanted to operate the system from a new base at Olifantshoek that hadn't yet been built. She claims Telkom wanted to charge WorldSpace $69 000/month for the service. WorldSpace then threatened to pull the plug and quit the country, White says. Only with Satra's intervention did Telkom agree that WorldSpace could manage the site from its own technical centre in Craighall Park, and the two companies entered into negotiations regarding a complex lease-back arrangement. "When negotiations started they were fraught," White says. "It was difficult to get Telkom to the table.

"This industry is so regulated you can't do it on your own. You need Telkom, Satra and the Department of Communications on your side as much as possible," White told an audience of Internet service providers in Sandton last week.

Restrictions on the use of satellites by the private sector have also adversely affected Internet service providers. HixNet, a service provider in the Softline group, was recently forced to shut down its satellite Internet service at great cost. MD Steven Mazabow claims that a 64 Kbit/s link rented from Telkom costs R45 000/month, while satellite costs $1 300/month. Mazabow shut down the service at the request of Satra's Maepa after a complaint lodged with the regulator by Telkom.

All this comes amid news that the long-running talks between the Internet Service Providers' Association and Telkom have taken a turn for the worse. Telkom has bullied its way past two government watchdogs, first refusing to recognise the authority of the Competition Board, and then challenging Satra in court after the regulator ruled that Internet provision is not Telkom's exclusive domain.

[illegible] Bidoli and Duncan McLeod

is a need to stimulate debate in the Southern African Development Community about the issues.

A major concern for Ngcaba is the lack of understanding in SA about the technologies by consumers, the private sector and government.

But if one clear message came out of last week's Ispa conference, it was that it is becoming more difficult for government to regulate online markets and activities because of the ungovernable nature of the global Internet.

Gauteng Gambling Board legal adviser Edward Lalumbe says, for example, that online gambling creates a problem of jurisdiction, as the parties may be based in more than one country. "Where did the activity take place? Which country has jurisdiction over the perpetrators? It's a real problem," Lalumbe told Ispa delegates.

Duncan McLeod

TELECOMMUNICATIONS

(267) FM 28/8/98

BUSINESS CHAMPING AT THE BIT

Corporate frustration rising; foreign investment nearly scuppered

Big business's anger and frustration with Telkom, its monopoly and the high level of regulation in SA's telecommunications industry, is on the boil

Business has now raised concerns that instead of improving its services, the corporation has become more arrogant towards its biggest customers since the entry of the equity partners SBC and Telekom Malaysia

Dave Ingram, vice-chairman of the SA Telephony Managers' Association (Satma), a business lobby group, says attempts to meet senior Telkom management to discuss policy issues have been ignored "This is arrogant and unacceptable," he says "Satma represents Telkom's top-paying customers and provides more than R1bn/year to its coffers "

Ingram's main concern is the lack of clarity on the legality of voice transmissions over private data networks Another grey area is the use of the "corporate connect service", whereby corporates are able to directly connect their PABX system to the MTN and Vodacom cellular networks, thereby reducing the cost of calls

Robert Tshabalala

Gianfranco Cicogna *wants regulatory certainty*

"We don't have a problem with regulations stopping bypass Few telecoms companies worldwide permit bypass But it is important that definitions are sorted out," says Ingram He points out that the Telecommunications Act and Telkom's licence are filled with inconsistencies and ambiguities There are inconsistencies in what services constitute bypass of Telkom's infrastructure There is still uncertainty about whether voice mail, Web radio, video conferencing or voice calls to a mobile teleworker are legal "Companies and suppliers do not know whether they should be investing in new voice-enabled infrastructure It's difficult to base a multi-million-rand business on regulatory loopholes," adds Satma chairman Gianfranco Cicogna

"Telkom's monopoly is restricting SA's overall economic development Our members employ more people than Telkom With the plummeting rand, it's vital that they are able to reduce their cost of operations But they cannot do so because of these protective regulations," says Cicogna

LEGISLATION

STATE'S CYBER LAW PLANS UNVEILED

The Department of Communications is forging ahead with plans to introduce legislation to deal with new technologies by early next decade, director-general Andile Ngcaba said last week

Ngcaba, who was addressing the Internet Service Providers' Association (Ispa)'s annual general meeting, said his department would investigate government's ability to tax cross-border transactions, copyright and patent infringement issues, security and privacy concerns, electronic payment systems, the need for a uniform commercial code for commerce conducted on the Internet, the suitability of SA's telecoms infrastructure for electronic trade, content, technical standards, universal service and labour issues

The department, which has initiated discussions with the Electronic Commerce Association of SA and other interest groups, proposes that the legislation will encompass encryption and multimedia convergence

A discussion paper will be issued by April "We will then enter a structured policy process, and by the end of 2000 we will have a Green Paper," Ngcaba says.

However, different countries are approaching the issue of online trade from different perspectives Unlike other countries, Japan's position is that the taxation issue should be dealt with internationally, not on a country-by-country basis And the US and the European Union disagree on various issues Ngcaba says he hopes that debate at the World Trade Organisation will iron out many of these differences "As a country we need to look at who our major trading partners are and align our policies with theirs "

Andile Ngcaba

Ngcaba says the lack of communications infrastructure, the high cost of telecoms, a lack of skills and a need to adapt financial systems are obstacles in the formation and development of cyber economies in developing countries He says there

Telecommunications plan adopted

Robyn Chalmers (267)

A KEY plan to build Africa's telecommunications infrastructure was adopted at a recent Pan African Telecommunications Union meeting, paving the way for its implementation across the continent next year.

BD 2/9/98

The plan, forged by African ministers at the Africa Telecom conference held in SA, is a road map for sector restructuring through new policy and regulatory frameworks that will facilitate much-needed investment.

It means African countries will move along the path of liberalisation, privatisation and regulation for their telecommunications utilities. Programmes for rural telecommunications and human resources development and technical assistance are outlined in the plan. It is called the African Connection.

Post and Telecommunications Minister Jay Naidoo said yesterday the plan now had the backing of the 44 member states of PATU.

Detailed studies would now be done on how the plan should be implemented.

Naidoo said this would be presented to next year's Organisation of African Unity (OAU) meeting. There would be a call to African leaders to prioritise telecommunications development on the continent.

Investors had made it clear that funds would be forthcoming once there was a stable environment. That meant a stable regulatory environment and consistent policies governing telecommunications.

The International Telecommunications Union recently estimated that \$20bn would be required over the next five years to provide basic telecommunications infrastructure in Africa. African ministers at Africa Telecom estimated that \$750bn had to be spent on infrastructure to double the number of telephone lines to 50-million within five years.

BT sets up telecommunications and technology forum in SA

(267) MD 3/9/98

GORDON-CUMMING

A NEW forum for sharing industry-related information and opinions was launched locally this week by British Telecommunications (BT).

The Southern Africa Global Information Exchange (GIE) programme is open to information technology professionals who want to keep up with global telecommunications issues and trends. Members can also share ideas and develop business relationships with industry contacts around the world.

The GIE emulates schemes already running in countries including Australia, France, Hong Kong and the US.

"We are very excited about initiating the SA arm of this international programme as it clearly indicates SA's readiness to embrace global ideas, technology and innovative practices," said BT Southern Africa GM Ian Gordon-Cumming

"We encourage all information technology and telecommunication specialists to register as members, so they can experience the benefits of being part of a well-informed global village."

Members will receive access to a website listing events, hosting online debates and linking to managerial and telecommunication book reviews.

The site also connects to the BT laboratory in Martlesham, with a chance to download free software written by the BT Labs An example of that software is the BT Prosum text editor, which summarises Microsoft Word documents without losing the key points or the sense of the article

Members will also receive free quarterly magazines, and access to a BT helpdesk via a freephone number, fax or e-mail

Research to assess demand for the forum was carried out in SA and found that 47% of information technology and telecommunications professionals were very likely to join. One respondent said. "In today's society where so much information is available, having access to it in an area where it is cut and suited to your needs is a big advantage."

Issues of particular interest in SA were wide area networks, frame relay technology, connectivity, year 2000, bandwidth issues, regulatory news and video conferencing. Details are available on 0800-00-1834, by e-mail to infoexch@joburg.btap bt com, or through the website at www infoexchange bt.com

Industry bemoans foreign investment controls

(267) CT(BR) 4/9/98

NCABA HLOPHE

The South African Telecommunications Regulatory Authority (Satra) heard yesterday that cross-ownership, synergies and foreign ownership levels exceeding 40 percent would not necessarily swamp empowerment groups in the telecommunications industry

More than 10 telecommunication groups told the authority it was best to strike a balance between foreign ownership and empowerment in the industry Controls should be aimed at preventing anti-competitive behaviour, but black empowerment could be restricted if convergences were outlawed, they said

Satra had invited submissions of ownership and control in the telecommunications services as stipulated in section 52 of the Telecommunications Act of 1996

Such groups as Telkom, MTN, World Space, Orbicom and the South African Value Added Network Services Association (Sava), Portugal Telecom, Formus Communications and even the US government made written and oral representations to the regulator yesterday

A mantra that reverberated throughout the presentations was a call for minimal restrictions on control of companies, and the need to strike a balance between foreign participation and economic empowerment in the industry

The US government, through its embassy in South Africa, led the call for unfettered free market conditions

"We urge Satra not to prohibit or restrict the ownership or control of, or the holding of, any financial or voting interest in any type of telecommunications provider," the embassy submitted

It argued that market restrictions would hinder the ability of service providers to route traffic in the most economic fashion, thus keeping consumer prices artificially high

Portugal Telecom (PT) called for a flexible approach that would recognise the different characteristics of the various categories in the telecommunications industry

It went on to suggest that foreign ownership should not be less that 40 percent in any category of the industry, arguing that anything less might mitigate against economic empowerment in South Africa

This view has been echoed by Formus International, a US telecommunications group, which argued that limiting control to 30 to 40 percent was unnecessary

While in general agreement that restrictions could be counter-productive, some companies peddled minimal intervention rather than a laissez-faire environment

WorldSpace, for instance, favoured "appropriate limits on ownership" to facilitate the entry of new service providers, encourage competition and empowerment

WorldSpace peddled a staggered approach, in which attention would be initially focused on two-way public, switched telecommunications and mobiles and then later deal with value-added services

Amos Vilakazi, a WorldSpace spokesman, also called for a flexible regulatory environment that would not restrict companies from growing "Regulation should not be cast in stone, and black people do not want to remain just a little Mandela shanty town in the ever-growing global information village," he said

Synergies and convergences in the industry had become a trend which was not necessarily anti-competitive and should not be stifled through heavy barriers

WorldSpace also argued the 30 percent foreign ownership proviso, as part of South Africa's commitment to World Trade Organisation (WTO) policies, was too low and would not encourage foreign investment in the country

Orbicom's Tshepo Rantho, on the other hand, argued that the country should comply with WTO requirements and be sensitive to local industry to ensure that "it is not swamped by large, multi-national operators"

Sava punted a climate which would encourage self-regulation, but acknowledged that controls should only be exercised to prevent an unhealthy concentration of power in the industry which would impact negatively on the functioning of the free market

"The primary concerns centre on ensuring that a vertically integrated supplier of services such as Telkom cannot use its monopoly position in the provision of basic services to influence the provision of competitive services in any way," Sava submitted

Sava further argued that there was no need to change the existing policy as tendering and purchasing practices favoured empowerment and the Employment Equity Bill would also address some employment issues

Sava added that foreign ownership should be linked to offset-type agreements and requirements for skills transfer to boost empowerment

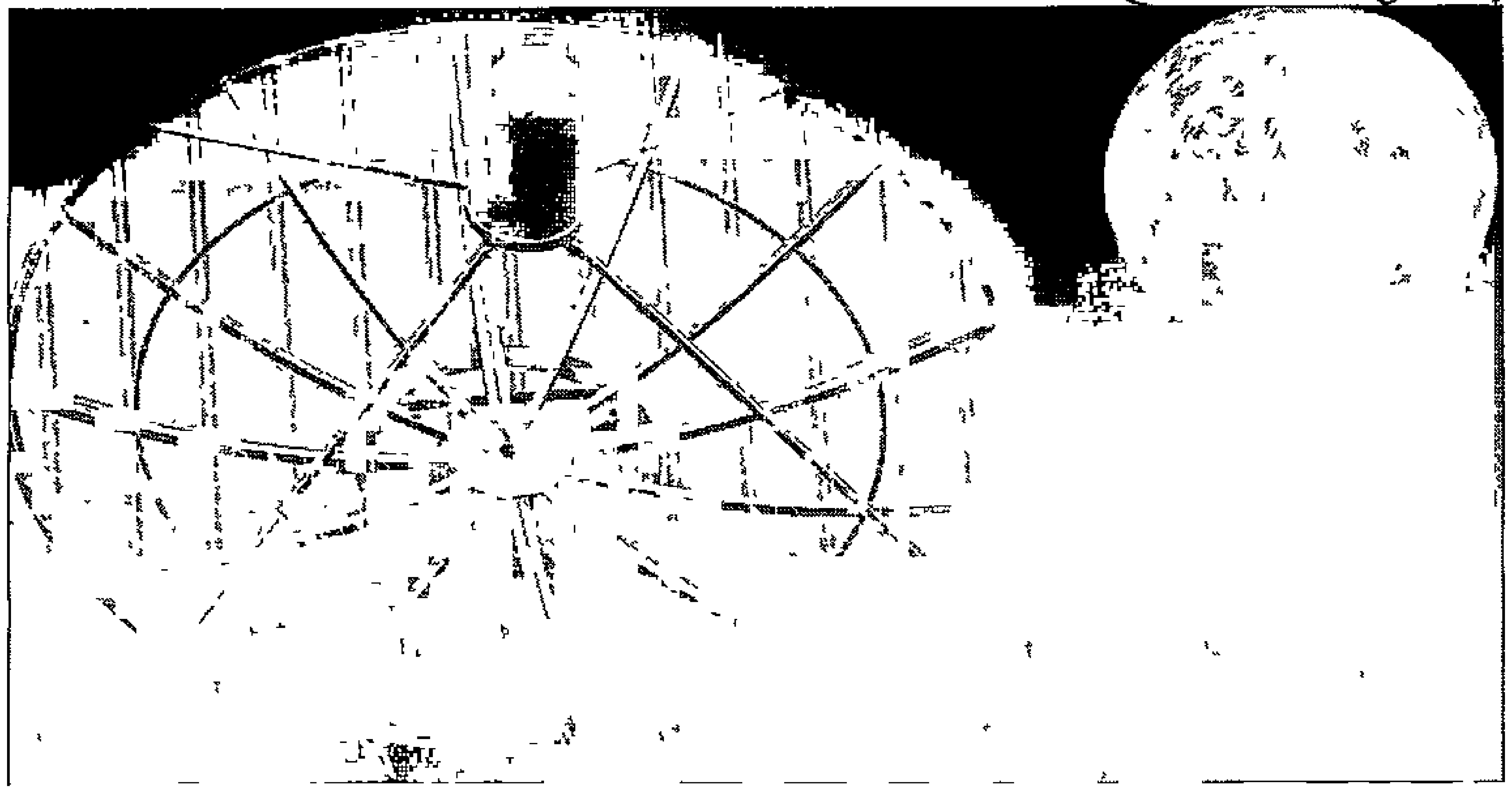
"Sava does not see the need to introduce further regulations to boost empowerment," it submitted

M-Web, which owns a value added network service (Vans) licence, submitted that it was premature to add to the body of laws and regulations which govern Vans The regulatory regime for Vans was beset with ambiguity and uncertainty, it said

"At the very least, the dispute between Telkom and the authority pending before the High Court in Pretoria should be adjudicated upon before any regulations concerning ownership, control, financial interest or voting interest should be promulgated," M-Web submitted

MTN and Telkom sounded a caveat that the regulation of telecommunications should not contradict any other legislations such as the new Competition Bill and Companies Act

"It would be intolerable to have a situation in which competition legislation conflicted with and did not recognise regulation under the Telecommunications Act," said Michael Stocks, MTN legal and regulatory affairs executive



Telkom pulls out of negotiations with rivals on Internet access

Lesley Stones

HOPES that a bitter dispute over the right to provide Internet access could be settled out of court have been scuppered with Telkom pulling out of negotiations.

Telkom and the Internet Service Providers' Association (Ispa) have been locked in talks since February to resolve Telkom's claim that it has the sole right to provide Internet access.

This weekend Telkom accused Ispa of reneging on basic agreements essential to the talks, making it pointless to continue.

A precondition for talks was that service providers would not let customers send voice messages over the Internet, which steals revenue from Telkom's telephone network. Ispa also agreed not to bypass Telkom's network in accordance with the Telecommunications Act. The parties had been close to agreement when the service providers' body said it would no longer honour these commitments, Telkom said.

"As Ispa has reversed its commitment not to engage in bypass or voice on the Internet, which would violate the law, Telkom decided there was little point in continuing to discuss a negotiated settlement," said Mac Geschwind, Telkom's outgoing chief operating officer. Neither Dave Frankel nor Mark Todes, co-chairmen of Ispa, were available for comment.

Voice over Internet technology is advancing so fast that Telkom's monopoly of voice services is rapidly being undermined. As pressure mounts for SA to keep pace with global developments, Telkom may be unable to restrict those technologies until its exclusivity expires in 2002. The service providers' organisation is unwilling to hamstring its members by committing itself to conditions that may gradually be eroded.

The battle to determine whether Telkom has the right to monopolise access provision may revert to Pretoria High Court for an analysis of Internet technologies.

"Telkom may now have no alternative but to pursue the matter through the courts," said Telkom CEO Sizwe Nxasana. "However, we intend to work with all the ISPs on an individual basis in the hope that they might prove more willing to enter agreements," he said.

Ispa is unlikely to welcome that move, fearing that Telkom could coerce smaller service providers into agreeing to its conditions for fear that the parastatal might otherwise refuse to provide the services needed to run their business.

(267) BD 7/9/98

Satra may mediate in Internet wrangle

CT (BR) 8/9/98 (267)

NCABA HLOPHE

Johannesburg — The South African Telecommunications Regulatory Authority (Satra) could intervene in the row between Telkom, the state-owned telecommunications company, and the Internet Service Providers Association (Ispa) over Internet access to avoid the matter being referred to court, said Busi Moloele, Satra spokesman

Moloele said though Satra had not been approached to mediate in the matter, it could contact the parties to determine prospects of settling the without the need to go to court

Telkom announced at the weekend it had pulled out of the out-of-court settlement negotiations after Ispa reneged on its promise that it would not bypass Telkom's network or provide voice over the Internet

It said that, after seven months, Ispa said it would no longer honour its original commitment.

"As Ispa has now reversed its original commitment not to engage in bypass or voice over the Internet, which would violate the law, Telkom decided there was little point in continuing to discuss a negotiated settlement," said Mac Geschwind, Telkom's chief operating officer

However, Anthony Brooks, part of Ispa's management team, denied that the association and its members had violated the Telecommunication Act

"There are so many grey areas in the act, and we feel that government should clarify those areas rather than set a precedent through a private deal " he said

He said that Ispa felt a private agreement would have further extended Telkom's exclusive control over Internet access

Ringing the changes in access to phones

Mav 9/9/98(267)

By Winnie Graham

The first step towards bringing telephones within reach of millions of Africans will be taken in Cape Town this month when an international group of businessmen, academics and telecom regulators meet to explore ways of changing the face of telecommunications in South Africa.

The African telecommunications development funding conference will be held from September 13 to 16 and will focus on employment, empowerment and financing.

Delegates from Zambia, Namibia, Botswana and elsewhere will attend.

Dr Paul Cole, an applied economist and a member of the board of the Centre for Democracy in Southern Africa, said last week that three billion of the five billion people alive today had never made a single telephone call.

"There are more phone lines in Tokyo than in all southern Africa," he said. "The time has come for this extreme parity to change."

However, before changes could be made, fundamental structures in the telecommunications sector had to occur.

One of these was a more "closely co-ordinated level of effort between business and government".

He said that in May this year President Mandela called for the creation of a dedicated African telecommunications development fund.

The fund would finance the infrastructure projects needed to extend technology to every village in Africa and put the continent on the map of the global information society

The proposed conference provided an opportunity for business and government to establish a "smart partnership".

In the meantime, black empowerment groups had endorsed the conference as a forum of vital national interest to South Africa.

Conference speakers include delegates from Canada, the United States, Europe and southern Africa.

The chairperson of the South African Telecommunications Regulatory Authority, Nape Maepa, will be one of the speakers.

Issues to be discussed include "The African Renaissance and telecommunications," "Investing in South Africa – a political risk assessment" and "The African Renaissance and the Political Economy"

The conference is being sponsored by Nortel, Nokia, JP Morgan, Telecom Financing Week, BMI and TechKnowledge, and is being supported by a wide range of organisations.

Cole added: "The conference is not limited to one approach, one initiative, one country or one set of players

"It is open to all who share the goal of restructuring and increasing the number of phone lines – and access to phones – in southern Africa."

Anyone wanting to attend the conference should call Charmaine at (011) 883-6831 or Tess at (021) 461-2674

Conference told of US telecoms investor plan

(267) CT (BR) 15/9/98

NCABA HLOPHE

Johannesburg — Nape Maepa, the chairman of the South African Telecommunications Regulatory Authority (Satra), yesterday announced that a group of US investors planned to invest in telecommunications in the region.

Maepa said the group had already asked him to address an investment conference it planned to hold in Cape Town within the next four weeks

However, he could not disclose who the investors were and how much they would invest in the region.

Maepa made the remarks in his keynote address to the two-day telecommunications funding conference in Cape Town

Maepa said Satra supported initiatives in the region to boost access to telecommunications through competition and proper regulation.

"It is important to stress that situations in South Africa that limit competition, such as limiting the opportunity for business, are actually limitations on the historically disadvantaged," he said.

Paul Cole, one of the organisers, said 24 corporate delegates attended the conference and 70 delegates from the region, including six telecommunications regulators He said participants had agreed on the need for a fund to spur telecommunications development

Jay Naidoo, the minister of post and telecommunications, did not attend as he felt it was "premature and of little value".

Maepa encouraged participants to apply their minds to explore effective and affordable ways of funding telecommunications in the region Maepa said Satra stood for transparency and a regulatory regime that was free of political interference

Satra chairman talks tough

BD 15/9/98 (267)

Samantha Sharpe

CAPE TOWN — SA was not a "ten-bit banana republic" in which political lobbying could change pre-determined telecommunications policies, "although we have some of the tastiest bananas on earth", SA Telecommunications Regulatory Authority (Satra) chairman Nape Maepa said yesterday.

Maepa warned potential investors at the African Telecommunications Development Funding Conference that SA telecommunications policies were written down and codified in law and with the public interest in mind.

"It is important to appreciate that the government of SA, with regulators such as Satra, aims to distance itself from the problems many developing companies have suffered from in the past — namely, a lack of transparency in business dealings and a concomitant lack of capability to serve the wider public interest.

"Decisions by so-called regulators being overruled by others different from the established processes codified in law are one example SA is clearly avoiding.... In Satra, only the public interest rules."

Maepa said that the organisation believed strongly in its responsibility to be impartial in its decision making.

"We know that some have objected to the introduction of two additional cellular licences.

"Indeed there has been very heavy lobbying on the part of a few major potential investors in these licences.

"However, as we view these objections, we find that the objections are based on the hope to make the same substantial (to put it mildly) profits being enjoyed by our cellular incumbents," he said.

Maepa said that the provision of an affordable phone service for SA's population was of primary concern to the organisation, with Satra encouraging any innovative funding to achieve this goal. "There can be no better win-win situation for industry and the public, than when entry into a market to serve a need of the public is facilitated," Maepe said.

THYS DULLAART

Posted to nowhere ... undelivered mail, which filled two plastic sacks, is cleared from a Yeoville street by concerned residents Margaret Auerbach and Hector Sithole.

Children find piles of dumped mail on Yeoville street

By Bunty West

Undelivered mail from companies and individuals was found blowing down a Yeoville, Johannesburg, street on Sunday after being dumped by an unknown man earlier in the day.

The mail, which included account payments, tax returns and cheques to the Southern Metro Council, was found by children playing in Minors Street It had been dumped in a flimsy plastic sack

Residents of a nearby block of flats saw a man dump the sack in the early afternoon and thought he was putting out rubbish.

But later they saw what they thought was paper blowing in the street and decided to organise a cleanup Before they could do so the neighbourhood children arrived with piles of mail they had picked up

Margaret Auerbach and Silke Arndt, members of the Yeoville Community Development Forum, immediately called the Post Office to tell them the mail they had promised to deliver with a 98% success rate was lying on the pavements, torn open, with cheques and IRP-5s blowing in the wind.

Recently the post office advertised it had "cleaned up" its act and that employees were no longer losing mail.

PO public relations officer Julie Windell said: "A docket will be opened and an investigation into the theft of the mail will be started by our special task group The perpetrators will be caught because we can follow the trail back to its source."

The mail, addressed to PO boxes, had been sent from all over the country including Cape Town, Port Elizabeth and Schweizer-Reneke.

Star 22/9/98 (267)

UK development group aims at small enterprises

BD 29/9/98

Africa has been left behind in the telecommunications revolution, but now it is trying to catch up

(267)

LONDON — About a century ago, so the story goes, it was possible for an Ethiopian king to talk on the phone to officials about 600km from the capital city — no mean feat at the time.

But for Africa, this has not proved a sign of great things to come Along with large areas of Asia and Latin America, Africa has been left behind in the telecommunications revolution; most businesses are still not benefiting from Internet services, which provide useful market information for businesses in Europe and North America.

There are signs, however, of change. The use of the Internet in particular is spreading rapidly in developing countries In Africa about 700 000 people have access to the Net — "six times as many Internet users as existed in all developing countries three years ago", according to the Panos Institute, the London-based international development agency But it is still only 0,1% of Africa's population, and most users are in capital cities.

The Intermediate Technology Development Group, an organisation based in Rugby, has launched a pilot project that aims to spread the benefits of information and communications technologies to small-scale enterprises in semi-urban and rural areas in Africa, Asia and Latin America.

The group's sustainable livelihoods project has secured £350 000 funding from the World Bank and from an independent trust

"We are looking at whether and how new (technologies) can be effectively used by low-income, small-scale producers to improve their productivity and competitiveness in market economies," says Andrew Scott, an intermediate technology specialist

However, in most developing countries, the cost of hardware is high, the cost of making telephone calls is higher than in the west, and telecommunications and power supplies can be erratic. "You just can't always get a phone line when you want one," says Scott.

Yet for small-scale enterprises in isolated rural areas, the benefits of information and communications technologies may be considerable

"Farmers can benefit, for example, if they have access to information about market conditions for crops," says Scott. "They often have no way of knowing the prices of foodstuffs in their nearest town " When the prices of foodstuffs were e-mailed by a voluntary organisation from the Uruguay capital of Montevideo to district centres, he says, "they were then broadcast on the radio and farmers in remote areas knew whether it was worthwhile taking their crops to market"

The information and communications technologies project is designing and installing a system for two rural provinces in Cajamarca, Peru. It is also developing a telecentre which is linked to the commercial provision of computer support services.

A telecentre pilot project in Harare intends to provide Internet access to small enterprises

"We want also to look at the situation in small market towns," says Scott. "Small-scale farmers and other small enterprises will rarely be able to afford their own equipment, but something like cybercafés could be viable." —Financial Times.

Wednesday September 30 1998 SOWETAN

Millions lost in Post Office thefts

(267)

By Ido Lekota

DESPITE registering and insuring mail items, consumers have lost millions of rands because of theft by Post Office employees and members of the public

A report from the Ministry of Telecommunications reveals that last year 22 323 registered and insured mail items, valued at R8 670 199, were stolen

The report was released in response to a recent question by Democratic Party MP Ken Andrew He wanted to know how many mail items were reported missing last year and what their value was

Andrew also wanted to know whether any action was taken against Post Office employees involved in the theft

The report says 96 employees were dismissed and in addition to being dismissed 79 were criminally charged Warnings were given to 34 other employees and another three were suspended

However, the report also paints an optimistic picture, indicating that an anti-crime campaign involving the minister, trade union leaders and Post Office management has borne fruit

Since April 1 last year, the report says, at least 788 actions, including dismissals, demotions and warnings were instituted against Post Office employees and members of the public

At least 544 Post Office employees have been dismissed as a result of the theft of mail items and 87 others have been either dismissed or given warnings

In addition 137 members of the public were prosecuted in connection with the theft of mail items

The campaign had its pilot projects on the Witwatersrand, in KwaZulu-Natal and Western Cape

Dates for similar projects in the remaining regions are still being finalised

Overtime set to speed up backlog

Private sector will provide funding

Star 12/10/98 (267)

By Anna Cox

The huge backlog experienced in Greater Johannesburg's metro and four local councils' town planning departments will soon be a thing of the past

A joint venture between the private sector and the councils will see the end of long waiting periods for the approval of land use and development plans

The private sector has raised R40 000 to pay staff overtime to work on Saturdays to clear the backlog Over the past months, developers and builders have complained bitterly about the time taken by various councils without sufficient staff to approve plans

Fifteen posts have now been identified as critical and are to be filled as a matter of urgency, said metro communications officer Khanyi Mkhonza Over and above this, a swat team of 15 staff members from all five councils were working voluntarily every Friday to address the backlog in land development applications

An overtime swat team would also work every second Saturday of the month, she said

An agreement had been reached with the private sector to provide funding for the overtime which would start on October 19 It was expected that this would eliminate a further 250 applications in six days, said Mkhonza

They expect to remove the backlog within six months

"The team has already dealt with more than 100 applications and this is expected to increase by up to 150 applications per month," Mkhonza said

The metro council, together with the four local councils, recently completed an audit of the planning departments which revealed that the problem was not only one of capacity but also included procedural and administrative issues

A new uniform structure fee will be implemented There will be new standardised application forms, a comprehensive information manual will be available, and a planning and development helpline will be established

Telkom to overcome 'difficult conditions'

(267)

Robyn Chalmers

BD 16/10/98

TELKOM is on target to improve revenue growth through an expanded customer base and at least sustain its profitability in the face of tough trading conditions for the year ending March 1999

Giving an interim update on the parastatal's performance, Telkom MD Sizwe Nxasana said yesterday that difficult trading conditions would be overcome through improved efficiencies, cost controls and productivity gains.

Nxasana said Telkom had a capital budget of R10bn in the current year.

This was dedicated to building a more reliable and modernised network and building information technology systems that allowed fast and efficient customer service Telkom was set to connect 500 000 new customers to the network by the end of the financial year, a significant portion of which was in underserviced areas

Foreign exchange exposure on imports — much of Telkom's equipment comes from abroad — had resulted in increased forward cover costs. "We are managing this situation very tightly," he said.

Telkom's investment in new lines and its service targets were unaffected by the weakening of the rand and the rise in local interest rates in the past few months The R10bn capital budget was being spread among suppliers, with R256m spent on emerging black businesses in the six months ended September from R240m in 1997/98.

Nxasana said Telkom's commitment to meeting its target of 2,8-million new lines over the next four years had resulted in a huge increase in year-on-year capital expenditure.

He said earlier that Telkom would look to local and international markets to fund up to half of its R9,75bn capital expenditure programme in 1998/99 It might not need to borrow the total R5bn, depending on internal cash flows.

Telkom's capital programme for the four years to March 2002 is estimated at R42bn and it is set to borrow between R16bn and R20bn

Satra may reject Telkom's rate hikes

(SAT) ARG (BR) 17/10/98 (267)

Renée Bonorchis

Johannesburg — Telkom, the telecommunications operator, could see its rate increases rejected by the South African Telecommunications Regulatory Authority (Satra)

Earlier this week Telkom said that local call rates would increase by 19,2 percent for a two minute call and 24,4 percent for a three minute call

Noluthando Gosa, a Satra councillor, said Telkom's proposed increases had been received and Satra would approve or reject the rates in the next 15 days

"We do empathise with the consumers and businesses, and we also understand that Telkom needs to rebalance costs since local calls have been below cost " Gosa said. "We need to assess whether or not the increases are within Satra's set limits "

Telkom indicated that its proposed increases were up to 3,3 percent below the projected consumer price index (CPI) of 8,8 percent and that Satra required the company to be only 1,5 percent below the CPI But Gosa said there were more tariff limits set by Satra than merely being below the CPI

Long distance national calls of three minutes will decrease in price by 3,6 percent and international calls will drop by an average of 8,1 percent, and by a further 24 percent in the 12 months after March next year However, telecommunications bodies, international experts and local businesses have said that the rates balancing was not acceptable

Ina Wilson, the chairman of the South African National Consumers Union, said yesterday "Does Telkom really think that decreasing overseas telephone calls by 8,1 percent would soften the blow? The majority of consumers in South Africa do not make overseas calls The effect of this increase will be devastating to the economy as a whole and business will have no choice but to pass this increase down to the consumer."

Mac Geschwind, the chief operating officer of Telkom, had said that rates were competitive with other telecommunications carriers, and, in some cases, more than competitive. However, an international telecommunications expert involved in the South African market said national price increases were unprecedented and not in line with international standards

Telkom pulls out workers as crime hits M'Plain staff

BONTLE HEADBUSH (267)
STAFF REPORTER ARG 27/10/98

Telkom has withdrawn its workers from Beacon Valley, Mitchell's Plain, because it fears for their lives.

Telkom community relations manager Mpumie Plaatjie said that until the safety of Telkom workers in the Beacon Valley area could be guaranteed, they would stop working there.

This follows a spate of incidents involving aggression towards the organisation's workers in the area.

Staff installing telephone services were threatened in two hijacking attempts, while four others were robbed of their tools at gunpoint.

Ms Plaatjie said the aggressive attitude towards workers, coming from a very small section of the community, made it difficult for them to do their duty.

"This environment is too dangerous for our staff.

"We are going to talk to community leaders in Mitchell's Plain today."

Mitchell's Plain police expressed surprise when asked about the incidents, and said they had no knowledge of any attacks on Telkom workers.

"None of the Telkom people who say they were attacked came to lay charges with us, so we were not aware of any of the incidents," said communications officer Captain Nicholas Adonis.

He said Telkom had invited the police to today's meeting.

Fearful Telkom technicians flee Beacon Valley

(267)

LINDA DANIELS

ARG 31/10/98

If your phone isn't working and you live in Beacon Valley, Mitchell's Plain, don't bother reporting the problem to Telkom – their technicians have called it a day.

They won't go near the suburb after receiving death threats from gangsters who had tried to hijack their vehicles

Telkom has pulled out their workers from the area until the community can prove it is safe enough to work there again

Local community leaders and Telkom officials met this week to address the problem and to find solutions

Mpumie Plaatjie, Telkom's community relations manager, said all community structures attended the meeting

She said "We raised our concern and they listened and supported us

"If the technicians' lives are in danger, we can't provide the service," she said.

Ms Plaatjie said the problem was not restricted to the Beacon Valley area She said Telkom technicians had been intimidated and had fallen victim to crime in other areas as well

She said that Telkom had introduced anti-crime programmes and had minimised the problem in other areas, but crime was still hampering Telkom's deliveries to some communities

"We want to deliver services, but we can't," she said, adding that Telkom would only be able to deliver its services when the environment was safe

Mitchell's Plain police inspector Isaac Cuttings, who also attended the meeting this week, said it was the first time that the police had been told of the crime against Telkom technicians in the area

He said one of the suggestions at the meeting to alleviate the problem was to set up more police patrols in Beacon Valley

But, he said, nothing could be finalised until a follow-up meeting on Monday, when the Mitchell's Plain police director Johann Kleyn would be present

Thousands in petrol lost to fraud – MEC

CP 1/11/98

Kgoali says the Health Department is the main culprit

(267)

By ALI MPHAKI

CLOSE to half-a-million rand (about R342 000) of petrol belonging to the Gauteng provincial government was lost to fraud in the past two years, MEC for Transport and Public Works Joyce Kgoali said this week

Responding to questions from the Democratic Party's MPL Jack Bloom, Kgoali said the Health Department was the main culprit with 47 fraud cases involving R209 000

There were 11 cases at Statistics South Africa, amounting to R60 000, while vehicles of the former South African Communication Service were involved in 28 fraud cases involving R48 000

Of note is that despite charges being laid in all 96 cases, only 19 court cases are pending, a situation which the DP called a "clear indication of the inefficiency of our court system in dealing with a fairly clear-cut issue"

The current policy of the Gauteng transport ministry is that fuel supply is outsourced with the aid of a petrol card

The petrol card supplier has made provision in its data base for monitoring distance travelled per litre of fuel, overfills, multiple fills per day and amount transaction

Kgoali, while conceding that methods used to control abuse of petrol were inadequate, added that in addition to measures instituted by the user department, the transport department used the reports from the petrol card provider to investigate fuel abuses in conjunction with the South African Police Services, bank officials, user departments and filling station owners

She said the controls could be easily circumvented if user departments did not monitor fuel usage daily

Filling stations did not always monitor their employees properly to prevent collaboration with drivers to register fraudulent transactions, she said

Kgoali said it was difficult to set norms for fuel consumption in a densely populated area such as Gauteng

"Traffic congestion that increases fuel consumption occurs daily on Gauteng roads. Furthermore, the many driver changes also impact on the margins laid down.

"Many users go beyond Gauteng borders and due to the distances involved it is not possible to react quickly in problem areas," she said

"Manufacturers of fuel tanks do not manufacture to fine tolerances and therefore tank capacities are approximate This also has to be taken into account when usage limits are set."

Asked what steps had been taken to recover money owing, Kgoali said the Department of transport would claim from the petrol card provider if transactions had been approved after notification of loss or cancellation of card and would also claim from the user department.

She said to ensure controls they held workshops and training sessions with personnel of user departments in co-operation with the petrol card supplier to build capacity

Kgoali added that many user departments had indicated they had also taken steps to ensure better control over the use of government transport.

'DIFFICULT TO SET NORMS' . . . Joyce Kgoali, MEC for Transport and Public Works

Postal Services Bill set to revolutionise telecommunications

(267) Star 6/11/98

Parliamentary Bureau

Cape Town – The Postal Services Bill is set to lay the foundation for the digital conversion of broadcasting and telecommunications, and catapult South Africa into the global information revolution

Posts and Telecommunications Minister Jay Naidoo said new technology was facilitating the improvement and expansion of service

"It is our vision that every person in our country will not only have a physical address, but also an e-mail address, and the bill validates the use of technology for providing e-mail and Internet facilities," Naidoo said during debate on the bill in an extended public committee of the National Assembly.

A Postal Regulator will be established and be located in the minister's office to regulate tariff structures, to provide for universal services and license conditions, quality, research and standards

Minister Jay Naidoo.

The regulator will monitor and protect the exclusive rights of the Post Office in respect to reserved services and ensure that the Post Office does not abuse its monopoly position in the market.

The regulator will also register and license courier services.

Crime within the postal services was identified as a serious issue and the bill will empower the Post Office to take active steps against postal violators.

Opposition parties said the regulator should be independent of the Government.

National Party MP Charles Ntsizi said the regulator would be "a messenger following the minister blindly".

IFP MP Suzanne Vos said the minister would be a player as well as a referee in regard to regulating courier services

The Post Office is obliged to provide delivery to postal addresses of all households on an equitable basis as part of its licensing agreement with the Government.

Where street delivery is not feasible or economically viable, "virtual" addresses will be introduced.

The National Assembly will vote on the Postal Services Bill today.

Telkom, Satra at odds on interconnection guidelines

(267)

CT (MR) 13/11/98

Ncaba Hlophe

Johannesburg — Conflict loomed between Telkom and the South African Telecommunications Regulatory Authority (Satra) yesterday over Telkom's objection that it should comply with Satra's new interconnection guidelines

Pinky Moholi, the Telkom group executive for regulatory relations, said Telkom believed it was exempt from Satra's proposed guidelines until the expiry of the current guidelines in May 2000 The guidelines at present were issued last year

Telkom also questioned the basis on which Satra prepared its draft interconnection guidelines in the face of the absence of state policy on competition

Nape Maepa, the head of Satra, said the current guidelines governing Telkom only covered interconnection but not the sharing of facilities

"Yes, we expect the new guidelines on facilities to apply to Telkom as well," he said

Moholi took issue with the pairing of interconnection and facility leasing because the two concepts were not related

"There appears to be confusion in the treatment of facility sharing, leasing of facilities and co-location of facilities in the draft guidelines These are distinctly different issues and should be treated as such"

Over 26 telecoms companies had responded to Satra's draft guidelines on interconnection

Naidoo tells of one-stop-shop vision he has for post office

BD 18/11/98 (267)

Emma Jesse

POSTAL reform strategy should be aimed at building a new "citizens' post office" that will establish a universal postal service providing a basic communications structure for rural populations, says Posts, Telecommunications and Broadcasting Minister Jay Naidoo

He told a postal conference this week that postal reforms aimed to make the "Post Office and Post Bank a one-stop shop for all social security services, from housing subsidies to the payment of pensions and disability grants, from the provision of savings to the type of trade services that are offered by the department of trade and industry".

The new "citizens' post office" would reduce the fiscal drain on governments resulting from supporting poorly performing postal entities

It would develop a low-cost, efficient communications medium for businesses and individuals and create a convenient means of savings mobilisation and payment and funds transfer for rural residents and low-income communities It would increase the opportunity for private sector investment in the postal market and financial services provided by postbanks.

The conference is sponsored by the World Bank and Dutch government to examine ways of extending the role of postal affairs in financial services for the poor It hosted 70 delegates from 13 African countries and several other key international representatives, including TE Leavey, the most senior United Nations representative on postal issues

A steering committee was formed at the close of the three-day conference to draw up future plans of action The committee involves the Pan African Postal Union (Papu), which has 49 member states, the Universal Postal Union (UPU), with 189 member countries, and various African delegates

Leavey, who is the UPU international bureau's director, said postal services should take part in the advanced technology made available by electronic commerce He aimed to bring the strength of the UPU to Africa and to help set up postal financial services

Papu secretary-general Gezahegne Gebrewold said "The post is undoubtedly a factor of economic development, and postal savings banks remain an irreplaceable means of collecting savings which are essential for each country's economic take-off"

Govt sets terms for cellphone operators

BD 20/11/98 (267)

Licences to cost R100m as focus falls on quality services at affordable levels

Robyn Chalmers

NO NEW entrants to the cellular phone industry will be allowed for five years after two new operators are licensed in 1999, in terms of a cabinet ruling earlier this week. The ruling also requires each of the two new entrants to pay a one-off licence fee of R100m.

Up to now, the R4bn-a-year cellphone market has been the exclusive preserve of MTN and Vodacom.

Many local and international telecoms operators have expressed interest in breaking MTN and Vodacom's hold on the market. Up to 15 groups are expected to bid for the two new 15-year licences.

Prospective applicants are eager to get the process under way due to the high costs associated with putting bids together and keeping consortiums on track. Most will declare their intentions only after licence conditions are published. Government will appoint a technical adviser next week to smooth this process.

Posts, Telecommunications and Broadcasting Minister Jay Naidoo said yesterday he was pushing for the licences to be issued before next year's election, although a deadline of July had been set.

Naidoo said that in addition to the R100m licence fee, an annual fee would be levied as a percentage of gross turnover. The R100m, which was also levied on MTN and Vodacom, could be paid off over the licence period with interest.

"We decided not to auction the licences or place a high monetary value on them. The mandate of the new operators will be to provide quality services at affordable levels."

The decision to bid for new licences is likely to depend heavily on rules for infrastructure sharing and roaming among cellular operators. Naidoo said these would be encouraged but would not be mandatory. MTN and Vodacom roamed with each other at the beginning of their services and continue to share infrastructure. (Roaming refers to an operator piggy-backing on another network when its own is unavailable.)

The new operators would have to maintain a "legitimate and meaningful" empowerment shareholding, Naidoo said. Analysts believe consortiums will be encouraged to maximise technology and skills transfer.

Naidoo said universal service obligations for new entrants would be targeted at rural and previously disadvantaged communities, with overall market growth estimated at 10-million subscribers.

Analysts have expressed concerns about how the regulatory playing field will be levelled for new entrants. Nape Maepa, chairman of the SA Telecommunications Regulatory Authority, which will adjudicate the tenders and award the licences, said the agency would be guided by international benchmarks to ensure that the new entrants get a fair deal.

Potential local bidders include Vula Communications, Afrozone and Thebe Media & Communications.

Post, Telecommunications and Broadcasting Minister Jay Naidoo, left, with SA Telecommunications Regulatory Authority chairman, Nape Maepa, at a function in Johannesburg yesterday to outline the new cellular licences. Picture: ROBERT BOTHA

Rural homes can't afford their phones, says Telkom

(267)

By Vernon Mchunu

Durban – Telephone lines in three-quarters of rural KwaZulu Natal homes are being cut every month because residents are failing to pay their bills, Telkom's national annual progress report reveals.

And crime and the lack of infrastructure is preventing Telkom from servicing the townships in the same way as the suburban areas.

Nevertheless, Telkom is confident it will meet its target of delivering telephones to 87 000 homes in the province by April, using a new card system expected to be fully functional early next year.

Hans van de Groenendaal, the regional communications manager, says in the report that this system negates the need for copper telephone wires, which thieves have previously stolen by the kilometre, cutting off entire towns

Van de Groenendaal says poverty severely hampers service delivery in rural areas. "Many people simply cannot afford to pay the monthly fees, and that has been our biggest problem.

"We are being compelled, therefore, to cut off the newly installed telephones from every three of any four homes every month."

Telkom logistics manager Siphiwe Hlatshwayo says Telkom serviced 47 000 homes in the Durban metro region, a clear indication it would meet its target of 55 000 homes.

He cites vandalism, vehicle hijacking and a lack of infrastructure, such as roads and addresses, as the main causes for failure to react to problems and installations in rural areas and townships in the same manner as in the suburbs

It takes 27 hours for repairs in cities and three times longer in rural areas

26/12/98

CT (MR) 26/11/98

Satra gets tied up in interconnection

(267)

NCABA HLOPHE

Just a few months after its public hearings on ownership of telecommunications, the South African Telecommunications Regulatory Authority (Satra) has opened the debate on interconnection guidelines

Satra's draft guidelines attracted 26 written responses, and 16 companies — including Telkom, Vodacom, MTN, Afrozone and Transtel — battled it out this month during the oral presentation sessions.

Interconnection allows users on one network to communicate with users on another network. So a customer calling from a cellular phone can call another customer on a fixed line or another cellular network and vice versa

"The importance of interconnection in the telecommunications industry cannot be overemphasised," said Nape Maepa, Satra's chairman

"Satra's intention is to level the playing field through the creation of equitable trading services practices, which will allow all players to access each other's networks without undue discrimination."

Maepa argued that the authority had structured its draft guidelines to promote information sharing and to avoid duplication of infrastructure, which would have resulted in unaffordable tariffs.

However, this very vision of non-discrimination and infrastructure sharing became the centre of intense debate during the hearings, involving almost all of the established telecommunications companies.

"Telkom believes that as interconnection and facility leasing are two distinct concepts, guidelines on these should not be issued together, as they are not related," said Pinky Moholi, Telkom's executive for regulatory relations. Her views were echoed by Vodacom and MTN.

The sheer weight of argument by these big companies suggests Satra will have to consider another approach to infrastructure sharing and leasing

Whether Satra will issue a separate form of guidelines remains to be seen However, the interconnection process will still have to clear hurdles such as the status of the current interconnection governing Telkom

Satra might have a much more serious problem if Telkom continues in its belief that it is exempt from the proposed interconnection guidelines, under the ministerial guidelines issued in 1997 and valid until May 2000

Moholi argued that Satra should consider existing timeframes governing Telkom between now and 2003

However, Maepa insisted the ministerial guidelines were confined to interconnection; they did not address broad issues like infrastructure sharing

Given that Telkom and other companies had expressed their misgivings about the merging of interconnection and infrastructure issues, Satra might find itself in a dilemma.

MTN has suggested a solution involving two new clauses to be introduced into Satra's guidelines The first clause will address the common ground between Satra's guidelines and the ministerial guidelines The second clause will examine where they disagree

"This assumes that the parties can agree which areas are covered by the ministerial guidelines and which by Satra, and where the conflict exists," said Michael Stocks, MTN's regulatory affairs manager.

Moholi also questioned the basis on which Satra had compiled its draft guidelines, as the government had not finalised its competition policy

Vodacom, however, warned that Satra should not get 'too aggressive too early", as that may discourage investments in the telecommunications sector.

The subject of cross-subsidisation drew the major players into another fray with Satra. Telkom led the battle, arguing that "it was not appropriate that new operators be permitted to ride on existing network infrastructure without paying compensation".

Moholi argued that existing operators would find themselves subsidising new entrants, thus encouraging inefficient entry into the market

Perhaps the most divisive matter for Telkom and Satra will be the pricing system adopted in the interconnection agreement.

Telkom has rejected Satra's proposed industry-specific costing systems, which would limit costs to those charges that are related to the actual interconnection between regulators.

Telkom instead proposed its own system to allow it to recover joint and common depreciation, cost of maintaining and replacing assets, economic depreciation, cost of capital and other overhead expenses.

"Telkom should not be allowed to include irrelevant overheads or no-traffic sensitive costs from its access network in its costing," MTN said.

Telkom also received a bashing from several companies complaining about its monopoly position — most notably from Fleetcall, a radio trunking network operator.

Jurg Schoeman, Fleetcall's general manager, complained that Q-Trunk, Telkom's subsidiary, was its major competitor in the trunking business

Zolisa Masiza, the legal and regulatory executive of Transtel, said Telkom should be compelled to colocate (share sites) with Transtel

After so much interplay of different interests, Satra now must craft interconnection guidelines which will give users choice and lower tariffs while encouraging rival telecommunication companies to invest together in infrastructure expansion

Telecommunications body calls for tenders

Robyn Chalmers

THE SA Telecommunications Authority has set the ball rolling on the awarding of two new 15-year cellular licences, by calling on consultants to tender for the role of advising on regulatory and technical processes

This follows the cabinet's recent endorsement of the telecommunications body's recommendation that two licences be awarded, with a strong emphasis on creating black empowerment opportunities. The two new operators will have to pay a one-off licence fee of R100m but no new entrants will be allowed into the cellular industry for five years

Chairman Nape Maepa said consultants had until December 21 to tender for the provision of regulatory, technical and related assistance on the issuing of the two new licences

The consultant would assist in drafting terms and conditions for the two licences, bearing in mind international trends in licensing, the national objective of universal access and the need for black economic empowerment.

The post, telecommunications and broadcasting ministry said obligations for new licensees would be targeted at improving the low accessibility of telephones by communities, especially in rural areas

"According to a study determining the possibility of third and fourth cellular licences, the market growth is estimated at 10-million subscribers, with significant numbers in both rural and township communities," it said

Maepa said recently that there had been significant interest from potential local and international bidders in the new cellular licences. The decision to bid for new licences is likely to depend heavily on rules for infrastructure sharing and roaming among cellular operators.

Post, Telecommunications and Broadcasting Minister Jay Naidoo said these would be encouraged, but would not be mandatory. MTN and Vodacom roamed with each other at the beginning of their services and continue to share infrastructure. (Roaming refers to an operator piggy-backing on another network when its own is unavailable.)

He said new operators would have to maintain a "legitimate and meaningful" empowerment shareholding. Analysts believe consortiums will be encouraged to maximise technology and skills transfer

Bidders would also have to submit business plans with a focus on the anticipated growth in their market share.

(2677) BD 17/12/98

PS · TELECOMMUNICATIONS - GENERAL

1999

Poor have right to technology

(267) Sowetan 14/7/99

By Robert Nkuna

THE recent announcement by Telkom to increase local telephone rates comes at a crucial period – when the Ministry for Posts, Telecommunications and Broadcasting is implementing universal service and access to telecommunications

So far no more than 50 telecentres have been established around the country, with mostly rural Northern Province having only one telecentre (at Gaseleka)

Also the two cellular operators, Vodacom and MTN, have been given universal service obligations to ensure roll-outs in under-served areas

To consolidate the above developments the Universal Service Agency (USA) – established in terms of the Telecommunications Act in 1996 – is calling on the public to make recommendations on the definition of universal service and access

It is hoped that from those contributions the agency will be able to advise the minister – as required by the Act – on what steps to take in promoting delivery

Globalisation

While the USA is trying to chart the way forward, the nation's public telephone network, Telkom, is confronted with challenges of globalisation and the end of its exclusivity period, possibly by 2003

By then, Government will begin a process of licensing other operators to compete with Telkom. At the moment, Telkom is already grappling with competition posed by the current cellular operators

And with Government intending to expand or liberalise the mobile communications market with the introduction of new players, the competition will become stiffer

By the end of its exclusivity period Telkom, which is also engaged in a war of words with internet service providers over its proposal to have a monopoly over internet provision, will have had enough of competition

But for South Africans who do not have access to telecommunications, the issue is whether the debate should be about the survival of Telkom in the face of the changing global economic landscape or about its ability to bridge the gap between the information elite and the poor

Most people in rural areas still do not have access to telephones in South Africa. The local tariff structure also obstructs access to telecommunications and makes profits the main priority. PIC: PICTURENET

Telkom is also being criticised, in some instances, by both the public and commercial operators about its failure to render adequate services

While there is a need for South Africa to be globally competitive and use new technology, this should not perpetuate the gap that exists between the haves and have-nots

Some years now into the new information highway or global village most people in rural areas still do not have access to telephones, there is still an over-concentration of telephones in Johannesburg and other commercial centres

This goes against the expectation that life in the next century will be defined mainly by technological development – it will be an era of technological determinism

With the emergence of e-commerce and the internet, a lot of challenges will be posed to business in the developing world.

Small businesses will be forced to close down due to their failure to access the new technology South Africa and the entire developing world need to jump on the bandwagon.

However, the question will be how to use new technologies without ignoring the needs of the poor

Telkom's recent decision to increase local tariffs therefore flies in the face of efforts by the USA.

While it is necessary for Telkom to readjust to meet the challenges of the millennium, that should be done in the context of promoting universal service and access

The emphasis of the agency should not only be about having telephones in the neighbourhood but should include people being able to use them.

Of course, there should be a link between promoting universal access and economic development, which, because of years of apartheid laws, seem to be concentrated in Gauteng, and Johannesburg in particular.

As usual, the reaction of big business on Telkom's decision was not useful since it did not offer solutions – the focus was on narrow economism and the decline of profit margins.

One solution is a partnership with the Ministry of Communications to help underprivileged communities gain access to the telecommunications industry

In fact, the South African Telecommunications Regulatory Authority should develop a holistic approach on the tariff structure – there should be a link between the goals of the agency and that of other operators

The tariff structure should be aimed at addressing the existing problems and inequalities around access to telecommunications and not at profit-making and global competitiveness

Also, the impact of Telkom's strategic equity partners – SBC and Telkom Malaysia, which collectively own 30 percent of Telkom – should be assessed on whether it favours access or profit interests

Research into the definition of universal service and access should also include how the agency will relate with projects like Info com2025 of the Ministry of Communications and how it links up with similar processes in the post and broadcasting sectors

With everybody complaining about the unprecedented proliferation of commissions and agencies, the definition should look at a possible merger of some of these institutions

Redefined role

Also, the role of the ministry and the USA will have to be thoroughly redefined to cope with universal service and access

The turn of the century will be dominated by information and communication technology. As a result, the Human Rights Commission should regard it as a human rights issue.

Lobbying for access to this industry is gaining an international profile – organisations like the Association of Progressive Communicators, World Association of Community Radio Broadcasters and the Cultural Environment Movement are campaigning at an international level against the widening gap in access to information and communication

There is a fear that, by the turn of the century, information and communication will become a commodity rather than a right for all citizens

And with the shift to a private sector-driven economy as regulated by the World Trade Organisation, the industry will face liberalisation – and only rich companies from the developed world will be the beneficiaries

(The writer is deputy chairman of the Freedom of Expression Institute The article is written in his personal capacity)

Post Office attracts 4 bidders

BD 27/1/99 (267)

Robyn Chalmers

FOUR international consortiums have submitted proposals for the strategic management contract to restructure, reform and develop SA's ailing Post Office

They are the Canada Post Team, Germany's Deutsche Post, France's La Poste and a joint bid from New Zealand Post and the UK's Royal Mail

The aim of the contract, set to be concluded in the first half of this year, is to wean the Post Office off government's R500m average annual subsidy within the next two years and develop new services such as e-commerce

The new partner will also help develop postal infrastructure, such as delivering 4-million new addresses and bolster access to basic postal services A key issue is boosting the quality of postal services by improving delivery times and reducing mail violations, both of which have been big challenges for the Post Office's management

Post and Telecommunications Minister Jay Naidoo said the bidders were counted among the top 10 postal services in the world They had demonstrated experience in transformation issues and in the development of postal services in many countries around the world.

"We want to reposition the Post Office as a more competitive company, responsive to the needs of its customers To do that we need to attract the very best skills in the areas of management, technology and training," he said

With postal services becoming increasingly competitive globally, Naidoo said it was important to position the Post Office in a strategic alliance that would most benefit it in future

Significant changes have taken place in postal businesses around the world over the past few years John Roberts, CE of the British Post Office, recently predicted that a "super league" of post offices would dominate the global postal market Royal Mail is the British Post Office's letters business

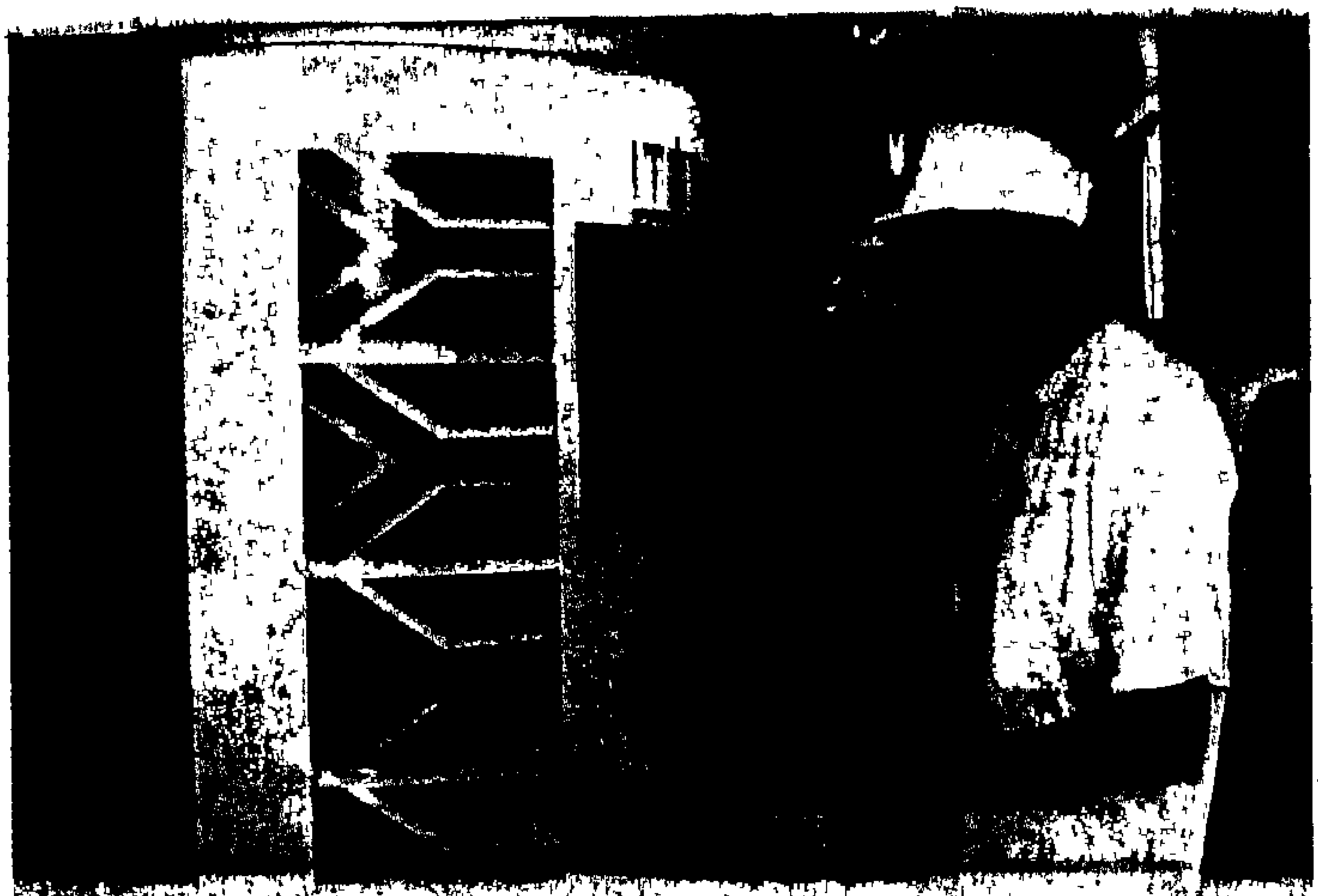
Royal Mail's bidding partner, New Zealand Post, saw its monopoly on standard letters disappear last year after the New Zealand government deregulated the postal service Under a three-year contract, New Zealand Post is providing a universal postal service

Deutsche Post has put together a local and international consortium to bid for the Post Office Local consortium partners include DHL, Dimension Data, Gemini Consulting and Paragon/Afric Mail

Real Africa Holdings executive chairman Don Ncube said yesterday that while Real Africa Holdings held shares in Paragon/Afric Mail, Real Africa Holdings itself was not part of the consortium bidding for the management partnership

Canada Post, established in 1981 to replace the Post Office, which was notching up increasing annual deficits, has a solid on-time delivery record and has paid $86m in dividends to the government since 1989

France's La Poste was set up as a public company in 1991 under the minister for postal services and telecommunications



CAUGHT UP IN THE NET... an Internet user browses for information at an Internet kiosk.

Telephone access for everyone

BD 28/1/99 (267)

UNDER the auspices of the Universal Services Agency (USA), six community telecentres have been set up in rural communities in SA and another 60 are scheduled to be opened by the end of next March.

"IDRC, a Canadian non-governmental organisation, has put up $400 000 dollars to fund 12 of these," says Happy Zondi, communications manager at the USA.

Another 10 have been adopted by the Council for Scientific and Industrial Research, and a further two have been adopted by Womensnet, a local women's non-governmental organisation which is planning to offer computer training and Internet training at the telecentres, she says.

The USA was founded in November 1996 as a statutory body under the auspices of the post and telecommunications ministry. Its long-term goal is to achieve universal service — to ensure that every South African has a telephone at their place of residence.

But the short-term goal is to achieve universal access — to ensure that every South African has access to a phone service within a distance of a maximum of 30 minutes by whatever means they are travelling.

Communities, companies, and private individuals can apply to set up telecentres and a committee then approves the application.

"The original plan was to have as many as six telephones, with a management system with voice handling capabilities, and six PCs in each telecentre.

In addition each would have one photocopier, fax machine, scanner, printer and overhead projector and screen, says Zondi.

But the specifications have had to become more flexible to accommodate agreements with different partners who were granted the right to set up telecentres to suit the configuration and nature of the proposed venue.

"In Ndevana in the Eastern Cape, for instance, the telecentre is housed in a clinic and in GaSeleka in the Northern Province it is housed in a sports and recreation centre," says Zondi.

Another telecentre in Thaba Nchu in the Free State has been set up in a converted private house in partnership with the South African National Congress.

In Pescodia in Kimberley the USA has become a partner with a local development forum body.

One telecentre is housed in a portable container originally located in a post office yard in Winterveld in the North Western Province, but this has since been relocated to a squatter camp in Thembisa.

Software controls entry

NOVELL sees part of its future success in the telecommunications arena with its Novell directory service (NDS) and is wooing large companies to corner a slice of this market.

Roland Richter, Novell's vice-president for Europe, Middle East and Africa, says the company is also targeting Internet service providers.

"We see these companies playing a major role as new-age players in the telecommunications arena as world markets open up to competition," he says.

NDS is a database system that helps organisations to synchronise and manage distributed information globally.

The directory provides security access and authenticates individuals and their profiles to determine which applications, data and network services they can use.

American Telephone Telegraph has been using NDS for some time to provide secure Internet access and an electronic commerce service to its corporate customers, as has Nippon in Japan.

Deutche Telecom in Germany has signed to use NDS.

"There is also a good chance that with Deutche Telecom putting its weight behind NDS, other European companies such as France Telecom could well follow suit," says Richter.

Canada's Maritime Telegraph Telephone recently launched Mpowered PC, an on-line service that uses Novell's directory technology to give home and business PC users access on demand to a virtual software library of educational, entertainment and productivity titles.

"Users can rent software hourly, weekly, or yearly, depending on their specific needs," says Richter.

He says a customised interface, that was built using the NDS-enabled Novell application launcher allows parents to monitor usage and set spending limits, and to limit Internet access to specific applications and games.

Richter says Singapore Telecom (SingTel) has launched a suite of network services for businesses that makes extensive use of NDS.

"SingTel's ConnectPlus supports a wide spectrum of business network services, including remote access to local area networks, network management services, secure Internet access and website hosting."

Richard Beytach, MD of Novell SA, says the company's Border Manager Internet management product is proving popular with local and overseas Internet service providers.

He says that in SA, HixNet, Internet Office Parks and The Internet Solution are among the Internet service providers using the product.

Deregulation promises lower costs

A SIGNIFICANT trend that tends to follow the deregulation of telecommunications is that unit costs drop and the market starts to expand as more competitors arrive

"We have seen this in other liberalised markets, where today two megabits of bandwidth cost the same as 64 kilobits used to cost before deregulation," says Deon Bothma, MD of BSW

As a result, companies can afford to do more with technology, for example, set up distributed call centres

Bothma says Telkom is spending large amounts of money to ensure that it has a world class network infrastructure so that when the floodgates open it is prepared for the competition that pours in

He says that Telkom is likely to remain the dominant player regardless of the opening up of the market

"Nothing can be as big as Telkom It runs 50% of the telephones in Africa, which are here in SA," says Bothma

BSW develops and supplies telecommunications network management and business solutions, many of which are locally developed

The company also provides call-centre solutions and helps companies to link to the Internet and interface their communications links with their legacy systems, says Bothma

"The changes in the market will create greater opportunities for BSW to work with Telkom and the new entrants that will come into the market"

He says the large incumbent communications companies worldwide are generating a lot of money, but they are in a lot of pain

"They have to get their act together, because they are being driven by competition from new players who have no legacy equipment and have the freedom to build their networks with the latest technology"

A similar situation is happening in the banking and insurance industries, where the traditional branch infrastructure is being replaced by communications technology, says Bothma

He says it should be noted that 80% of the revenues from telecommunications is derived from business use and only 20% from domestic use

"But if the players focus solely on the bigger users they will lose out on a share of the broader market

"You have to make sure that your business customers have consumer customers — it is their lifeblood"

Satellite

(267)

Bothma says that within the next 10 to 15 years, satellite will have a major effect on the market

"Once satellite communications can be used effectively and inexpensively, the companies can stop putting wires in the ground"

Over the past 15 years, BSW has developed a team of what Bothma calls "knowledge brokers" who keep their fingers on the pulse of technology developments and help solve telecommunications problems

Bothma says the company has recently invested in a 50% stake in X-PLOR

This is a joint-venture company that has developed a product that measures mobile network performance and ensures that calls are billed accurately

"The devices that test the network are called automatic network-testing units because they are installed in a vehicle that travels around and tests the mobile network," says Bothma

BD 28/1/99

Deregulation opens markets

BD 28/1/99 (267)

Telecommunications is being liberalised, writes Jennigay Coetzer

THE global telecommunications services market was worth more than $110bn in 1998 compared to less than $50bn at the beginning of this decade, says a recent annual report by Paul Budde Communications, a global telecommunications research company

"Telecommunications services provide just over 2% of the gross domestic product in the world," says the report

Since 1984 more than 60 public telecommunications operators have been privatised, and by 2000 this will increase to nearly 80

By that time 80% of the world population will have access to competitive services from at least more than one operator and 75% of the global population will live in countries where telecommunications is fully liberalised

Even in the US, where Bell companies still enjoy a comfortable monopoly in local services and AT&T dominates long distance, decades old barriers to competition have fallen due to a new telecommunications Act

"And walls are crumbling in the European Union and elsewhere as governments strip state phone companies of their monopolistic positions," says Paul Budde, the publisher of the report

He says Finland and Sweden are the most open telecommunications environments.

"Both countries allow unrestricted competition "

Surprisingly, he says, in both countries telecommunications administration is still in state hands.

Budde says that in 1998, according to the International Telecommunications Union, 15% of the world's population owned 69% of the world's telephones

In 1984 there were about 370-million telephone main lines in operation worldwide By 1996 that number had risen to 685-million, plus a further 87-million or so subscribers to cellular radio services

Yet 50-million people across the world are still waiting for a telephone line, says Budde

"The sad truth is that the profits of the telecommunications industry are built on the principle of scarcity "

Budde says if the established operators are unable to solve the problem of telephone backlog, then it is the job of the regulators to throw the market open to those that can achieve the task

His report says there will be a major transformation of the role of the information technology (IT) industry in telecommunications over the next three to five years

Currently, it says, IT makes up 40% of the combined IT and telecommunications industries

The report says that the customer service, marketing and services infrastructure of IT companies is a lot more far superior to those of their telecommunications counterparts

Over the next two to three years, once competition opens up in the global telecommunications industry, it will not take long for the major IT industry players to realise that their future lies in telecommunications services and they will become potential buyers of telecommunications companies, says the report

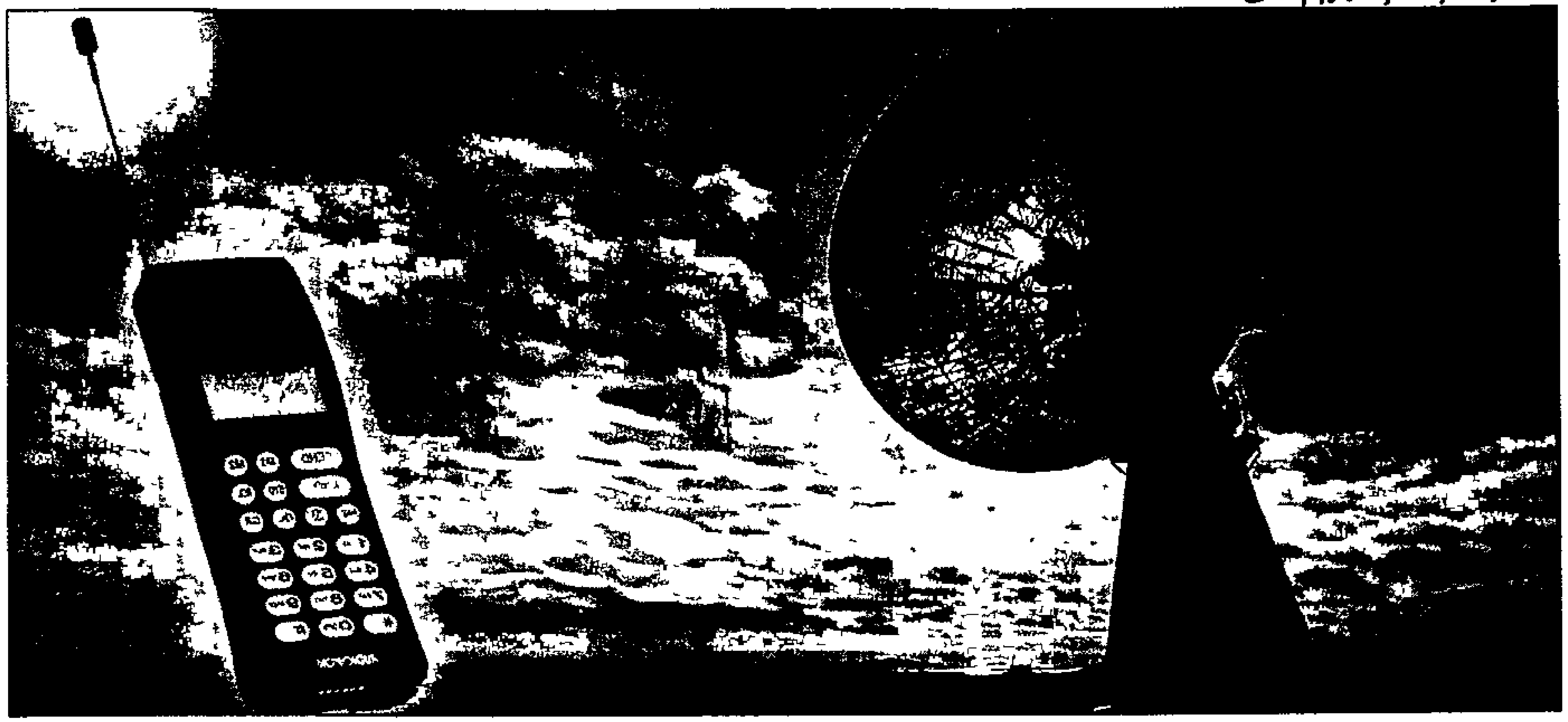
The IT industry might also hold an important key to the chronic shortage of bandwidth (capacity) in the telecommunications network market

For example, says the report, new computer-chip technology will increase the speed of modems, and increased capabilities of switches, routers, compression equipment and other network technology will help to change the whole paradigm of the converging IT and telecommunications environment

Naidoo and his midwives would be a hard act to follow

CT (BR) 2/2/99 (267)

NCABA HLOPHE



Last year was another great watershed for the telecommunications and media industry in South Africa, when it became the oasis in a vast desert of market crashes and economic downturns the world over.

The fox-trot pace of privatisation after the sale of the 30 percent stake in Telkom to a US and Malaysian consortium and the licensing of new radio stations had slowed down and some disillusionment had begun to set in as sceptics were questioning the government's commitment to further privatisation in the industry.

Jay Naidoo, the post, telecommunications and broadcasting minister, then delivered bouncing twins to the nation a private television licence won by the Midi consortium and the issue of two additional cellular phone licences which are expected to be awarded to network operators by July.

Acting as Naidoo's competent midwives and the de facto parents of the newborns were the Independent Broadcasting Authority (IBA) and the South African Telecommunications Regulatory Authority (Satra).

Strangely, the two midwives themselves will undergo a sort of rebirth this year as they are merged. The result could be a set of Siamese twins with joined heads, regulating the convergences of technologies in the industry.

The new television station, e.tv, has earned itself a reputation as a "problem child" which has made the IBA's parental guidance extremely difficult.

The free-to-air station is expected to appear before its "elders" at the IBA for violating some regulations governing its licences.

The real issue in this debate is not e.tv's status as a "problem child" but whether the IBA has been fair as a parent.

It must be remembered that the IBA has other children as well, such as the South African Broadcasting Corporation and the M Net empire.

Is it possible that the IBA feels responsible for licensing e.tv and not the others, which were established before its formation?

The court action planned by e.tv to challenge the enforcement of the IBA's licence conditions may help to clarify significant regulatory and policy issues which have been taken for granted.

Nape Maepa, the chairman of Satra, faces similar problems. Satra was grafted in 1997 as a regulator for companies in the telecommunications industry.

These include Telkom, which enjoys a statutory monopoly until 2002. Satra's parental whip-cracking role has earned it countless rows with Telkom.

Satra, like the IBA, might feel responsible for monitoring the new operators to ensure that they boost the roll out of telecommunications services to under-serviced areas.

The challenge is to make sure that the monitoring is perceived to be fair to all parties, to avoid a repeat of the e.tv-IBA saga.

Satra had to embark on a number of public consultations to clean up regulatory issues such as foreign ownership and interconnection, to boost investment and competition.

The advent of satellite communications has become the latest addition of so-called third generation technologies, which could open more avenues to boost the roll-out to under-serviced areas.

Naidoo's policy document, officially released in December, has set the foundation for South Africa's approach to the use of satellite communications system.

Satra has indicated that it would begin issuing licences by the middle of the year.

Global operators such as Iridium, Ico and Globalstar were all warming up on the sidelines to flood the South African market.

They are not the first to see this country as a launching pad for inroads into the African continent.

Iridium launched its operation in November last year with a 66-satellite constellation.

World Space emerged into the South Africa market with its unique venture on satellite radio to cover sub-Saharan Africa.

However, it was the postal service, the so-called Cinderella of Naidoo's portfolio, which had a gutsy start to the new year.

Progress on the postal front had been slow. Policy processes such as the green and white papers and eventually the Postal Services Bill had taken over two years to complete.

The partial privatisation programme outlined in the white paper in May last year had advised the introduction of a strategic management partnership between the Post Office and international operators.

Four consortiums led by international operators registered their bids for the partnership tie-up with the Post Office. The winner is expected to be announced by April.

The restructuring programme is expected to revamp the Post Office by infusing new skills and efficiencies.

Naidoo is also expected to embark shortly on the second phase, by issuing invitations for consortiums to apply for the two new cellular licences.

It is expected that the minister will ensure that the process of awarding the licences is completed before the forthcoming general elections, so that he can reap the kudos for a job well done.

Of course, if Thabo Mbeki, on taking over from President Nelson Mandela, replaces Naidoo, all his efforts might turn out to be a free political gift.

Politicians are not known for such generosity, but Naidoo might entertain hopes of acquiring a similar ministry in the new government.

He, Maepa and Andile Ngcaba, the director-general in the department of communications, deserve the credit for the progress in the privatisation of telecommunications industry. Any new minister would do well not to deviate from this path.

On the other hand, a new incumbent would have a tough job exceeding the standard set by Naidoo and his team.

NEW TELECOMS ORDER

(367) FM 5/2/99

LET THE GAMES BEGIN

New operators on their marks as government phases in deregulation of the sector

Fixed-line telecoms monopoly Telkom and cellular duopoly MTN and Vodacom are bracing themselves for increased competition, as government starts deregulating the sector. "Increased competition will upset the apple cart," says Andre Wills, a director at market research firm BMI-TechKnowledge (BMI-T).

Though many services once exclusive to Telkom will be offered by competitors, Telkom will retain its monopoly on international voice and network switching services until May 2002. This will be extended for another year if it meets government's network rollout and service targets.

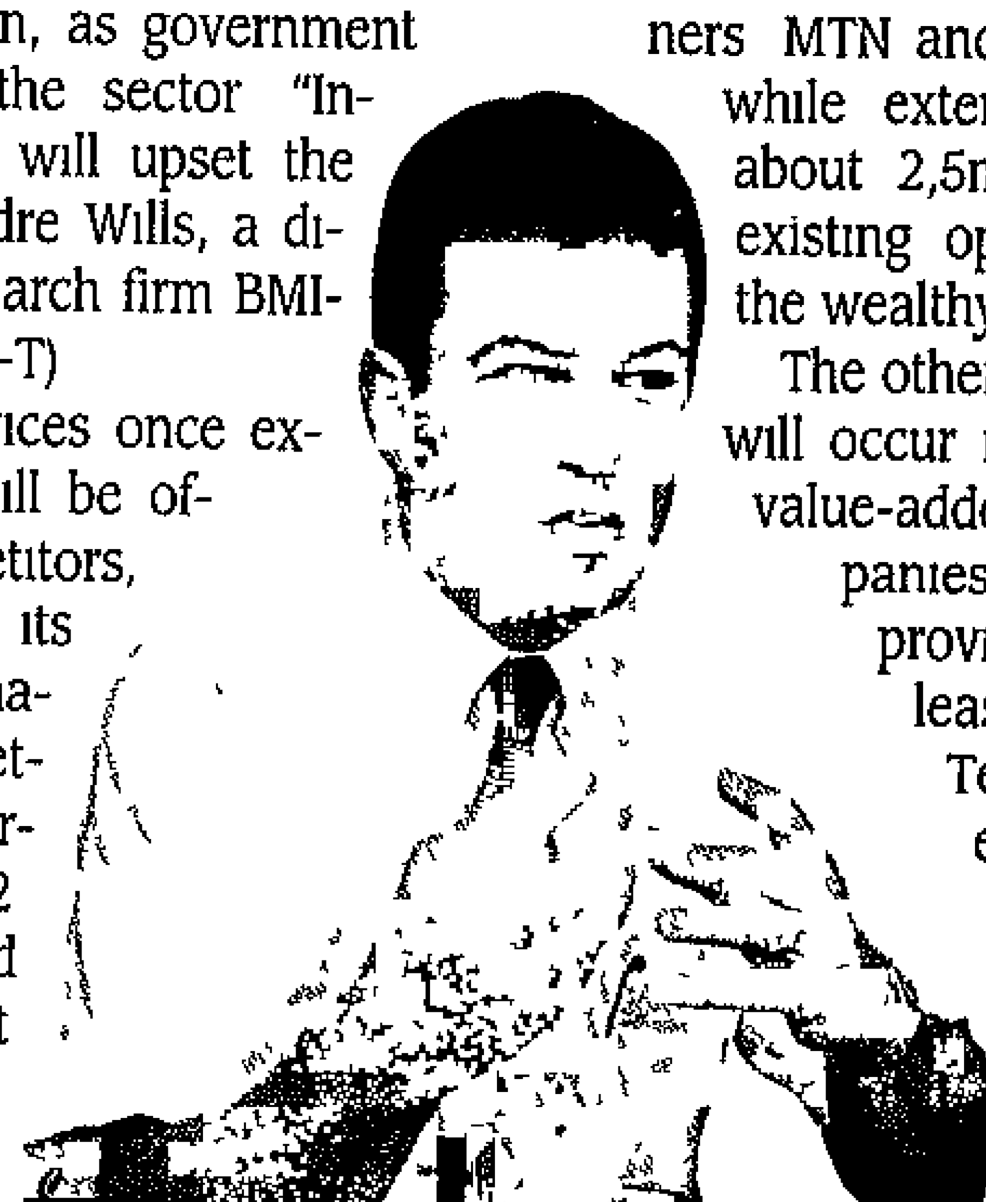
However, a competing network operator could be licensed within 18-24 months, according to BMI-T's *SA Telecommunications Services Market Overview and Opportunities Report*. "If the new operator is not allowed to start building its network by the end of 2001, Telkom will in effect be given an additional one to two years of exclusivity," says Wills.

Before this, two more cellular networks and global satellite companies such as Iridium, Globalstar and ICO will also offer their services in SA.

But it is the new cellular networks — reserved for black empowerment — that are causing most excitement. Lobbying by infrastructure suppliers and consolidation of the operators (which will include international operators) is expected to reach fever pitch in the next few months.

The Department of Communications, aided by its technical consultant Deloitte & Touche, is expected to release the terms and conditions for the cellular tenders soon. But it will take a while for consortiums to make business plans, to evaluate the tenders and build the networks.

Delays and bureaucratic bungling in issuing the new cellular licences has been frustrating for potential black empowerment bidders and their technology partners. MTN and Vodacom have meanwhile extended their leads. With about 2,5m subscribers, the two existing operators have sewn up the wealthy end of the market.



■ "The risks are huge and the regulator has numerous challenges" Jiri Batek

The other deregulation milestone will occur in May next year when value-added network (VAN) companies and Internet service providers will be able to lease raw bandwidth from Telkom and resell this to end-users. Satra, the industry regulator, has issued more than 36 VAN interim licences to Internet service providers and companies such as First-Net, IBM Global Networks, OmniLink and InfoVan. These firms must add value to any bandwidth they lease from Telkom by offering managed data networks and other such services.

Ironically, with the new dispensation starting in May next year, the much publicised court case between Telkom and the Internet service providers could become irrelevant. The crux of this fight is Telkom's claim that it has exclusive Internet access and that the Internet companies should only be allowed to offer value-added services.

However, the Telecommunications Act will have to be amended for the Internet and VAN providers to be able to resell voice services over their networks, says Wills.

Telkom will fight moves to reduce its dominance in the market, but continuing its monopoly of voice would cripple SA's telecoms development, says Wills. "Prohibiting voice is an impossible requirement to put on a VAN licensee. Once voice is digitised it will appear no different from other types of data communications."

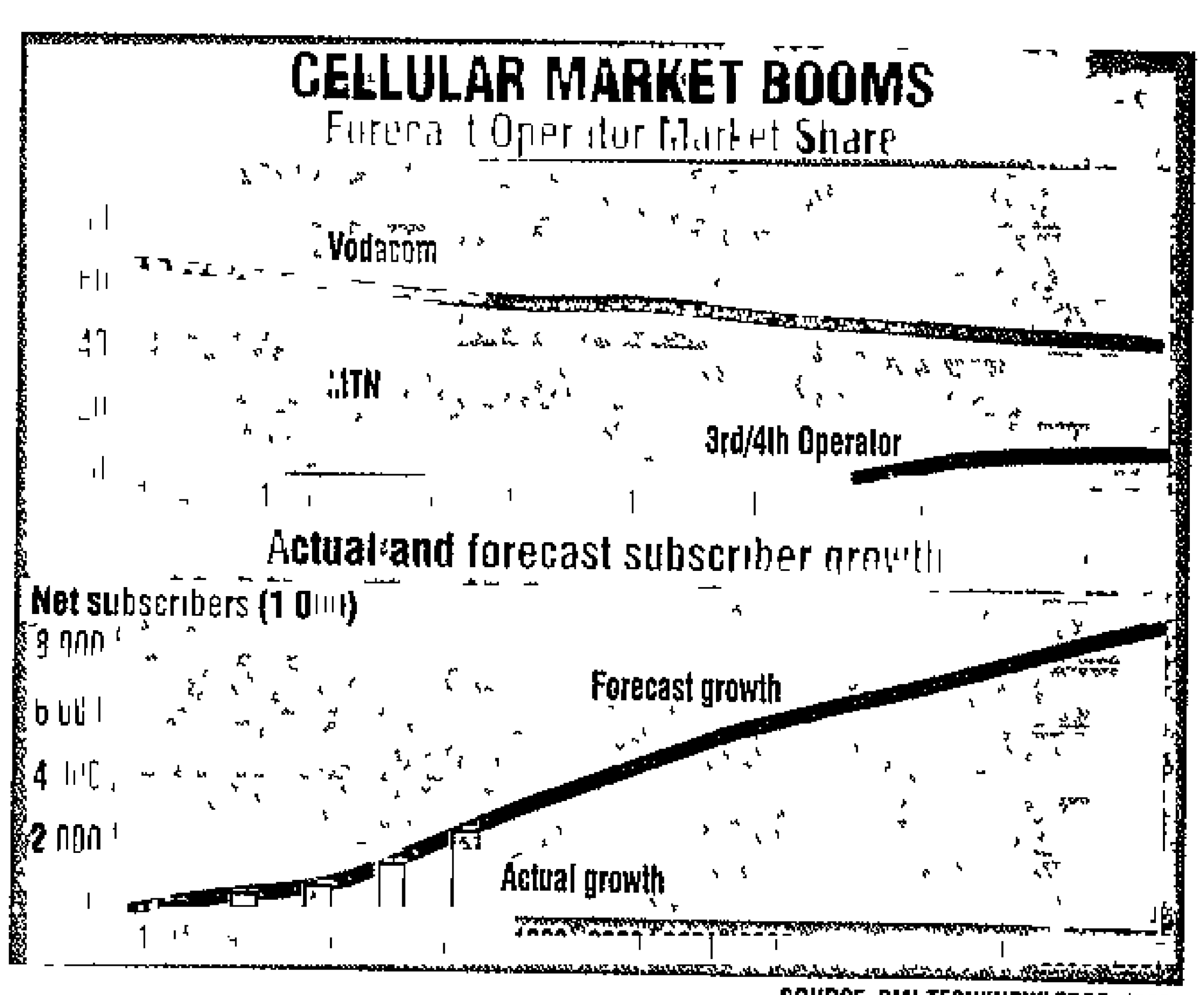
After May 2000 the regulator will also be responsible for regulating Telkom's tariffs and for drafting equitable interconnect guidelines, which are critical to the future of new competitors.

"All players must have access to each other's networks without discrimination," says Wills.

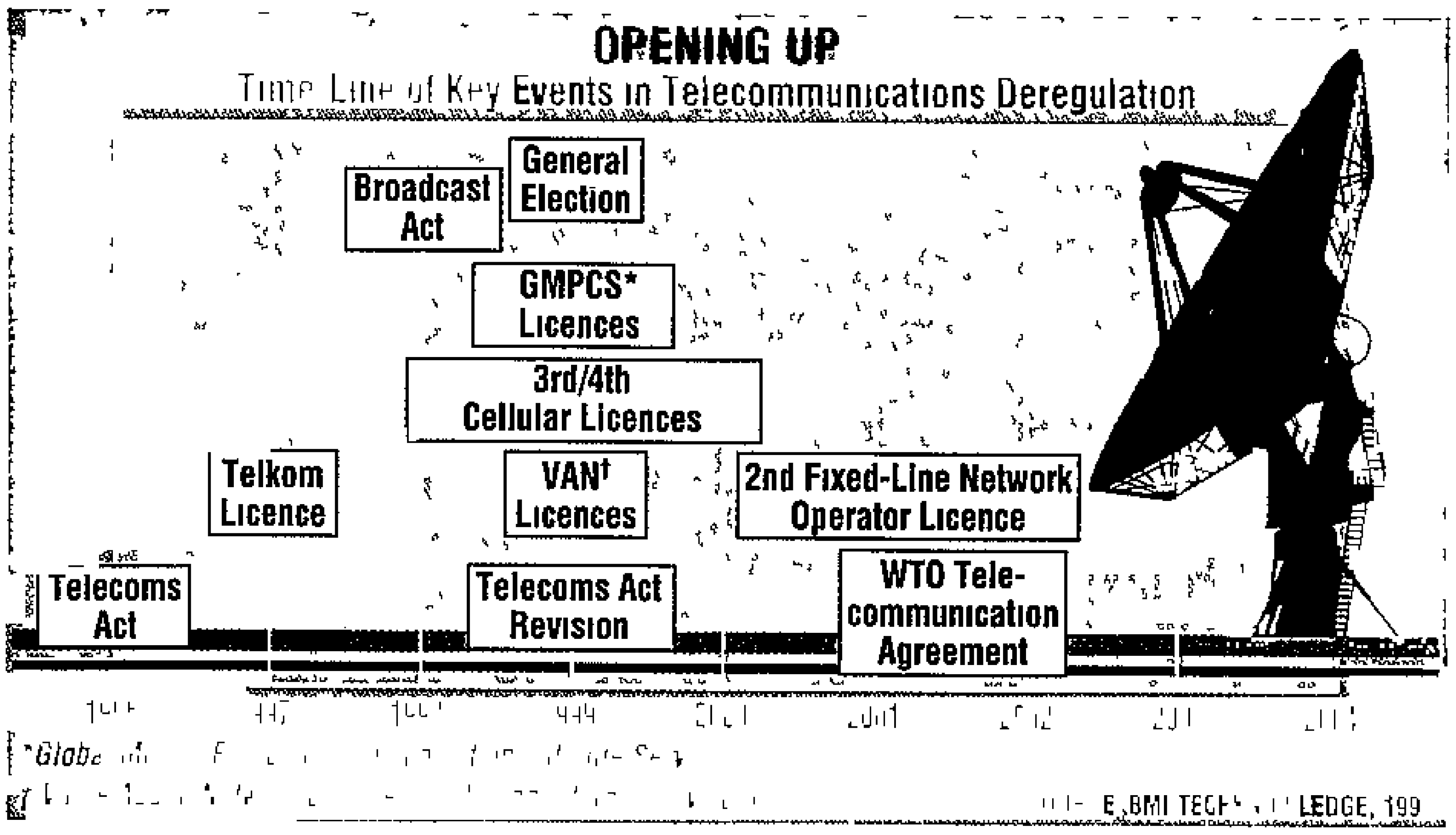
"The risks are huge and the regulator has numerous challenges," says Jiri Batek, SA manager for Finnish cellular giant Nokia Telecommunications. "Unless there is a favourable regulatory environment and operators have good business plans, the new cellular networks could turn out to be a licence to burn money."

With no other investments in sub-Saharan Africa, Nokia is pumping resources into winning the infrastructure contract for one of the new cellular operators. "We are totally dedicated to the third licence," says Batek, adding that by the time the licences are issued Nokia will have 40-60 staff members in SA and will have some infrastructure up for testing.

Though Nokia Telecommunications will not be part of the consortium bidding for a network licence — "we are infrastructure suppliers, not operators" — it is helping black empowerment firms build their business cases.



SOURCE BMI TECHKNOWLEDGE, 1998



Other than Finnish operator Sonera (formerly Telecom Finland), which has teamed up with black group Vula Communications, there has been little interest from other international operators

"There are many investment opportunities around the world," says Batek

With operators having to invest an estimated R6bn-R10bn on building their network, investors are waiting for government to clarify its licence conditions before they make a move Should the social obligations be too onerous, they may opt for easier opportunities

Industry watchers say the biggest challenge for local empowerment consortiums is to convince financiers that they are mature businesses and not just political animals cobbled together in the hope of winning a cellular licence

The high-profile management and shareholder disputes at Vula Communications, which resulted in the group's MD Mark Headbush being suspended pending the outcome of an investigation, will have done little to instil confidence in the group However, these problems are being sorted out before any investor has been asked to put money on the table

Other black firms believed to be interested in the new cellular licence include Afrozone Investments, Thebe Media & Communications, NextCom/Lungisa Telecoms and a consortium lead by the Communications Workers' Union

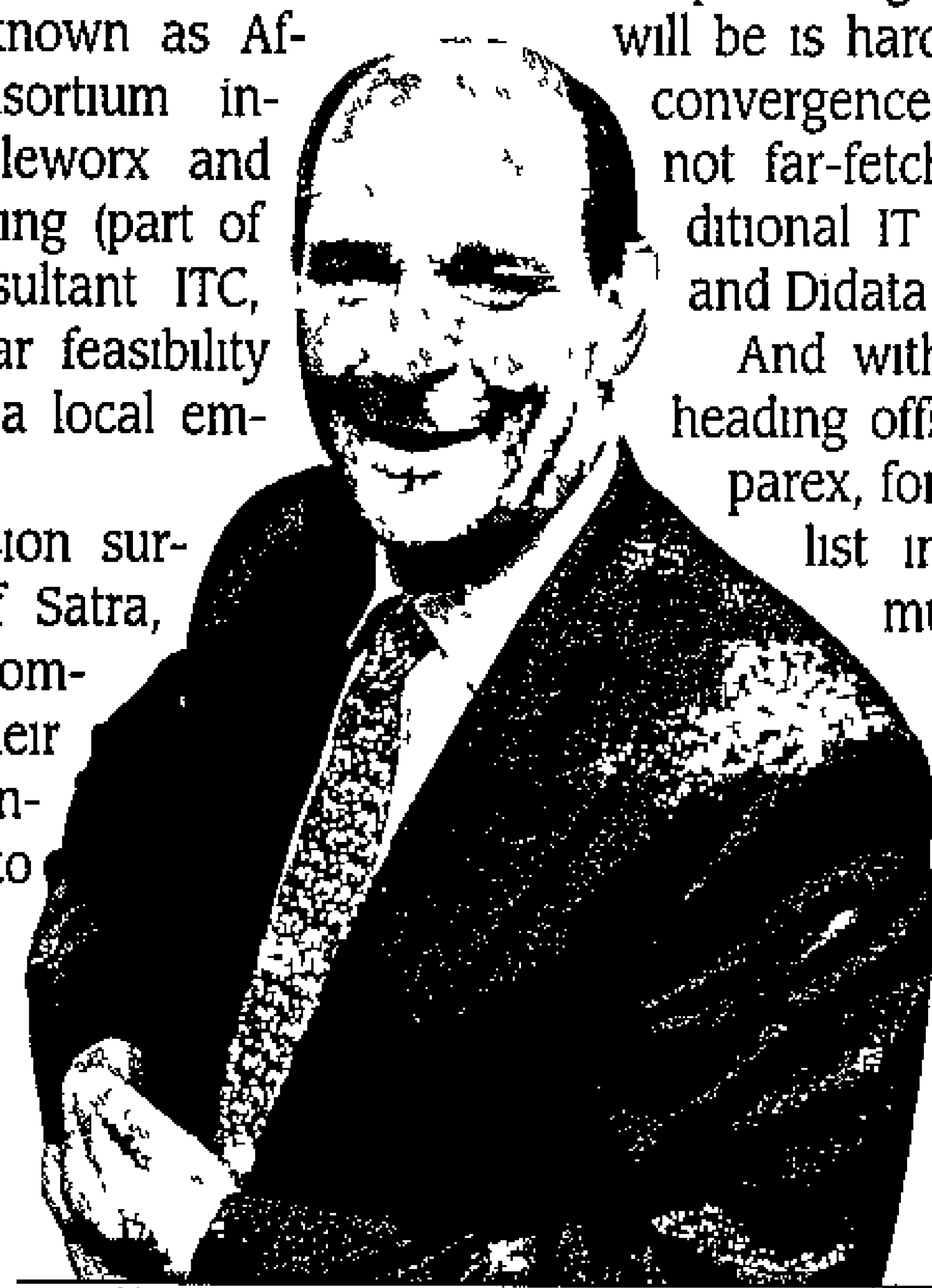
Talk of problems between Satra, which is responsible for regulating the industry, and the Department of Communications, which focuses on policy, is also raising eyebrows among potential investors

Telecoms Minister Jay Naidoo surprised many businessmen when he chose Deloitte & Touche to help his Ministry draw up the terms and conditions for the cellular tender documents

Satra, which recommended to the Minister that two additional cellular companies be licensed, has contracted an international consortium to help it evaluate the tenders According to a recent article in *Business Report,* the State tender board has been asked to perform an audit of this R3,5m tender, which was awarded to a US/SA consortium known as Afcent/CLC The consortium includes US-based Teleworx and Chase Libbie Consulting (part of Satra's original consultant ITC, which did the cellular feasibility study last year) and a local empowerment partner

Despite the confusion surrounding the role of Satra, the Department of Communications and their advisers, the cellular industry is expected to boom with the introduction of new operators BMI-T estimates market saturation at about 9m subscribers (or penetration of 17,5%)

However, this figure could be higher if the new cellular companies find a cheaper way of offering telephone services



"Increased competition will upset the apple cart"

Andre Wills

"The banks will ultimately dictate technology and the business plan," says Wills, who expects two new operators to get 2,5%-5% of the market each by 2002

With the delays in the issuing of cellular licences, however, many investors may wait for the second fixed-line tender, and compete head-on with Telkom

The proposal for a new operator — combining the telecoms assets of State-owned companies Eskom, Denel and Transnet (Transtel) — will be of interest to international investors With substantial telecoms infrastructure throughout SA, these parastatals are well positioned as future competitors to Telkom

Transtel has an extensive transmission infrastructure network for its internal use and has recently started preparing for deregulation with the rollout of a high-speed broadband multimedia network

Eskom, too, is well positioned New technologies are making it possible to transmit voice and data at up to one megabit/second over power lines

Cable & Wireless and BT of the UK are also believed to be interested in competing against Telkom It's also no secret that MTN — together with its shareholders Transtel and Johnnic — also wants a slice of this cake

However, a serious concern is that government will continue to dominate the telecoms sector

But predicting who the future players will be is hard at this stage With the convergence of voice and data, it's not far-fetched to predict that traditional IT companies like Datatec and Didata will also enter the fray

And with many local IT players heading offshore (Didata and Comparex, for instance, are looking to list in London), government must go all out to attract inward investment

Satra will have to quickly rebuild confidence by showing it can provide a strong regulatory environment where new operators will be given an opportunity to compete against the incumbent operators, or both SA and many international companies could find opportunities elsewhere

BMI-T says the new cellular operators will probably inject R5bn-R7bn into the economy over the next five years, with the second fixed-line operator spending as much to start up It expects the total telecoms market value to reach R60bn by 2003

Interestingly, it believes that Telkom's revenues will continue to grow by 15%-20%/year and will only see a 1% reduction in its market share (by revenue) by 2002

Marina Bidoli

(267)

TELECOMS *Satra chief hits back at consultants*

Licence row hots up

ET(PR) 15/2/99

Ncaba Hlophe

Johannesburg — Nape Maepa, the chairman of the South African Telecommunications Regulatory Authority (Satra), said at the weekend that there was still room for two more cellular licences, despite doubts raised last week by KPMG, the auditing firm, about the feasibility of a fourth

"It is totally up to the private sector to decide whether or not they will make money in the market, and not for us to dictate the number of licences," he said

Maepa's defence of the licences comes just a few weeks before the issue of the tender documents The licences are expected to be awarded to winning operators by July this year

Mark Headbush, the chairman of Vula Investments, one of the possible empowerment bidders, said two licences would not be feasible A survey by KPMG, the independent consultants, indicated that a fourth cellular operator would not be viable

HARD CELL *Nape Maepa, the chairman of Satra, says there is still room for two more cellular licences*

PHOTO JOHN WOODROOF

John Saker, a partner in KPMG's information, communications and entertainment division, said the international operators were discouraged by the prospect of competing against each other and with MTN and Vodacom

"The point we make is not to say the fourth operator would be unviable, but it would detract from the viability of the third and make the market more risky"

Saker said it government could still review its commitment to the fourth licence

Satra interconnection guidelines nearly complete

CT (MR) 18/2/99 (267)

Ncaba Hlophe

Johannesburg — The South African Telecommunications Regulatory Authority (Satra) has embarked on the final lap of discussions on interconnection guidelines, paving the way for co-operation between new and existing cellular operators

Interconnection enables cellular phone subscribers to call each other, to make a call to a fixed line and vice-versa

Nape Maepa, Satra's chairman, said the difficulty with interconnection had been that it was commonly viewed as a threat by most operators because it could deprive them of potential customers However, attitudes had changed after it was realised that it could also be a source of revenue for the interconnecting partners

In its draft guidelines, Satra has indicated that Vodacom and MTN could still view interconnection with the new operators as a threat The two existing operators could charge high fees to new entrants especially, because all the cellular subscribers belonged to them

Satra argued that in South Africa and the world over, interconnection costs were estimated to be 40 percent of new operators

"Without interconnection guidelines that map out a conducive environment for fair competition, the viability of the new entrants could be reduced," Satra said

For interconnection to work, the quality of the networks must be compatible Currently Vodacom, MTN, Telkom and Swiftnet, a wireless data network, have interconnection agreements Wireless Business Solutions, another wireless data network, is expected to conclude an agreement soon with Telkom

Satra said it believed interconnection guidelines could save operators the pain of frustrating negotiations Its guidelines would be in line with World Trade Organisation rules, it said

The submissions for the last round of negotiations are expected to reach Satra by March 12, after which a final set of guidelines will be released

Public hearings on interconnection were held in November following written submissions

Hopes soar as Naidoo says no to two cell licences

ST(BT) 21/2/99

(267)

TELECOMMUNICATIONS

By SHERILEE BRIDGE

GOVERNMENT's about-turn on issuing two new cellular licences is seen by some potential bidders as yielding to international investor pressure, but has also been greeted with gleeful expectation

Attributing the decision to award only one cellular licence this year to falling foreign investment in developing economies, Posts, Telecommunications and Broadcasting Minister Jay Naidoo and the South African Telecommunications Regulatory Authority (Satra) said that a second licence could still be granted, subject to the outcome of another economic feasibility study in 2001.

The telecommunications market greeted the decision with an "I told you so" optimism that the new cellular network operator would now have a fighting chance But some questioned whether the decision was based purely on market conditions rather than investor threats to walk away unless only one licence was on offer

Last week, independent consultants KPMG backed up expressions of concern by market analysts, and potential bidders about the viability of two licences

However, almost all saw the announcement as good news for the SA telecommunications market The scrap for one of the country's most prized black empowerment trophies escalated on Friday when new player Labat Communications, a black-owned and managed broadcasting and telecommunications company, said it would lead a consortium bid

Some of the originally interested consortia which prepared for a two-licence bid have said that there could be consolidation before May 28, when tender documents, released on Friday at a cost of R75 000, have to be submitted Consortia led by Vula, Afrizone, the Telecommunications Empowerment Consortium and Thebe are still in the running, but analysts believe there may be more last-minute surprises.

Current cellular network operators MTN and Vodacom said the decision would have little effect on their operations if conditions were fair

Satra was expected to offer the new market entrant some protection, but said that it would, as it had with Telkom, also penalise the operator for failing to meet universal service targets

Potential bidders hope that the foreign investors will now come running back

Telkom to spend R52bn on development

(267) BD 24/2/99

Economy will benefit from allowing as many people as possible access to telecommunications network

Robyn Chalmers

TELKOM will spend R52bn by 2002 on developing its network, mostly in underserviced areas, a move which is possible due only to the telecommunications utility's government-sanctioned monopoly, says CE Sizwe Nxasana

Nxasana said the utility required considerable revenue to achieve its licence targets "Common sense will tell you that had other competitors been allowed into the market, their focus on their bottom lines rather than on transforming a national asset would have resulted in them targeting the most lucrative section of the market, our corporate customers"

Telkom was granted a five-year monopoly in 1997 when US-based SBC Communications and Telekom Malaysia bought a 30% stake in the utility The monopoly could be extended for a further year if it met stringent licence targets such as adding 2,8-million new lines to the network and dramatically improving service levels

Nxasana said any new fixed line operators entering the market once Telkom's exclusivity period expired should do so under licence conditions that promoted free and fair competition

Much had been said about Telkom's focus on expanding its networks into previously underserviced areas, and how this detracted from it being able to serve its corporate customers' hi-tech needs

Nxasana said this argument was not based on sound economic principles SA's economy would benefit from allowing as many people as possible to access the telecommunications network

A significant portion of the R52bn capital expenditure was already being spent on modernising Telkom's networks for corporate and business customers

Telkom was deploying fibreoptic rings as well as accelerating the upgrading of all its exchanges This had resulted in the company being able to launch several enhanced voice and data services, he said

"We anticipate that all our exchanges will be fully ISDN-enabled before the end of 1999 This will prove of tremendous benefit to business customers, who are under ever-increasing pressure to move data from place to place faster and more effectively"

Nxasana said Telkom had not neglected the need to support business initiatives outside its borders in order to attract revenue into the country and into the African continent as a whole

It was one of the driving forces behind the establishment of the SAT-3/Southern Africa-Western Africa/SA-Far East cable system

This will route between Europe and south Asia with confirmed landings in Senegal, Côte d'Ivoire, Ghana, Togo, Benin, Nigeria, Cameroon, Gabon, Angola, Namibia, SA, Mauritius, Reunion, India and Malaysia

Telkom CE Sizwe Nxasana considerable revenue required

Regulator unable to monitor frequencies

Budget cuts could muzzle us, says Satra

CT (BR) 2/3/99 (267)

NCABA HLOPHE

Johannesburg — The capacity of the South African Telecommunications Regulatory Authority (Satra) to regulate the growing telecommunications industry could be hampered by a severe budget cut this year, Nape Maepa, the chairman, said yesterday

Maepa said Satra had requested R103 million from the department of communications but received only R64 million Of the R33 million capital expenditure that was requested, only R2 million was granted

Satra received R68 million last year although it contributed more than R249 million to the fiscus through licence fees in the 1997-98 financial year.

"Our equipment needs upgrading badly because at the moment we cannot even monitor most of the frequencies, including the digital enhanced cordless telephones roll-out by Telkom "

Nor did Satra have adequate funds to make its equipment Y2K-compliant, he said

"We have our central data base for our frequencies which is not Y2K-compliant and with this budget we won't be able to do it," he said.

Seodi Mongwaketse, a member of the parliamentary committee on communications, confirmed that Satra and the Independent Broadcasting Authority (IBA) had expressed concern about the budget cuts

The IBA's budget was reduced from last year's R31,5 million to R28,4 million this year

Our equipment needs upgrading ... we don't have funds to make it Y2K-compliant

Andile Ngcaba, the director-general of the department of communications, has recently said that an additional R7,8 million had been secured for the IBA from the department of finance to cover extraordinary expenses associated with the merger with Satra

Ngcaba said a further R1,394 million would be pumped into the IBA to boost its capacity to monitor the elections

A hearing was scheduled for March 17 to discuss the issues relating to the merger between the two regulatory bodies in parliament.

Mongwaketse said the parliamentary committee was concerned about the low salaries paid to councillors and had decided to take up the matter with the department of finance.

"We want to sensitise the department of finance to the fact that the councillors must be paid well to be motivated and avoid having them poached by the private sector," he said

Maepa said that because of "miscalculations" by the department of communications, Satra councillors had paid back money from their salaries to the government on several occasions

This had occurred to such as extent that "I personally could not tell you how much I make every month any more

SA aims to boost Africa's communications network

BD 9/3/99 (267)

Moses Mlangeni

SA's communications department is involved in several projects which it hopes will help build communication and marketing bridges into Africa

Director-general Andile Ngcaba told the Direct Marketing Africa conference in Midrand last week that projects were being implemented in the areas of telephone, electronic, postal and broadcasting media There was still resistance to the liberalisation of communication markets in Africa, with the majority of fixed-line operators remaining state-run

"SA has an obligation to the rest of Africa to transform African telecommunications through terrestrial, satellite and cable strategies," he said

John Fraser-Robinson, a British strategic marketing consultant, said media and technology were key issues for marketing in the new millenium

Getting the right audience for an advertisement would be the main influence over the price a customer was prepared to pay Quantity would be less important

Direct marketing enjoyed a bigger growth last year than any other advertising medium except television, marketers said It was also agreed that the sub-Saharan region was in the embryonic stage of direct mail marketing development Africa lacked communications infrastructure and access to facilities was almost nonexistent in rural areas where 70% of Africans lived

Fraser-Robinson said total e-mail traffic was expected to grow from 100-million messages a day in 1996 to 500-million in 2001 "It took 38 years to get 10-million phones connected and four years for 10-million internet users," he said

Delegates warned that "a communications traffic jam" would alienate customers and destroy marketing credibility In the US 44% of all direct mail was thrown away unopened or unread

It was felt that the television and telecommunications revolution in Africa would eventually deliver huge audiences, but until financial and logistical infrastructure was in place, television would remain a passive medium

Drive to get Africa in touch

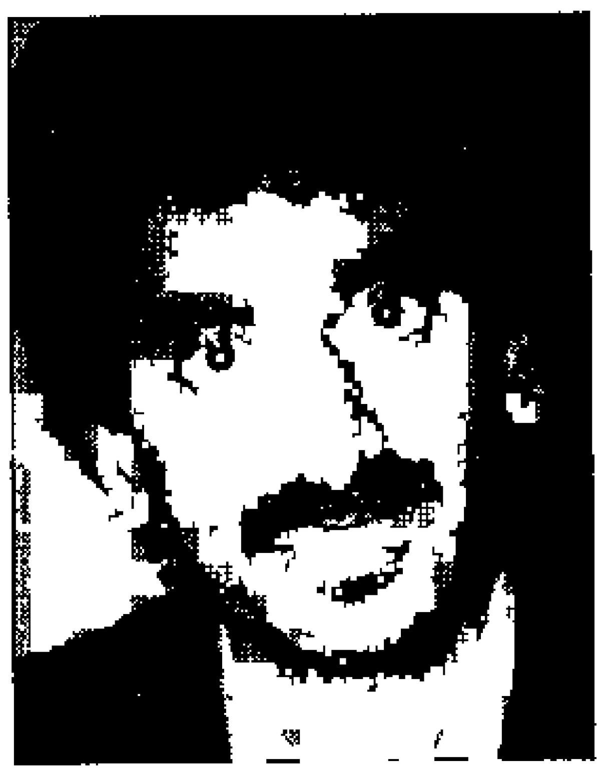
(267) M+G 12-18/3/99

Charlene Smith

In two weeks' time, Minister of Posts, Telecommunications and Broadcasting Jay Naidoo will don a helmet, fasten his seat belt and set off from Bizerte, Tunisia, on a 16 000km rally to drive home his message to the world Africa, a continent with 700-million people, has fewer telephones than New York or Tokyo Fewer than 14-million people have access to telephones

"This rally is not about driving, it is a rally to political leadership, investors and civil society to create an awareness of telecommunications and the need for it to drive Africa's economic renaissance," says Naidoo

The minister, who will be doing all the driving, will take along state-of-the-art telecommunications The rally will be covered by radio and television, and an Internet site with audio will map his route


On the road: Jay Naidoo

Naidoo hopes to raise some of the billions needed to upgrade Africa's infrastructure

The minister says that by 2003 every village in South Africa will have a telephone and the entire network will be digitalised By that time Naidoo wants every home to have a telephone and an Internet address — "and, with that", he says, "the potential to be linked to the outside world and the possibility of jobs"

In terms of a scheme Naidoo devised last year, centres are being set up in villages and small towns around the country that allow the inhabitants access to telephones, faxes and the Internet

Under the apartheid government, an average of 150 000 telephone lines were laid each year, but under Naidoo's management 360 000 fixed lines were laid in 1997 and more than a million telephones were installed in rural areas last year Telkom, however, reports that three out of four lines are disconnected each month because people in rural areas cannot afford to pay

"But," says Naidoo, "we are allowing those lines to still receive calls because each call generates revenue And we are increasing call centres to communities that are battling to pay

"Rural poverty doesn't mean people don't have the capacity to pay When we allowed cellular operators into Transkei, they found it was the busiest area with most calls made between 8am and 5pm, Monday to Friday They were being used for business purposes Research in Africa suggests the same will probably apply there "

Naidoo says the capacity to communicate has to be extended to the continent for true job opportunities and an economic renaissance

"Drive" is a word that peppers much of Naidoo's conversation as he spins through his dreams for a "highway in the sky for Africa"

"Those who first dreamed of a road from Cape to Cairo were colonialists, it was a road to enslave We want to free the continent with technology and advance it toward economic liberation," says Naidoo

But why drive for 21 days on the world's worst roads, in intense heat, through sandstorms and flies? Naidoo believes this is the only way to alert the world to Africa's plight

Vodacom, South African Airways and other big sponsors are contributing toward the costs of the rally Naidoo is seeking other sponsors to fork out about R3-million to establish telecentres along the route So far sponsors have come forward to erect six telecentres in different African countries

The minister is also seeking sponsors to train people from the various countries in telecommunications and put money toward an African information technology education institute

Naidoo's vision of an Africa-wide telecommunications network flows from a meeting of African telecommunications ministers he convened last year At the meeting he found that one of the biggest obstacles in the way of such a network is the lack of a coherent strategy and policy framework

"Except for Nigeria, South Africa and Egypt, the remaining countries are too small for foreign investors to go into Internationally, telecommunications are increasingly funded and driven by the private sector, they won't go into any country where the rules are not clear "

Naidoo's drive is backed by the Cabinet, in particular Deputy President Thabo Mbeki, who noted that Africa has potentially the world's biggest telecommunications market

Satra top guns in war of words

CT(MR) 17/3/99 (267)

Ncaba Hlophe

Johannesburg — Tension at the South African Telecommunications Regulatory Authority (Satra) has exploded into a war of words between the chairman and his deputy, which industry sources said yesterday could destabilise the regulator

Insiders said a crisis meeting last week between Eddie Funde, the deputy chairman, Nape Maepa, the chairman, and councillor Noluthando Gosa had not resolved the problems

Funde highlighted several events that he felt had broken down the spirit of "collective leadership and consultation" over the past five months

The spat followed a petition by Satra staff to oppose the reappointment of Gosa to the council Funde, who heaped praise on Gosa's work, blamed Maepa for siding with the staff by forwarding the petition to parliament without consulting with council

CRISIS TALKS *Satra's Nape Maepa blamed for taking sides*

But Maepa said it was the constitutional right of staff members to petition government and he could not stand in their way

Maepa said he had agreed with Funde's advice not to discuss problems associated with councillors in council

"Your spirited defence of Gosa goes counter to your knowledge about the damage she has inflicted on this organisation," Maepa said in his letter

Funde also raised the award of the R3,5 million contract to the Afcent/CLC consortium to advise Satra on the new cellular licences, which he said had not been endorsed by the council

Maepa said he had refused to bow to requests by some councillors to change the decision of the tender committee and award the contract to another bidder that wanted R6,2 million

He said neither he as chairman nor any other councillor was part of the tender committee that had decided on the contract using Satra tendering procedures

An independent audit had confirmed that tendering procedures in the Afcent/CLC contract had been followed

Open warfare at Satra leads to call for probe

(267)

Wyndham Hartley

CAPE TOWN — Open warfare has erupted between the chairman and deputy chairman of the SA Telecommunications Regulatory Authority (Satra), with accusations flying of undue influence, tampering with tenders, wasteful spending and poor job performance

PD 17/3/99

So serious is the conflict that opposition parties have called for an immediate investigation by the public protector

Deputy chairman Eddie Funde accused chairman Nape Maepa last month of improper collusion to ensure that Noluthando Gosa was not reappointed to the council, and of being involved in the award of a tender without reference to it

Maepa in turn accused Funde of attempting to alter a R3,5m tender in favour of Enos Banda at Zader Financial Services at almost twice the cost — R6,3m Maepa said that when he refused, Funde and Banda went to Luthuli House in an apparent attempt to get the African National Congress to bring pressure on him He claimed Funde embarrassed Satra last year by admitting during a hearing that he was a director of one of the companies applying to the council for a licence

Funde had accused Maepa of travelling to Cape Town to talk to staff about keeping Gosa from being reappointed Maepa said he made the trip to attend a briefing by Telecommunications Minister Jay Naidoo Maepa, in a letter copied to Naidoo, reminded Funde of R160 000 he had spent on a painting and of his repeated use of luxury hotels

Inkatha Freedom Party spokesman Suzanne Vos and Freedom Front MP Pieter Mulder called for a probe by the public protector, while Democratic Party spokesman Dene Smuts said she had referred issues involving Satra to the auditor-general and the public protector

Satra welcomes internal inquiry

CT (BR) 18/3/99 (267)

Ncaba Hlophe

Johannesburg — The South African Telecommunications Regulatory Authority (Satra) yesterday welcomed an official inquiry into its internal practices to dispel fears about stability following a flare-up between the chairman and his deputy

Parliamentarians reportedly called for an inquiry by the public protector into differences between Nape Maepa, the authority's chairman, and Eddie Funde, his deputy, which recently turned into a heated exchange

"The authority would therefore welcome any official investigation into its tender or other regulatory practices as this would only serve to demonstrate that we are indeed capable of fulfiling our mandate," said Busi Moloele, the spokesman for Satra

She said Satra was committed to maintaining transparency, impartiality and active debates "As in other organisations, differences of opinion do exist," she said Funde had criticised Maepa's leadership style The row between them erupted over what Funde called a lack of adequate consultation on a number of issues within the regulator

He also accused Maepa of failing to refer a petition by Satra staff opposing the reappointment of Noluthando Gosa to the council

Funde believed Maepa should have referred the petition to the authority's council before forwarding it to the parliamentary committee on communications Maepa said it had been mutually agreed with Funde not to refer problems related to councillors to the council He also said he could not stand in the way of staff's constitutional right to petition government

Funde also accused Maepa of inadequate consultation, which resulted in a R3,5 million tender being awarded to the Afcent/CLC consortium without endorsement by council

Maepa said he had refused to bow down to requests from some councillors to change the decision of the tender committee and award the contract to a bidder who wanted R6,5 million

Industry sources said they would be disappointed if the internal differences prevented the the regulator from performing its functions

"We just hope that the interests of the industry, not of individuals, be given priority Investors would be disappointed if these differences could delay Satra in handling the new cellular licence," said John Saker, a partner in the information, communications and entertainment division of consultants KPMG

Consultant urges right legal framework

Call for decisive action on Satra and IBA merger

CT(PR)19/3/99 (267)

NCABA HLOPHE

Johannesburg — The government should urgently introduce legislation to speed up the merger of the South African Telecommunications Regulatory Authority (Satra) and the Independent Broadcasting Authority (IBA), to restore declining staff morale, Allan Darling, a Canadian consultant on the merger, advised yesterday

Darling, said it was imperative to accelerate the merger to avoid "deterioration in the ability of the existing organisations to function".

Darling's experience in such mergers includes involvement in the merger of the Canadian Radio-Television and Telecommunications Commission.

> 'Eighteen months of anticipation and no concrete action'

"After 18 months of anticipation and no concrete action by government it is understandable that a high level of cynicism will attach to any activity associated with planning for the merger," he said.

He said that until decisions were made about the content of the Bill providing for the merger, there was no certainty about the nature and structure of the new communications authority

"An implementation strategy is consequently hostage to an unknown timeframe and changes that will have to be put in place"

Currently, the IBA is governed by the Independent Broadcasting Authority Act of 1993 Satra is governed by the Telecommunications Act of 1996

Andile Ngcaba, the director general of department of communications, said the merger was still on track

Sources said a hearing on the merger by the parliamentary portfolio committee on communications scheduled for Wednesday was postponed

Darling recommended that the number of councillors in the new communications authority be reduced from the current 13 joint councillors to nine

However, the 13-member council should be scaled down gradually over the next five years, he recommended.

This nine-member council would have one chairman who would serve for a five-year term.

The other councillors would serve for four years

The new legislation would also create committees on broadcasting and telecommunications

The chairman would then appoint vice-chairpersons to chair the two committees

However, Darling said the absence of the enabling legislation would scupper the implementation plans including the proposed relocation of the IBA from its premises in Rosebank to Satra's premises in Sandton

He said "Uncertainty caused by the lack of legislative approval makes it difficult to develop accommodation plans for the needs of the new organisation."

Jay's big drive to get all of Africa wired

(267)

ARG 24/3/99

ARGUS CORRESPONDENT

Durban – Posts, Telecommunications and Broadcasting Minister Jay Naidoo left for Africa's northernmost point, Tunisia, last night for the start of a gruelling 16 000km drive down to the continent's southern tip at Cape Agulhas to raise awareness about the need for telecommunications in Africa.

Deputy President Thabo Mbeki gave Mr Naidoo a hearty send-off from Cape Town on Monday, countering speculation that he was out of favour with South Africa's next president. Mr Mbeki joined scores of international dignitaries in wishing Mr Naidoo well for the "African Connection" rally

Mr Mbeki told Mr Naidoo the continent needed a vision, an information superhighway, to bridge the gap between rich and poor

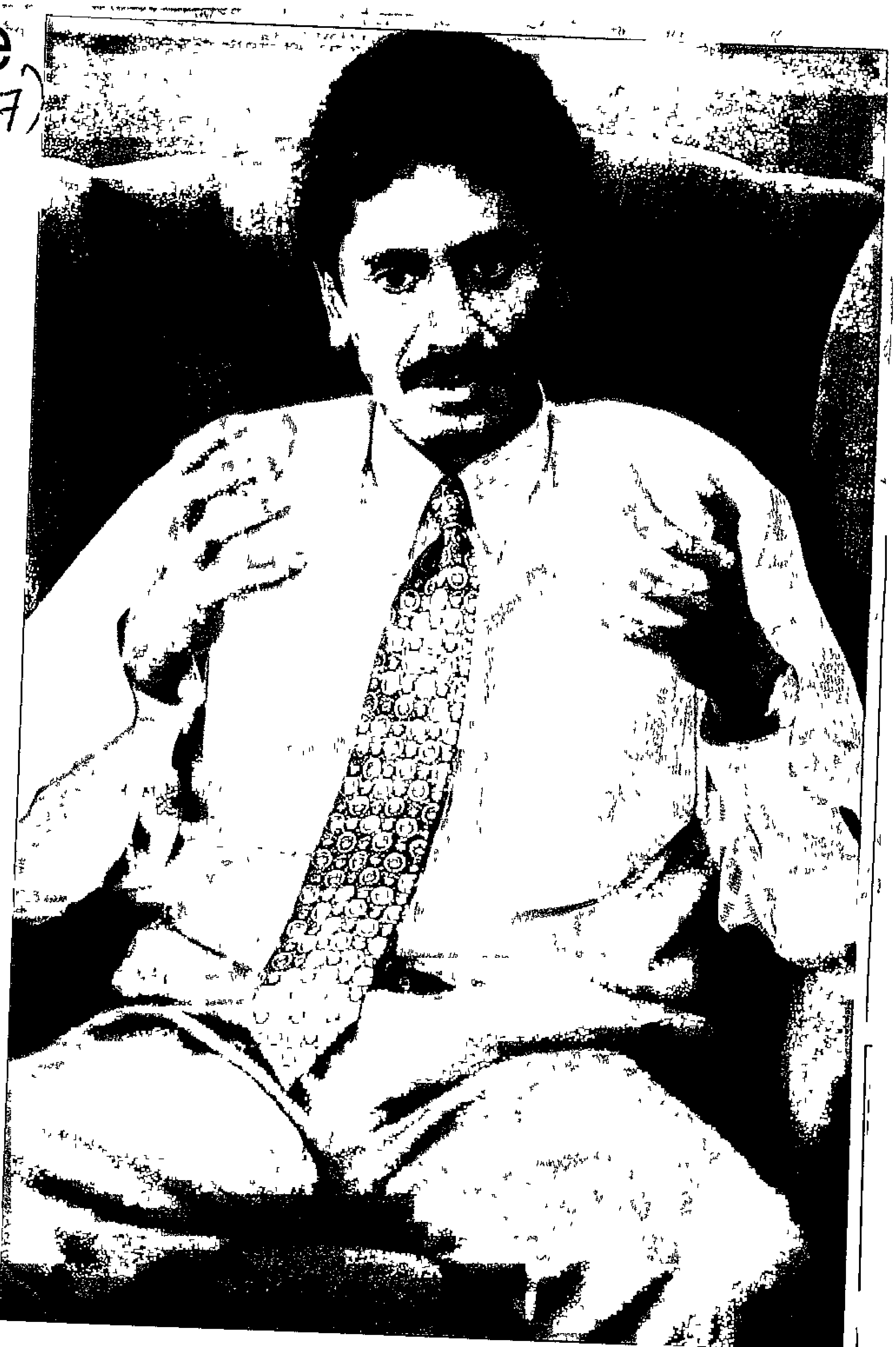
Mr Naidoo received many letters supporting his month-long trek, including pledges from World Bank president James Wolfensohn, Organisation of African Unity secretary-general Salim Ahmed Salim and Development Bank of Southern Africa chief Ian Goldin

Mr Wolfensohn said "The African connection rally promises to capture the imagination of young and old on the continent, and to provide a future of optimism.

"More importantly, it focuses world attention on the major investment opportunities the continent offers"

Mr Naidoo said he had received messages of encouragement from ministers of communication across the continent and from private companies

In Tunisia today, he is due to address an international conference on African telecentres.



African mission: Posts and Telecommunications minister Jay Naidoo plans a trans-Africa journey

TELECOMS REGULATION — 1

INVESTORS DUCK MUDSLINGING

Infighting recalls the fiasco that destroyed the IBA

(267) FM 26/3/99

Allegations of financial irregularities, undue influence and tampering in the cellular tendering process do not sit well with investors Neither do newspaper reports of the SA Telecommunications Regulatory Authority (Satra)'s chairman, Nape Maepa, and vice-chairman, Eddie Funde, accusing each other of making decisions based on politics

Not surprisingly, Satra has been at pains to play down the public spat Busi Moloele of Satra's communications department says that at council level, issues have always been dealt with through discussion and that, as in other organisations, differences of opinion exist but don't mean there's been a breakdown of the important regulatory work "The mention in the media of such differences as 'warfare' is unfortunate The council of Satra remains committed to its principles of transparency and impartiality and to working in the public interest at all times," she says She adds that the authority welcomes any official investigation into its tender or other regulatory practices, as this would "demonstrate that we are indeed capable of fulfilling our mandate"

The Public Protector and the Auditor-General are looking into the problems "We are waiting for the AG to complete its report," says Public Protector spokesman Nicolette Teichman, adding that the file on Satra has been open for some months

That Funde and Maepa don't see eye to eye is not too surprising, judging by their pasts Funde has an MSc in engineering from Leningrad Polytechnical Institute and spent many years working for the ANC locally and in exile Maepa, an electrical engineer with degrees from US universities, worked in the private sector in the US before returning to SA

The recent problems revolve around the awarding of a R3,5m contract to Afcent/CLC to evaluate the third cellular

NO EASY WALK TO A CELLULAR LICENCE

A tale of bumbling and indecision

1997

October

Satra commissions a local/international consortium, the International Telecommunications Consultancy (ITC) to examine the feasibility of more cellular licences

1998

February

The ITC recommends one new licence.

August

After public hearings, Satra recommends two new licences Reaction is mixed

November

Cabinet rules that two new licences be issued **The Department** of Communications appoints **Deloitte** & Touche to help draft the invitation to tender. Why another consultant? ask industry watchers

1999

February

Minister of Communications Jay Naidoo says only one new licence will be issued now because of the economic downturn.

March

Tender details are gazetted. Naidoo commits himself to issuing the tender by July.

June 12

Deadline to submit applications to Satra A consortium linked to ITC will help evaluate the tender This decision causes a public blow-up between top Satra officials.

TELECOMS REGULATION — 2

TOO TINY FOR RED TAPE

Too big for black firms

SA is low on the list of priorities for international telecoms companies wanting to expand offshore (see diagram)

Instead of attracting international investors with regulations and policies that show them clearly where they stand, SA authorities are doing the opposite Political infighting and confusing messages from the regulatory and political authorities have done little to inspire confidence among potential investors, who will have to spend millions in preparing their bids for SA's third cellular operator's licence

Tension at telecoms industry regulator Satra has been simmering and the relationship between Communications Minister Jay Naidoo and his director-general, Andile Ngcaba, too, has been strained

No wonder only two operators (Scandinavia's Sonera and Telenor) showed interest in SA at last month's GSM Association meeting in Cannes, says a local analyst trying to negotiate with potential investors "Government thought investors would come running to SA," he says "The danger is that no international company will be interested"

He says expectations have been raised among empowerment groups that they will have large equity stakes in what will be a US$800m project "It will be difficult for the black firms to raise this sort of money," he says "Many have been created specifically for the bid They have no track record and no balance sheet"

It has taken 16 months — and two sets of consultants and public hearings, costing the taxpayer millions of rand — for government to draw up the tender document of only 13 pages This details the form in which applications are to be submitted and "the manner in which it is contemplated that the service shall be provided" in terms of the Act The application form is so vague that potential bidders say the process has only wasted their time

MTN and Vodacom have extended their lead in the lucrative end of the market The two incumbent operators now have 2,6m users between them More than 1m have been signed up while government has been "studying" the industry **Marina Bidoli**

SA'S NOT THAT ATTRACTIVE TO TELECOM INVESTORS

Number of phone connections in millions of lines

1995-2005

DELOITTE RESEARCH

licence, a staff petition opposing the reappointment of Noluthando Gosa to the council and Maepa's decision to forward this petition directly to the parliamentary committee on communications, and allegations that potential cellular bidders wanted to place their people on Satra's council.

Afcent/CLC was chosen over Deloitte & Touche and Enos Banda's Zader Financial Services, according to one Satra source, who denies reports that Funde lobbied the ANC for the tender to go to the R6,5m bid from Zader as "nonsense".

The choice of Afcent/CLC is controversial because the consortium includes US-based telecoms consultant Chase Libbie, who was part of the original International Technology Consultants (ITC) that did the cellular feasibility study for Satra. Last year, ITC project director Paul Cole tried to canvass support for a private-sector telecoms trust fund that would be used to help kickstart the new cellular operator. Controversy surrounded this fund, and Communications Minister Jay Naidoo declined to attend the fund-raising conference in Cape Town. Maepa was the keynote speaker. Cole blamed a lack of support from government for killing the initiative. But Naidoo's spokesman, Mandy Jean Woods, denied government had put pressure on anyone to pull out of the conference, which, she said, was premature (*FM Focus* August 31).

"We were nervous about this fund investing in the third licence," says the senior Satra source, adding that when it appeared, the same people were involved in evaluating the tender. "some councillors wrote to the Minister in exasperation." The matter is now with the State Tender Board.

Other allegations are that people involved at tender committee level are closely aligned (in one case, married) to potential black bidders. One of the bidders, it seems, also nominated four of its own candidates to stand for council — presumably in an attempt to influence the process. These candidates were among those who petitioned against Gosa.

Satra's new council has subsequently been finalised. Alison Gillwald and Tshidi Seane have stood down. Gosa, Funde, Labius Lesibu and Maepa remain on board. New to the council are a lawyer, Tshidi Mayimele-Hashatse, and Willie Currie, the former adviser to Naidoo's predecessor, Pallo Jordan.

Talk of corruption at Satra is not new and there is an urgent need to clear the air. Auditors Gobodo Manase were called in to do an audit, which has not been made public. Guy Rich of Judge Willem Heath's special investigating unit denies rumours that they are investigating Satra.

Despite Satra's problems, Naidoo is set to embark on his three-week African safari later this month to promote telecoms investment in the continent. Woods says Naidoo will be in contact at all times via a satellite phone and that an acting Minister will oversee the department while he is away. She says the flare-up at Satra is an internal matter and that though Naidoo will not interfere with the independence of Satra, he will keep a watchful eye on the situation. He will get involved only if Satra's council asks for help and will then approach the parliamentary portfolio committee on communications to look into it.

Government cannot afford any further debacles or delays.

Gary Conway of Absa Corporate Bank which has been advising the private sector on telecoms bids, says absolute integrity, confidence and transparency in the regulatory framework and process are essential if SA is to attract the international investors it seeks.

Marina Bidoli

Satra set to block free phone service

(ab7)

BD 30/7/99

Swedish firm GratisTel International seeks partner for service that is paid for by commercial spots

Robyn Chalmers

SA's regulators are set to block a Swedish company from offering "free" domestic telephone calls to local users

The service offered by GratisTel International, a Stockholm-based media and telecommunications group, enables subscribers to make calls that are paid for by corporate advertisers

Commercial spots interrupt a call every second to third minute for 10-15 seconds The GratisTel service already operates in several countries abroad

However, the SA Telecommunications Regulatory Authority (Satra) has indicated that the GratisTel service would impinge on exclusivity rights granted to Telkom, which has a government-sanctioned monopoly in SA until 2002 Telkom is equally unenthusiastic about a newcomer trespassing on its turf

GratisTel sells licences to large companies to run its telecommunications service on fixed and mobile networks It has eight licensees in, among other countries, Spain, Italy, Australia, New Zealand and the Philippines

GratisTel CEO Peter Landgren said SA was one of the company's priority markets "We have been looking at SA's market for about six months and find it a very interesting market for GratisTel to operate in "

Landgren said negotiations had started with some of SA's larger companies within the telecommunications and media sectors, but he declined to identify them due to confidentiality agreements

Satra spokesman Busi Moloele said the GratisTel service "does impinge on one of Telkom's exclusive areas of operation" However, she indicated that cellular operators would be able to use such a service if it originated on a cellular network, as opposed to a fixed-line system.

Pinky Moholi, group executive of regulatory relations at Telkom, said that as far as Telkom was aware, no licence had been issued to GratisTel "No one can offer a telephony service in SA without a licence The current holders of telephony licences in this country include Telkom, Vodacom and MTN," she said

In terms of a government licence issued in 1997, Telkom has the right to provide fixed-line telephony exclusively for five years The monopoly period could be extended to six years if Telkom met investment and customer service targets

Analysts said Telkom's monopoly was continually under threat from outside competition, notably callback operators, which were banned by Satra in 1997 but continue to thrive in this country.

However, Lotta Svenungsgård, press officer at GratisTel International, said the company would not compete with Telkom "We are looking for possible partners in SA to become our licensees (and) we are discussing GratisTel for fixed and mobile networks in SA," she said The licence agreements involved a yearly licence fee and a traffic royalty for every minute that ran through the GratisTel system, she said

GratisTel International gives the licensee a turnkey solution, which means providing software, hardware, setting up and training

Naidoo asked to intervene

BD 1/4/99

International delegates dumbstruck that enlightened SA could bar innovation

Reports by
Lesley Stones (267)

TELECOMMUNICATIONS Minister Jay Naidoo is being urged to intervene to prevent the resumption of a legal battle on the right to provide internet access

Anthony Brooks, an adviser to the Internet Service Providers Association, has written to Naidoo urging him to prevent the reopening of a long-running court case in which Telkom is claiming the legal right to be SA's sole provider of internet access

Brooks is also calling on Naidoo to amend the laws to help SA retain its status as Africa's leading internet nation

Naidoo has replied that he plans to call an industry-wide meeting to discuss such issues Brooks fears that will be too little too late, as the battle between Telkom, the association and Satra, the SA Telecommunications Regulatory Authority, is likely to resume in the Pretoria High Court in June

The case was originally scheduled for May 24, then moved to May 31 at the request of the association's attorneys, confirmed Telkom's corporate communication executive Amanda Singleton The association has again requested a rescheduling and a suitable date is under discussion

Brooks wrote to Naidoo after speaking at an internet conference in Benin attended by delegates from more than 40 African nations SA has about 1-million users, accounting for 80%-90% of all usage on the continent But its legislation stifles rather than promotes the industry, says Brooks

"What became very clear is that the active promotion of competition is vital to the growth of the internet," Brooks said in his letter "The growth of the internet in a country promotes growth in telecommunications infrastructure and services, and benefits the economy by expanding services, promoting jobs and attracting investment "

Brooks said it was encouraging to see how many African monopoly telecommunications carriers realised the benefits of allowing access providers to flourish, since it generated more phone calls and created a need for more network infrastructure SA was a sorry example, he said, since Telkom believed it should be the only access provider, unchallenged by competitors

"Many members of the audience were incredulous that in a country as supposedly enlightened as SA there are still organisations who believe a monopoly on internet access can be beneficial to the sector," wrote Brooks

Delegates were also dumbstruck that SA's legislation prohibited the use of innovative technology, he said "Attempts by internet providers to use satellite links to provide cheap international bandwidth have met continuous resistance from Telkom " In the coming court case, the technologies behind internet access will be examined to see whether they fall under Telkom's exclusive licence to provide basic telephony services If Telkom wins, it has the right to shut down all SA's internet access providers, says Brooks

Allowing Telkom to fight for a monopoly on internet access contravened the government's aims of promoting universal access and affordable services to all consumers, says the letter "There is far more benefit to be gained by Telkom in working with other internet access providers to provide telecommunication and internet services to all South Africans I implore you to urge Telkom to cease wasting its customers' money on fighting the internet industry "

He estimates that up to R5m in legal fees have already been clocked up by Telkom, Satra and the association since the battle began more than two years ago If government had produced clear policies in the first place, that could have been spent on connecting schools and communities to the internet, he said

In a letter of reply, Naidoo said "I have always advocated a process of negotiations rather than litigation to resolve these issues Our vision of ensuring that every citizen has a physical, postal, telephone and internet address is what guides our policy and law "

CAPE ARGUS IS

Getting plugged into

Jay Naidoo goes on safari to connect a contin

Jay Naidoo's rally across Africa is unmistakably a public relations stunt, but it is driven by a profound question: what is the real Africa? ROSS HERBERT of the Independent Foreign Service reports

See ya: Minister of Telecommunications Jay Naidoo says goodbye to his wife Lucie at the start of a rally through Africa to promote

From this rich coastal plain, dotted with olive trees, Carthage waged a losing 128-year war against Rome From it, Hannibal organised battalions of war elephants with which he crossed the Mediterranean and the Alps to sack Italy Here, Africa was first given her name by the victorious Romans, who fed an empire from its fertile soil And here Jay Naidoo wants to launch a revolution

The Minister of Posts, Telecommunications and Broadcasting, Mr Naidoo started a 21-day, 14-nation 4x4 rally on Saturday, from Africa's northern most tip at Bizerte, 60km north of Tunis, to its southern extreme at Cape Agulhas The aim promote the connection of Africa to the wired world of 21st century telecommunications, Internet, tele medicine, distance education and satellite and cellular telephony

A not-so-secret secret of South African journalism is that reporters are constantly besieged with offers – "freebies" as they are known Let's jet to a posh Victoria Falls hotel to confer on the future of computers We are launching a new product line and are briefing journalists at a five-star bush lodge

With that ethics-bending tradition in mind, I greeted Minister Naidoo's invitation with a healthy scepticism Cynics can fairly ask whether the millions corporate sponsors are paying for the rally would not be better spent on real telecommunications. But the rally, like Bill Clinton's Africa tour last year, raises profound questions that ought to transcend their public relations packaging

On Tuesday, I set out for Tunis with the rally crew in a propeller-driven C-130, stuffed with spare tyres, motor oil, bottled water, and a small helicopter For the unacquainted, a C-130 offers all the creature comforts of a mobile refrigerator

Passengers are slung in canvas-mesh seats along the two walls with their feet propped up on the cargo mountain By the end of the first seven-hour leg to Nairobi, I had donned two pairs of pants, six shirts, a towel and a bandana to fight off temperatures better suited to dead beef than live humans

At a simple level, Mr Naidoo wants to promote investment in telecommunications, without which Africa will never catch up with the fast-growing economies in the rest of the world "There are more telephones in Manhattan than all of Africa How does Africa with 750 million people and only 14 million telephones fit into the future? It doesn't Our vision of an African Renaissance will be still born unless that telecommunications reality is changed," Mr Naidoo said before heading to Tunis

Jay Naidoo is a man who loves to jaw about conceptual frameworks, white papers and structural blueprints However, when he warms to his rally subject, I sense the fire comes not from the narrow realm of telecommunications but the broader concerns that suffused his stint as RDP guru

Winning the billions of dollars needed to modernise African telecommunications means revolutionising perceptions of the continent as an investment destination

Compare the fortunes of China and Africa China is afflicted with corruption, is massively underdeveloped, riddled with Byzantine regulations and plagued by political influence that can bring outside investments grinding to a halt

Yet the industrial world sees it as the last great investment frontier where underdevelopment is a sign of potential

In contrast, Africa's underdevelopment is seen as an unmitigated negative Investors interpret low African incomes as lack of purchasing power, African corruption as a constant peril and poor African infrastructure as a guarantee that every task will be vastly more difficult than in the rest of the world

Why the difference? China does have a vastly larger middle class and a technological base capable of building cars, nuclear power plants, computers, missiles and myriad manufactured goods significantly beyond Africa's capacity But there is more at work

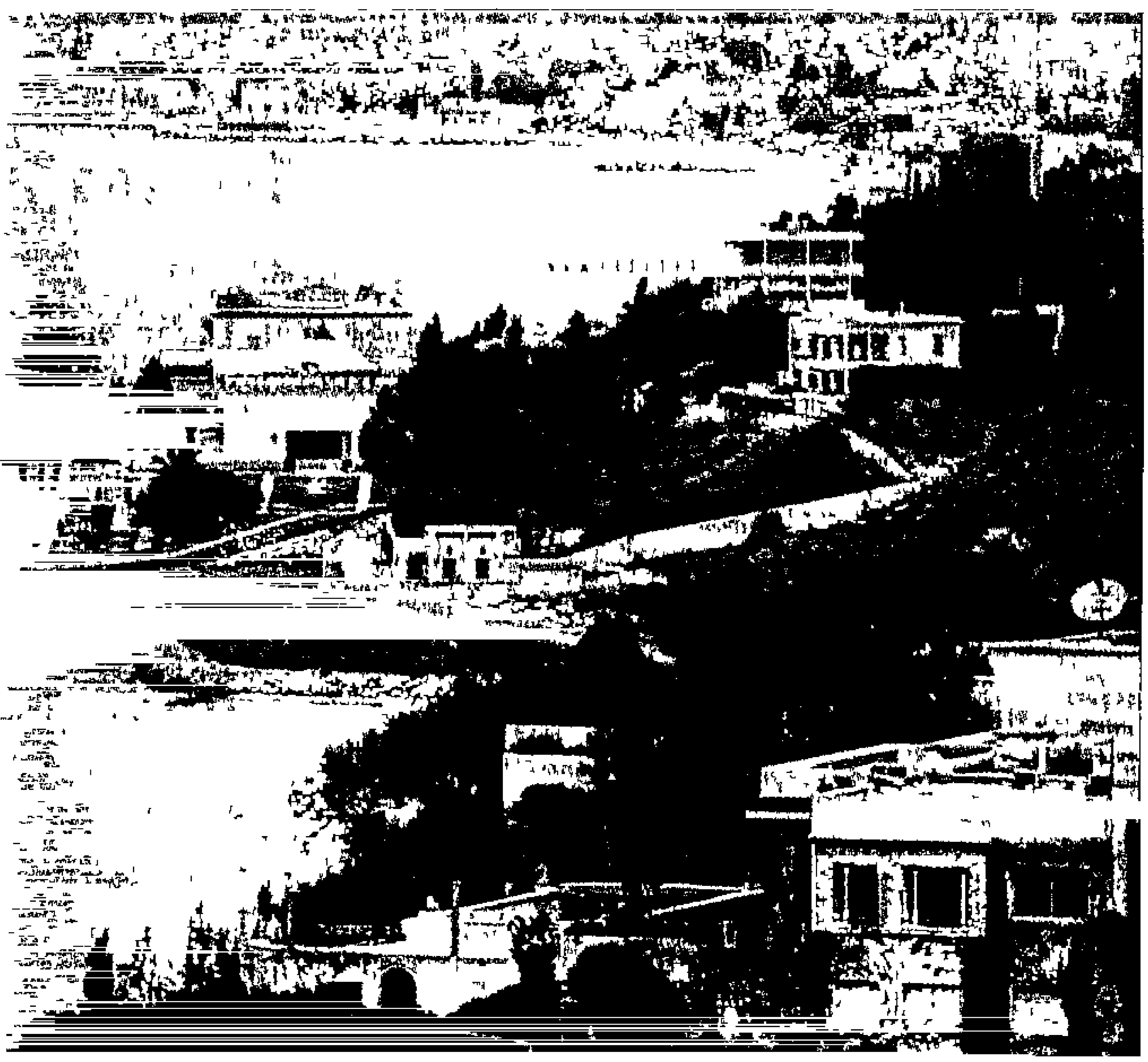
Africa remains reputationally challenged In essence, Mr Naidoo's rally reflects the complaint one hears repeated bitterly in every African capital African investment suffers because the media relentlessly focuses on war and disaster and ignores the good side of the continent

FOCUS ISSUES

nto the real Africa

(267) ARG 1/4/99

a continent to the information age…



through Africa to promote investment in telecommunications It will take in Tun a and several other countries

omes as lack of purchas- African corruption as a ... il and poor African ... e as a guarantee that will be vastly more diffi- the rest of the world

... difference? China does ... larger middle class and ... gical base capable of ... nuclear power plants, ... missiles and myriad ... ed goods significantly ... ca's capacity But there ... k ... emains reputationally

In essence, Mr Naidoo's ... ts the complaint one ... ated bitterly in every ... African investment ... se the media relentless- ... war and disaster and good side of the conti- ...

The notion that Africa's image suffers from a biased Western mind-set grows from ignorance of how journalists operate Media critics seem to assume that each story should offer the current facts plus a full and fair history We operate as individuals on individual stories limited by space and time

When news arrives of Sierra Leonean rebels indiscriminately chopping limbs off women and children, reporters do not ask whether it reflects the broader reality of Africa, whether it is fair to Africa's image or how Sierra Leone has made positive contributions to the world

When tourists are murdered in Uganda, reporters cannot slant the story based on how it might irreparably harm African tourism That is for the world to decide

Should journalists, in the interest of Africa's reputation, not report on genocide in the Great Lakes? Should we ignore the larcenous misrule of Mobutu Sese Seko, Laurent Kabila, Daniel Arap Moi or Robert Mugabe?

World leaders generally, and Africans in particular, are chronically hesitant to intervene in the sort of civil wars that plague Africa If the media suppressed news of the heinous, would anyone ever act decisively?

Part of Africa's problem is the sheer magnitude of crisis news. By my count there are four or five hot wars outside of Africa, including the on going bombing of Iraq, Sri Lanka, Afghanistan, Serbia and East Timor Perhaps there are a few more lower-grade rebellions In Africa I count wars or rebellions in 10 countries involving armies from 18 nations

In practice, covering such wars is hugely expensive. The sheer number of conflicts in Africa means most news budgets are drained before reporters get much chance to search for the good news

I have spent the past three years covering Africa, racing between wars, disasters and political crises We need hard-hitting crisis news, but I am convinced we need to see the other Africa, the wonderful, exotic, generous, adventurous place that is rarely touched by the media

Crisis news is necessary but it has become a crutch for editors not courageous or decisive enough to send reporters off the beaten track. Increasingly budgets dictate which reporting ventures in Africa are considered a good value They implicitly push reporters to stay in capital cities where they can crank out more stories without the high cost of reaching the hinterlands

As a result the proportion of news resources dedicated to conservation, development, what is working and why is far too low

In any other continent it would not much matter But the world's knowledge of Africa is so poor and stereotypes so deep-rooted that a few negative stories can radically shift the balance of investment in ways that would be impossible in continents about which the world has a full, well-grounded knowledge

And by striking the wrong balance between crisis and non-crisis news, the media affects what may be the most important factor limiting Africa's technological advance – the image of technology that each person holds in his or her psyche

Asia has raced up the technological ladder in the last half-century because of a very uncomplicated attitude to outside technology

In contrast, Africans continue to see technology as something alien that requires outside experts As a result they continue to think of technology as something that must be given either as an act of charity or in exchange for access to resources

Changing that debilitating self-perception is one of Mr Naidoo's missions for the trip

He wants to change the view of what is possible by focusing attention on real examples of Africans using technology in their daily lives For attempting to shine the media spotlight on the unseen, intriguing, positive side of Africa, Mr Naidoo's rally should be commended

I only hope that once the rally ends, the media barons will hear the call, shift their budgets and let reporters continue to try and discover that other Africa

Sudan sends positive signal to Naidoo rally

ET (BR) 7/4/99 (267)

INDEPENDENT FOREIGN SERVICE

Khartoum — The Sudanese government has expressed strong interest in forging ties with South Africa for the development of its recently liberalised local telecommunications market, and gave full support to the African Connection Rally of Jay Naidoo, the communications and broadcasting minister, which arrived in the country this week

Ghazi Saladien, the Sudanese information and culture minister, and Elhadi Bushra, the communications and roads minister, met Naidoo on his arrival from Egypt at Dongla in northern Sudan on Monday They briefed Naidoo on Sudan's growing democracy and telecommunications developments

Naidoo was told local and national telecommunications and Internet services were now open to competitive private sector investment The regulator is expecting companies to apply for licences to operate in any of these service areas

Fees range from 2 percent to 5 percent of revenues for a telecommunication or Internet service licence, which drops by 50 percent when renewed The fee is usually at the lower end of the scale in rural areas to encourage investment in the less profitable locations

The country's telecommunications services suffered major setbacks in the past two decades owing to lack of maintenance by the government-owned monopoly In 1994, the government formed a partnership with the private sector, establishing Sudatel to handle Sudan's telecommunications

The state owns 68,8 percent of Sudatel, with the remainder in private sector hands Today, Alcatel, Siemens, American company STS and Daewoo have a presence in Sudan, and there is also Mobitel, a separate GSM mobile cellular telephone operator

Before the establishment of the regulatory authority — the National Telecommunications Council (NTC) — in 1996, a concession was granted to Mobitel for five years as the sole supplier of mobile cellular services Sudatel was given a five-year franchise on international services

Mohamed Omar, the secretary-general of the NTC, said the government planned to divest itself gradually of most of its remaining shareholding in Sudatel and would only retain a minority share, probably about 25 percent

It also expected that Sudatel would withdraw from the provision of public telephone services, leaving the market open to the introduction of phone shops and telecentres

There are no restrictions in Sudan on the foreign ownership of telecommunications services

An ambitious mission

267

Communications Minister Jay Naidoo is ~~on~~ a continent-long rally to promote telecommunications in Africa. **Sharon Chetty** writes about their journey

Sowetan 9/4/99

ADDIS ABABA – At some stage during the seemingly endless journey, an obviously exhausted Bob Mabena asked "If someone was approaching us, from where would he be coming?"

It was impossible to answer since we were then in the middle of the vast Sudanese Beuoda desert, driving from the border town of Dongla in the north to the capital Khartoum in the south-east

Soon Mabena was back to his usual jovial self, making small talk with those in the next vehicle via a sophisticated two-way radio system

Through the crackle Minister of Communications Jay Naidoo's voice could be heard "Look guys 'all this wide, open space isn't this beautiful?"

For almost 12 hours on Monday, the African Connection Rally convoy wound its way across a harsh and desolate countryside where there are no roads, but mere tracks in the shifting sands in an area where telecommunications are non-existent

After a few hours in the unrelenting heat, it also soon became apparent that this stretch was the start of a more difficult leg of the rally, with the catchy theme of supporting Africa's telecommunications revolution

Sudan was the fourth country traversed in the journey that started at the northern tip of the continent and will end about 16 000km later at Cape Agulhas

The journey undertaken by Naidoo, together with radio personality Mabena, motoring journalist Geoff Dalglish and Indian national Navine Kapila, a holder of the *Guinness Book of Records* title for travelling overland across six continents in 39 days, is an ambitious mission to raise global awareness of the continent's telecommunications backlog

In the first three countries – Tunisia, where it started, Libya and Egypt – the two-car team drove on straight, open, tarred roads and had the luxury of having official escorts which, with blaring sirens, often nudged other motorists off the road to make way for the convoy

Sudan, however, was different

For almost 600km (the approximate distance between Johannesburg and Durban), the convoy kept up a rapid pace led by the minister of communication and roads, El Hadi Bushra, in open terrain

The desert is a continuation of the Sahara and for some part we drove a few kilometres alongside the Nile River, where its tree-lined banks provided a welcome relief to the stark desert landscape

To the outsider it is unique and beautiful, and an indication of just how desolate it is is the fact that our convoy passed only two other vehicles in six hours Despite the obviously daunting task of having to drive in 40 degrees C heat, the only mishaps that day were a malfunctioning sunroof and a blowout on one of the escort cars

Minister Jay Naidoo on his tour of Africa. (DIGITAL IMAGE)

During stops at three different towns, Naidoo was welcomed by chanting and ululating crowds who, it is quite apparent, have little idea of what telecommunications are, but nevertheless responded to their minister's urging by crying out *Allah u Akbar* ("God is great") when he told them that they had an important man in their midst

Thus, while travelling through such areas, where the poverty is apparent, the question does occur how important is telecommunications to these remote settlements, when even the basics like running water and electricity are not available?

Most of the populatoin of about 28 million is concentrated around the cities and tributaries of the Nile and it is apparent that large parts of the country will remain without reliable telecommunications infrastructure for decades still

Although the present system has capacity for 150 000 lines, only 110 000 have been installed Teledensity (the measure of the number of telephones available per 100 people) is at 0,6, compared with South Africa's nine and Tunisia's eight Bushra claims that his government has built roads and telecommunications infrastructure, but both tarred roads, and telephones were almost non-existent in the parts we travelled in

Towns as close as 200km to Khartoum – where more than five million people live – have no telephony and still rely on radio communication for emergencies

Politically, Sudan has been unstable for decades with the north and centre dominated by Muslims and the south by Christians

The southerners have challenged the north's dominance and the country has experienced internecine conflict for almost 40 years

Now that there is a ceasefire with the southern rebels, Bushra says that providing the basics will once again be on the agenda

While the African Connection Rally is a grand attempt at putting Africa's telecommunications revolution on the world agenda, there are already existing projects that have the commitment from African governments to work towards redressing the imbalance

The United Nations Economic Commission for Africa (ECA) has set up a programme called the African Information Society Initiative, which has provided a framework over the past three years for the continent's governments to develop and implement policy that will narrow the information and technology gap

But, despite the stated commitment from governments, the numerous conflicts on the continent and general backlog in development means that the information revolution is not being given the priority or urgency it deserves, admitted one of the Addis Ababa based ECA members

Clearly, bridging the chasm is going to be difficult Yesterday, as we drove up the Ntoto mountain pass so that we could get a panoramic view of the Ethiopian capital Addis Ababa, we saw several women, of all ages, carrying large bundles of wood and branches on their backs

Their loads were so heavy they were bent almost double as they plodded slowly down the steep mountain pass

When confronted by such heartbreaking sights, one is rudely reminded of just how huge the backlogs are and why, when some of us speak of telecommunication as a necessity, others aren't even aware that such facilities exist

SA, Botswana in talks about SADC troops stationed in Lesotho

Maseru – High-level talks between South African and Botswana defence ministers and Lesotho Prime Minister Pakalitha Mosisili concerning Southern African Development Community troops in Lesotho opened in Maseru yesterday.

Japhet Ndlovu, SA's high commissioner to Lesotho, said the South African delegation was headed by Defence Minister Joe Modise He was accompanied by Deputy Foreign Minister Aziz Pahad and the commander of the SA National Defence Force, General Siphiwe Nyanda. The Botswana delegation was led by Defence Minister Ian Khama and the Assistant Chief of Staff in the Botswana Defence Force, Major-General Bakoena Oitsile.

The Lesotho government sought SADC military intervention in September to deal with lawlessness after a mutiny in the Lesotho Defence Force

SADC deployed a military task force consisting of troops of the SANDF and the Botswana Defence Force on September 22 to help restore law and order

South Africa brokered the establishment of an interim political authority consisting of representatives of all 12 political parties that took part in last year's general election in Lesotho. The authority is now engaged in work to facilitate the holding of elections next year

The continued presence of the SADC troops in Lesotho hampered the functioning of the interim political authority, which demanded the withdrawal of the SADC troops as a prerequisite to carry out its mandate. With peace having returned to Lesotho, it is believed that the need for the SADC troops to be withdrawn will be foremost on the agenda. – Sapa

Star 10/4/99

(267) (~~[illegible]~~)

TELECOMS *Wireless Business Solutions takes Telkom to regulator*

Satra in tangle over network row

ST(BR) 12/4/99 (267) ~~260~~

Ncaba Hlophe

Johannesburg – Wireless Business Solutions (WBS), a black-owned data telecommunications group, has lodged a formal complaint with the South African Telecommunications Regulatory Authority (Satra) against telecoms giant Telkom after negotiations on interconnection agreements deadlocked last year

A spokesman for WBS said last week the group "had great difficulty" in reaching interconnection and facilities leasing agreements with Telkom that would provide the links to its wireless system

WBS was obliged under the Telecommunications Act of 1996 to interconnect with Telkom's public switched telephone network, as did Vodacom, MTN and Swiftnet, a Telkom data telecommunications subsidiary

Attorneys retained by WBS said negotiations with Telkom had dragged on for over a year and delayed possible business opportunities for WBS

Zeona Motshabi, Telkom corporate communications executive, confirmed that the matter had been referred to Satra after WBS alleged that Telkom was unnecessarily delaying the process

SETTING GUIDELINES *Nape Maepa says Satra faces a hectic year* PHOTO JOHN WOODROOF

"Telkom has refuted the submission by WBS and lodged a reply to the submission with Satra on March 31," she said

"The parties are awaiting a reply from Satra"

Nape Maepa, Satra chairman, confirmed that the telecommunications regulator had received submissions by the two parties

He said the matter formed one part of Satra's hectic schedule this year

WBS attorneys said the deadlock was caused, among other things, by disagreement on how to structure interconnection and facilities leasing pricing

This was further complicated by the fact that Satra had not yet completed putting together its new interconnection guidelines.

Maepa said Satra would speed up the finalisation of its new interconnection guidelines to shed light on some of the grey areas in the current set-up

He said Satra was incorporating the latest public views on its draft interconnection guidelines

The attorneys said Telkom had also refused to agree a set of procedures with WBS that would make it easy to introduce new technologies in future

Instead, Telkom wanted WBS to renegotiate the agreement every time new and alternative technologies had to be accommodated

WBS was in partnership with research body CSIR in designing South Africa's lottery data network and two base stations

It planned to erect 12 more stations in the next six months

Its services included ATMs, the insurance industry, vending machines management, vehicle tracking, the gaming industry and postal services

NEWS

Government plans Internet access for all

(267) CT (BR) 16/4/99

NCABA HLOPHE

Johannesburg – The government was working on developing a strategy to enable the majority of South Africans to have access to the Internet, Andile Ngcaba, the director-general of the communications department, said this week

The Internet access strategy was informed by the same commitment that motivated the development of the universal telephone access a few years ago, he said.

Ngcaba said the Internet would become the backbone of telecommunications in future It could be instrumental in delivering, for example, textbooks and curricula for schools.

In a discussion organised by Nokia on the role of telecommunications suppliers in South Africa, Ngcaba called on suppliers to open a platform for dialogue and to address common issues to develop an industrial strategy for the telecommunications industry

"The tendency to distinguish between the incumbents and new entrants should be avoided ... Rather get all the industry players to open dialogue to forge an industrial strategy"

WEB SERVER *Andile Ngcaba, the director-general of the communications department, says a universal Net strategy is in the works*

Jiri Batek, Nokia's South African manager, said the level of interest expressed by international operators in South Africa was not encouraging

He said Nokia was positioning itself to be the GSM infrastructure supplier to the third cellular operator expected to be awarded by July.

Nape Maepa, the chairman of the South African Telecommunications Regulation Authority, said suppliers were expected to use their resources to develop best solutions to roll out poor areas as part of the empowerment principle embedded in the third cellular opportunity.

"Empowerment should not be limited to equity participation of black groups in the bidding consortiums, but must stress access to a telephone by average person in the country," he said

Batek pointed out that lack of clarity on several regulatory issues was making it difficult for international operators to commit to investing in this country

Ngcaba said the government intended to create a "predictable" environment that would allow investors to use their creativity to come up with viable business proposals.

Andre Wills, the director of BMITechKnowledge, said a closer look at the South African cellphone market indicated great potential in the low and informal income groups

Conventional business models tended to regard these groups as unviable, thus the South African market was taken by surprise by the increase in pay-as-you-go sales, which had beaten early expectations

COMMUNICATIONS FOR AFRICA

High-tech solutions for goatherds

~~CT 17/4/9~~ CT 16/4/99 (267)

TERRAT, Tanzania: Most Maasai have never seen a telephone, but they are to test the theory that high-tech solutions can transform Africa **ROSS HERBERT** reports

THIS isolated rural village in the flatlands of western Tanzania, where Maasai men herd cattle and goats as they have done for hundreds of years, is about to become a testing ground for an emerging tenet of faith among Africa's development-minded activists That high-technology can propel Africa out of its ancient ways into the modern age, enlightening, informing and empowering the rural poor

The non-government organisation Econews is equipping Terrat and other villages in Tanzania that have never seen a telephone with a medly of internet-age communications Fax, e-mail, long distance radio and community-based radio broadcasting are being installed in a community centre that is part school, community conference centre, library and curator of Maasai culture

"The project started with the aim of combating desertification by improving grazing and land management But how can you combat desertification if there is no communication," explained Econews co-ordinator Margaret Nyambura Ndungu.

Terrat is one of three villages where such community centres have been built, equipped with a personal computer, printer and two-way radio that the village uses to communicate with other villages, police, doctors and Econews offices in Nairobi A new high-frequency radio, capable of sending electronic mail and fax, will soon be installed, along with the equipment needed for a local radio station.

Full of promise and backed by tales of the ever-greater efficiency it has brought to the developed world, high technology also has become a field of dreams for many development organisations It conjures images of quick, unbureaucratic solutions that empower the masses and briskly whisk Africa into the modern age

The zeal for technology partly grows from the dynamics of funding Development groups are constantly searching for donor funding, while donors — distressed by decades of poor results from traditional development approaches — are hungry for something that works effectively and cheaply Development means changing old ways, which means bringing new ideas from afar However, attention to technology is growing also from Africa's economic anxiety

Ten years ago, few African politicians thought about technology, bothered to invest in the continent's antiquated phone systems, or even contemplated privatisation. Today, private stakes have been sold in at least 10 state telephone companies, and 39 countries offer cellular telephone service compared with only six countries nine years ago

The change reflects a growing awareness among politicians that the pace of technological change is accelerating so fast in the developed world that Africa risks being left further behind than it already is

> *Technological change is so fast that Africa risks being left further behind than it already is*

Jay Naidoo, Minister of Posts, Telecommunications and Broadcasting, raced through this area of Tanzania on Wednesday on his 11-nation, 21-day trans-Africa road rally through which he hopes to promote awareness of the importance of communications to African development.

He speaks with messianic zeal of communications technology as "a great leveler of society" and his hope of bringing not just telephones but the Internet to every African village

Such a notion seems at first impractical for Terrat, an impoverished village of dirt roads, huts and only a few concrete structures Out of some 4 000 people in the district, only about 50 attend primary school. Nearly everyone is illiterate and there are only four books in the Maasai language.

Scepticism also reigns among the Maasai, who look doubtfully upon any programme that does not directly help with their main livelihood Raising cattle and goats.

"With most of the children, their parents only want them to be herding their cattle," said Anna Sinkwa, one of the few English-speaking Maasai from the village and co-ordinator of the communication programme.

But she explained that the idea is to bring a variety of forms of communication to the Maasai. Personal communications — fax, e-mail, two-way radio — are aimed at the practical. Enable people to convey news of births, weddings or deaths to distant family, contact doctors or police in emergencies, or request government assistance. Broader forms of communication are aimed at exposing the Maasai to the outside world, bringing new, practical ideas and using the power of mass communications as a substitute for traditional classroom education.

Surveys have found the Maasai do not listen to radio because they say it is not relevant to their lives Econews has trained radio journalists, who will broadcast from the community centre and focus programmes on the needs of people in the 40-kilometre range of the radio signal. They hope to find a sponsor to put one battery-free wind-up radio — made by South Africa's Baygen company — in each community boma.

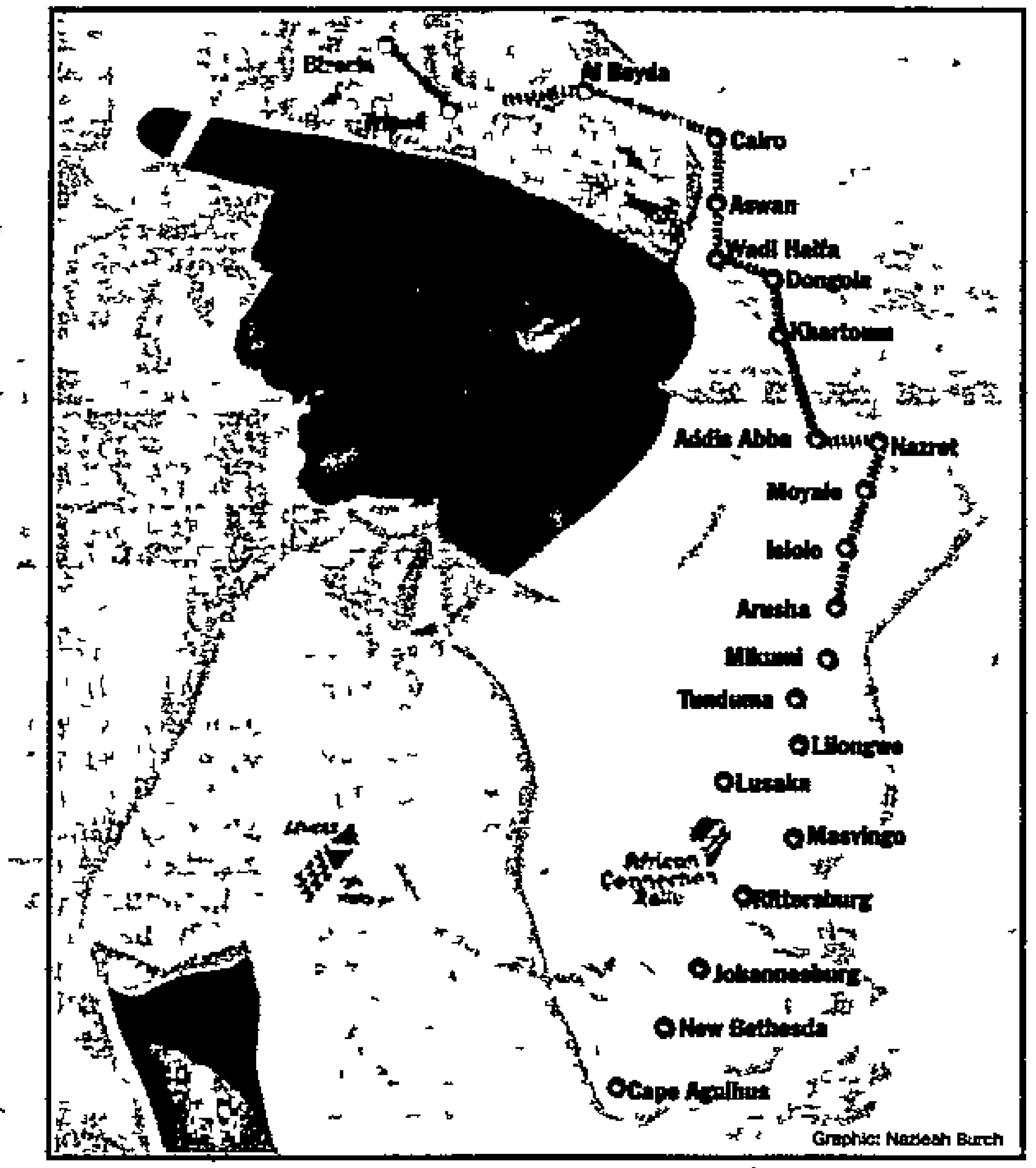
To win Maasai support, the programme is using a video recorder to record local songs and ceremonies Such cultural tapes are shown in the community centre along with educational tapes on livestock management, health care, women's rights, land rights and other topics On weekends, the centre charges 200 shillings (about R1,80) for showings of video movies

For places like Terrat, a key question remains How sustainable is the programme? Expanding communications in cities where people can pay for services is one thing, but delivering expensive communications equipment to the deepest rural areas will not be a viable economic proposition for a long time And it must contend with practical problems.

But every realist who raises such questions must also face another hard reality of Africa Ending corruption, improving government management, improving economies and modernising Africa's political systems all require more citizen information and more public pressure for political accountability

That requires an informed public with access to rapid communication.

The question now is Where should Africa start?



ON THE ROAD: Jay Naidoo, leading the African Telecommunications Rally, arrived at Arusha in Tanzania yesterday

Rally sparks interest in Africa being 'wired'

CT 22/4/99 267

GREG ARDE
INDEPENDENT FOREIGN SERVICE

CAPE AGULHAS The Africa Connection Rally arrived yesterday at Cape Agulhas, Africa's southern-most point, about 4pm — 23 days and 14 000km after leaving Bizerte in Libya, its northern-most point, on March 30

Minister of Telecommunications Jay Naidoo drove into the settlement in a turbocharged diesel 4X4, followed by a support staff and press contingent of 40 people

The whole endeavour was aimed at raising awareness about the need for telecommunications in Africa After unveiling a plaque to commemorate the event, Naidoo said the purpose of the trip was to ensure that Africa wasn't left behind in the information age

Naidoo will be officially welcomed by President Nelson Mandela in Cape Town today A banquet this evening will complete the project

But much work remains to be done Earlier during the journey, Gideon Makwatobe, assistant general secretary of the Pan African Telecommunications Union (Patu), who had accompanied the rally, said "Telecommunications is a tool of development in every human activity, but if we plant the seeds today we cannot expect the crops to grow overnight — we must water them

"Governments cannot afford to build communication infrastructure We must make sure the rules are clear for communication development so we can attract the private sector, and we are restructuring Patu to do this"

Rally sponsor Siemens is keen, according to Edgar Mabothe, a local manager of the company "Wherever there is a chance to put infrastructure in, we see it as a good business opportunity"

SHARING SUCCESS: Minister of Post and Telecommunications Jay Naidoo, with daughter Shanti and son Kami, at Capa Agulhas yesterday *PICTURE, THEMBINKOSI DWAYISA*

A meeting between Makwatobe, Naidoo and Organisation for African Unity chief Salim Ahmed Salim in Addis Ababa during the rally has gone some way to ensuring the African connection becomes a reality. Naidoo said talks with Salim were a useful prelude to a meeting of heads of state in Algiers in June, where they will discuss implementing a framework that defines national activities to "wire" Africa

This is the institutional capacity which Naidoo believes will develop telecommunications in Africa, something he hopes will stand firm, regardless of individual efforts — although he believes the rally did achieve its objective of raising awareness

Telkom to privatise three noncore units

BD 26/4/99 (267) (illegible)

Robyn Chalmers

TELECOMMUNICATIONS utility Telkom has called on the private sector to bid for three of its units which are estimated to have equity capital of about R427,5m

The bids have been called for Telkom's R400m fleet management division FastFleet and provision of a full maintenance lease service, the R25m electronic services workshops and the R2,5m light engineering workshops

The move is part of Telkom's outsourcing policy which refers to the sale of noncore entities and their assets The policy is to enable Telkom to focus on the core business of telecommunications and information technology

Telkom corporate communications group executive Amanda Singleton said that outsourcing was not a new development in Telkom and had been unfolding over the past four years

Singleton said Telkom was now preparing to outsource its fleet management division, electronic and engineering workshops, as well as non-infrastructure properties and property management

"To this end, Telkom (has called) for potential buyers to apply for prequalification This is an exploratory step aimed at enabling Telkom to test the level of interest, experience and expertise among potential buyers in the market place "

Telkom chairman Dikgang Moseneke said yesterday perceptions that Telkom's exclusivity period was anticompetitive and designed to protect a state monopoly were unfair and inaccurate

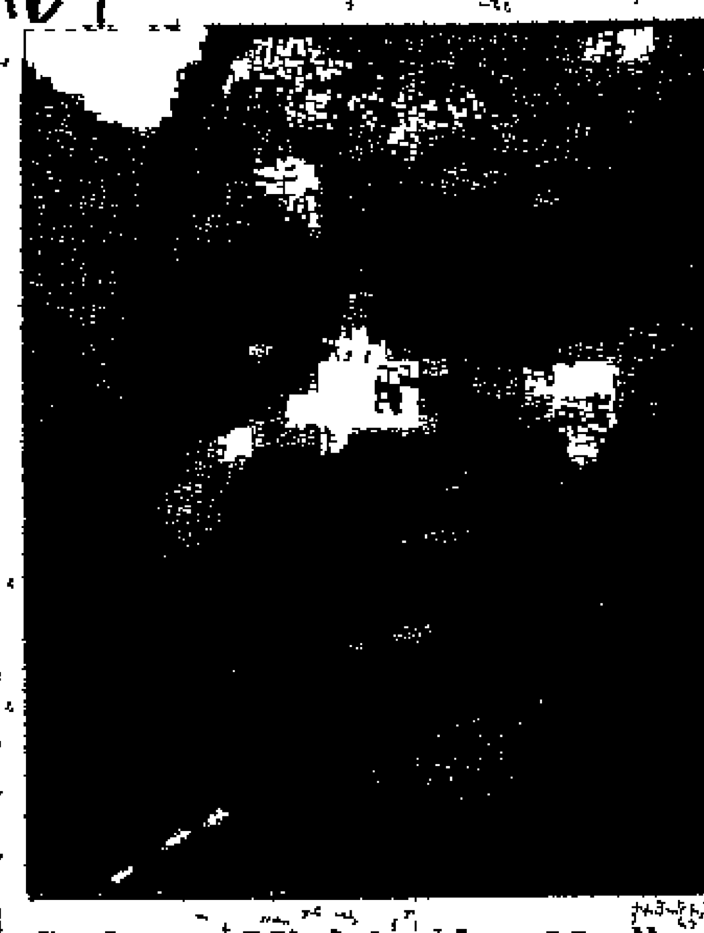
Moseneke said "Telkom's task is a massive one the temporary exclusivity period is intended to ensure we have the financial means to meet these obligations "

Troops in Lesotho begin to withdraw

(267)

By Claire Keeton

SOUTHERN African troops begin a phased withdrawal from Lesotho today but they will leave behind a standby force, Defence Minister Joe Modise announced yesterday.



Defence Minister Joe Modise

The size of the Southern African Development Community (SADC) peace-keeping forces in Lesotho now stands at around 1 000, following their intervention in the mountain kingdom on September 22 last year.

"We went there to assist and we have been monitoring and evaluating the situation," Modise's spokesman Colonel Puso Tladi said yesterday.

"It is clear the situation has improved to a level where it is possible to withdraw. The SADC has agreed on this in conjunction with the government of Lesotho."

He said the SADC decided to send in troops after weeks of "street riots and a mutiny in the Lesotho Defence Force (LDF) following Lesotho's general elections on May 23 1998."

Initially, South Africa contributed 600 troops as part of the combined force, which included 200 troops from Botswana.

After the withdrawal, which is expected to be complete by May 15, a SADC training team will remain in Lesotho to assist with the reconstruction and training of the LDF.

The development community also decided that South Africa and Botswana would each create a standby force for rapid intervention until the next election in Lesotho.

"The standby force is part of our contingency plans," Tladi said.

He explained that the original decision to intervene was taken after a written request from Lesotho prime minister Mr BP Mosisili to the heads of state of South Africa, Zimbabwe, Botswana and Mozambique. Troops entered Lesotho after extensive consultation with the SADC, King Letsie III of Lesotho and Prime Minister Mosisili.

Before the intervention South African Constitutional Court judge, Pius Langa, headed a SADC-sanctioned commission into alleged election fraud. The report published on September 17 1998 said that, despite some concerns, it could not declare the elections invalid.

Modise said: "The prosperity of southern Africa is our priority, having struggled for so long to establish democracy at home we could not ignore our neighbour's call when its democracy was under threat."

Post Office nab criminals

THE post office says powerful syndicates are colluding with its workers to defraud it but security was improving

Communications general manager Sandile Madolo said investigations in regard to mail theft in the past financial year, have resulted in over 345 employees being found guilty and their services were also terminated More than 157 members of the public have also been arrested for such crimes

The post office has slammed the media for blowing "out of proportion" claims of corruption under its investigation

"Our postal service community has been abuzz with all sorts of rumours, accusations and anything related to denying us the chance to do our business "

"I wish to acknowledge that from the beginning, the post office demonstrated its openeness and set an example to all other organisations by uncovering what was wrong within its systems and to take corrective actions to remedy the situation "

Madolo said the post office was alerted of the abuse of the flexi-renumeration scheme sometime last year during a routine internal audit at the company's headquarters

The board of directors deployed the internal Security and Investigation unit to identify the problem

It is now history and after investigations, Gobodo and Associates, a firm of auditors added 39 people to the list compiled earlier by the security and investigation unit

The recommendation was to order those affected to repay the taxes they had avoided paying

The second group of people who misused loopholes where subjected to internal disciplinary measures

The third group of those who intentionally defrauded the system and committed offences of a serious nature were being dealt with sternly

A final group was identified to consist of persons responsible for the processing of fraudulent documentation

Madolo said post office notified the Receiver of Revenue of the alleged tax evasion and came to an agreement that the company would pay the tax owed plus interest.

This was to show the public that it did not collude with the suspects and will make every effort to recover lost money

Corruption or postal theft and fraud in the post office reflects general lawlessness and increasing crime in the country

"There are powerful syndicates working with people in the post office who are bent on doing crime at whatever cost."

To stem the tide of corruption, the post office has set up a divison called security and investigations to co-ordinate all security measures relating to mail violations

Satra promises to level field for new entrant

By Shadrack Mashalaba

THE South African Telecommunications Regulatory Authority (Satra) has called on the Competition Commission to find ways of protecting the third cellular network operator against barriers to entry into the market

Addressing the Cellexpo Africa '99 at Randburg's MTN Sundome, Satra chairman Nape Maepa said the commissions under the Competition Act were valuable allies to Satra in the fair regulation of the telecommunications industry

"Satra will be looking closely at monitoring issues of fair competition in our industry as a new entrant begins business," he said

Cellexpo '99 Africa has attracted a number of telecommunications companies, some of which are from overseas that have local operations

The show, which ends on Sunday, has lined up a number of activities These include such things as seminars, education sessions, awards and competitions

Maepa said he expected the new operator to be owned substantially by members of the historically disadvantaged, women and the disabled

"These are people who must be brought into the mainstream economy of our country

"The time has come when movements of the stock exchange should generate interest in historically disadvantaged homes too," Maepa said

While concerns about the viability of a third operator have been raised, Maepa argued that the "entry of a third operator will increase economic activity in South Africa with considerable multiplier effect Advertising revenue should increase, hopefully benefiting new advertising agencies and creating new employment opportunities"

The coveted "Industry Personality of the Year Award" is expected to be announced today, including 12 industry awards

COUNCIL APPROVES R3,4-BN

Budget boost for city's poor

CT 12/5/99 (213)

THE ANC got the City of Cape Town to adopt its R3,4 billion "budget for change", promising a boost to the lives of Cape Town's poorest residents. **PRISCILLA SINGH** reports.

THE ANC-led council of the City of Cape Town secured a landslide victory last night by getting its R3,4 billion budget for the 1999-2000 financial year adopted — the first of its kind aimed at uplifting poor communities

In a tense five-hour debate in council chambers, it was the vote of the New National Party that tipped the scales for the City of Cape Town to embrace the "Budget for Change".

For the first time, impoverished squatter communities will have access to services such as road sweeping, libraries and refuse removal The announcement that, for the first time in 30 years, the council will sweep streets in Athlone, Hanover Park, Gugulethu and Manenberg was well received by councillors and community representatives

The chairperson of the executive committee, Saleem Mowzer, said that in some areas of the city, people have never seen a library, and that so far the council has built seven libraries along with 10 new community halls.

"In Gugulethu, a new fire station is helping to prevent appalling suffering and material loss We are spending R27 million fixing water leaks that are wasting this precious natural resource, thereby saving R10 million a year

"We cannot be proud of local government when a man dies for want of an ambulance a mere 500m from this council chamber, and when lame excuses are offered instead of real service to the people

"This budget is a budget for change. Over the past months we have listened to the people we serve, the people who put us in office We have heard your concerns and the budget is our response," Mowzer said.

The budget identifies five key areas that deserve "maximum attention"

● The need for land and housing The city will contribute R125 million over the next five years to building affordable houses Two show villages are currently being built in Gugulethu and Mitchells Plain, and on Friday the council will launch the Cape Town Housing Company

● A cleaner city The budget shifts more resources to cleansing and all formal households across the city will be provided with a 240-litre black container bin which will be emptied once a week The city will also lease "green machines" and larger automated street sweepers

● A safer city Enforcement services will receive a large share of the funds set aside and 60 additional traffic officers will be employed A further R6 million has been earmarked for the extension of the surveillance camera scheme, especially in Claremont, Athlone, Nyanga, Gatesville and Mitchells Plain Municipal courts will also be introduced to speed up prosecutions

● Economic growth The activities around the millennium, better cleansing and improved enforcement will enhance this process The focus of this will be the Cape Town Partnership Two significant projects in the coming year will be the building of a world-class convention centre on the Foreshore and the increasing likelihood of a project to "pipe" gas (in an effort to reduce pollution levels) from the Kudu gas fields off the southern Namibian coast The Athlone Stadium will also be developed into a world-class soccer facility

● Other priorities include increasing the information and awareness campaigns surrounding HIV and Aids, ensuring all billing and payroll systems are Y2K-compliant, and providing sports and recreational facilities in poor areas

"This is a budget that puts our transformation agenda firmly on track and that gives relief to the poor without unreasonably impacting on wealthier ratepayers

"For the first time we are taking our operating budget of R2,7 billion and using it to change the way we do business," Mowzer said

Cape Town mayor Nomaindia Mfeketo was elated with the passing of the budget, which was also endorsed by city manager Andrew Boraine and executive director of corporate finance Phillip van Ryneveld

"This is what local government is all about — making our neighbourhoods safer, giving children access to books and providing clean water and houses," Mowzer added after swinging the vote

Millions lost in govt fraud scam

(267) CP 16/5/99

Post Office bosses suspended

By MAPULA SIBANDA

THE department of posts and telecomunications has lost millions of rands through alleged fraud and tax evasion involving senior and junior officials countrywide

Two of the five top managers allegedly linked to the scam, and who were this week served with notices of suspension, are general manager for international business, Bruce Tashe, and marketing general manager Tom Obbelhozer

Tashe is said to have resigned after he was served with the notice

Efforts to contact him and Obbelhozer were unsuccessful

Hundreds of other senior managers hastily took leave as the net closed in during the week

About 300 senior managers are alleged to be involved in the scam, 104 facing serious charges

An internal investigation at the Post Office's head office uncovered the web of corruption last July

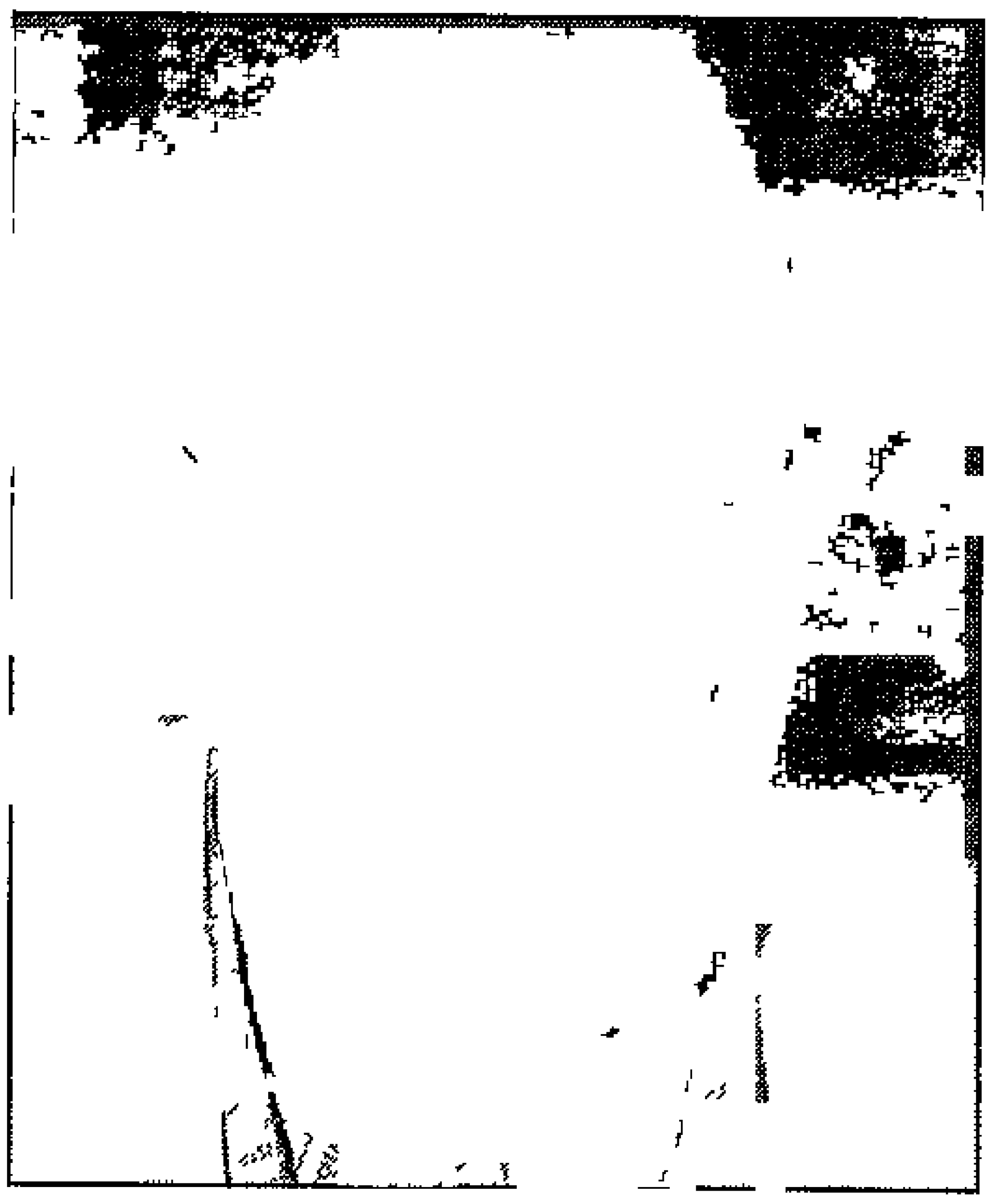
Telecommunications and Broadcasting Minister Jay Naidoo has called for a nationwide audit

In an internal audit conducted by the Post Office, a senior manager was found printing an invoice in his computer system This led to the discovery that more than 100 managers in the head office's top echelon were allegedly defrauding the Post Office's remuneration scheme, and benefiting from fraudulent claims and double invoicing

About 30 people have resigned or have taken packages since the probe – headed by Post Office acting director Max Mayisela – began

Many more are now running scared in what Post Office sources claim to be a massive scam involving more than R100 million

Some officials face criminal prosecution while others may be ordered to pay back all monies due to the Receiver of Revenue and the Post Office



CORRUPTION IS RIFE... Post Office communications general manager Sandile Madolo believes irregularities cost millions each year

"The communications department was inundated with requests as people wanted to find out if they were implicated and an internal memo had to be sent out to all employees to allay their fears," explained a source

The alleged fraud, which has been taking place for years, had been referred to the board of directors and internal security investigations

Independent forensic auditors Gobodo & Associates were later called in after Naidoo declared zero-tolerance against corruption

The auditors then dug out more dirt detailed in a report released early this year.

The forensic audit revealed that managers were abusing and defrauding the Post Office's flexi-remuneration scheme, allocated private purchases and costs to avoid taxation, and processed fraudulent cheques.

With the flexi-remuneration scheme, managers were able to make personal purchases and claim them as office expenses, while some claimed for quotations without making purchases

Post Office communications general manager Sandile Madolo confirmed that suspension orders were served on certain managers allegedly linked to the scam

Madolo could not confirm Tashe's resignation

The Post Office had announced earlier that five managers will be served with suspension orders, but Madolo explained that two of the five were on sick leave or out of town

The other three have been suspended on full pay until the outcome of an internal hearing

Madolo said corruption in the Post Office was rife, and that millions of rand was lost every year due to "criminal irregularities"

He said the matter will be treated internally before it can be referred to the police for criminal investigation

Sources also revealed that a similar investigation into corruption of post offices in the Eastern Cape was under way, and that the findings were likely to be announced in the next two weeks

Naidoo this week committed the department to rooting out corruption and other crimes in its ranks

Aar 18/5/99

Post Office audit over fraud

(267)

A national forensic audit will be conducted in the SA Post Office as a matter of urgency, Post, Telecommunications and Broadcasting Minister Jay Naidoo announced yesterday.

The audit follows a forensic audit into defrauding of the flexi-remuneration scheme

Some 104 Post Office managers were investigated for alleged fraud in the past 10 months after allegedly defrauding thousands of rands.

Naidoo said further allegations of fraud and corruption made by unions, management and employees had resulted in the decision to extend the forensic audit

"On May 10, after consultation with the board and other stakeholders, I requested that a national forensic audit be conducted as a matter of urgency, and that it be concluded within six to eight weeks," he said

Meanwhile, five senior Post Office officials were yesterday notified of their suspension, Post Office spokesperson Sandile Madolo said.

Those notified of their suspension are senior general manager for postal business Willie Joubert; general manager for international services Bruce Tashe, general manager for marketing Tom Oberholzer, managing director for properties Steyn Pieterse, and the credit manager at Speed Services Couriers, Ravi Perumal. – Sapa

TELECOMMUNICATIONS *Satra's plans to license new national public safety operator go forward*

R3bn emergency radio network by October

ET (MR) 19/5/99 (267)

NCABA HLOPHE

Johannesburg – The South African Telecommunications Regulatory Authority (Satra) planned to license by October a national network operator to manage radio trunking services for public safety and emergency services. It would be worth an estimated R3 billion, Satra chairman Nape Maepa said yesterday.

Maepa said the network was expected to be yet another opportunity for local black empowerment groups to participate in the telecommunications sector.

Satra is still in the process of administering the bidding process for the third cellular network operator to compete with MTN and Vodacom. The submission date for cellular bids is June 14, and the licence is expected to be awarded by August this year.

Maepa said the national trunking radio operator was expected to begin fully fledged operations early next year.

He said a study by Omnitele, a Finnish consultancy, had shown a need to rationalise the scattered public safety and emergency regime under one private operator.

Sources said the rationalisation would save the government around R3 billion in maintenance on the existing system. At the moment, different government bodies (local and provincial governments, city councils, police, ambulances and fire brigades) operated on different systems.

"There are situations where the police have to use cellphones to call ambulances because the two functions have difficulty communicating with each other," said Mothibi Ramusi, Satra's senior manager for frequency planning.

He said the new system would help clamp down on illegal hacking and scanning of the police and ambulance frequencies, especially by car breakdown services.

Ramusi said the operator would also have to serve areas which would be connected to major police, fire and ambulances services throughout the country.

"The new system would also ensure that government bodies and city councils used the frequency spectrum efficiently and focused their skills on what they do best, leaving radio operations to somebody else," Ramusi said.

Omnitele said there could be some 330 000 subscribers for the new operator, each paying about R400 a month for services.

Ritta Tuiraniemi, the Finnish project leader, said Satra should leave it to the operator to choose the right mix of technologies to make the network viable.

Standards such as Terrestrial Trunked Radio Access (Tetra), Tetrapol and the Motorola-driven Association of Public Safety Communications Officials (Apco25) yielded different investment, operational and cash flow scenarios.

TUNED IN *Nape Maepa, Satra's chairman, expects the unified emergency operation to begin next year*

CT (BR) 19/5/99

(267)

Non-liberalised telecoms market 'threatens growth of IT industry', says Ord

Renee Bonorchis

Johannesburg – The local non-liberalised telecommunications market threatened the growth of the information technology (IT) industry and regulations should be reviewed, Jeremy Ord, the chairman of Dimension Data, the technology group, said yesterday

Speaking at an Investec Guinness Flight conference, Ord said there was a global telecoms revolution which involved the convergence of IT and telecoms

He added "South Africa is hamstrung by not having access to the latest telecommunications technologies Deregulation must happen soon or South Africa will fall behind "

He said IT in South Africa was in line with world standards, but that the progress fell apart with telecoms regulations

The Internet Service Providers' Association (Ispa) has been involved in a protracted battle with Telkom, the telecommunications monopoly operator, regarding Internet connectivity

Ord said Telkom was fighting Ispa at every turn because the convergence of IT and telecommunications would mean that soon Internet service providers (ISP) would be Telkom's biggest competition

Ord gave an example of an effective emerging telecoms market, naming China, which has recognised communications as a basic human need and has committed to rolling out 180 million lines over the next 10 years

British Telecommunications (BT) said last month it had recognised China as the biggest untapped telecoms market and would invest heavily in satisfying some of the need

South Africa, however, with its non-liberalised market could not expect the same foreign interest

BT had invested more than R10 billion into the less-regulated Asian telecoms market last year

Ispa said it was hoping to lobby the incoming government into reviewing Telkom's exclusivity period after the elections

So much for Post Office's anti-crime ad campaign

(267) CP 23/7/99

By MAPULA SIBANDA

THE Post Office corruption scandal has mushroomed to include the illegal awarding of tenders and the theft of state properties and land by corrupt officials It is now estimated that the fraud under investigation may involve billions of rands

Top Post Office executives were this week shaking in their shoes after a senior member of their team in Cape Town threatened to expose further corruption if investigation into his division was not stopped

The dossier in his possession allegedly indicated mass corruption involving state property and land which were disposed of in an underhand manner

Post Office vehicles were also sold below market value to friends and family members of employees

A number of contractors came forward this week with serious new allegations of fraud involving millions of rands

These include contracts being awarded to companies which did not submit bids for tenders, or the most expensive bids being awarded the tender because of close links with Post Office officials

The nationwide scam includes fraudulent procedures in awarding tenders for information technology (IT) equipment, the erection of offices nationwide and the leasing of Post Office properties

A computer supplier, who preferred to remain anonymous, this week told City Press how a R20 million nationwide tender to supply computers and IT equipment to the Post Office had been unfairly rejected

The tender was awarded in January 1998

The source said the companies to which the Post Office awarded the tender were not on the list of contractors who submitted tenders

The source said he had checked the list of all companies who had responded to the tender before the closing date

He said that when he confronted the tender officer with allegations of fraud, he was advised to lodge a complaint with the new general manager for IT services Since forwarding the matter to him, he has not heard from the Post Office for over a year

"I made my complaint formally by writing a letter, but have not received any response I feel the whole tendering process was rigged,"said the source

He added that during the tender process the Post Office never sent him any formal correspondence

In another recent mail handling contract costing R62 million rands, a contactor called for the investigation of the awarding of the tender to a Durban-based company to be investigated. The tender was awarded early this year over 50 other contenders.

The consultant handling the process on behalf of the Post Office this week admitted that although CVC Construction, the company which won the tender, was not the lowest bidder, it met other requirements set out by the tender

"CVC had amongst other qualities the best Affirmative Action programme of all the tenders

"That is the reason why they were chosen," said Koos Klopper who handled the tendering process

Communications manager Sandile Madolo said although they could not confirm the cases of tampering with the tender system, the Post Office was aware of internal corruption which they hoped would be unearthed by the national audit.

"Some people out there may have more information than we do, and we call on them to come forward to help us with our investigations," he said.

The allegations come amidst a nationwide forensic audit called by Telecommunications and Broadcasting minister Jay Naidoo early this month after senior managers in head office were linked with defrauding the Post Office of millions of rands

Five managers involved in scams including tax evasion and defrauding the flexi-remuneration scheme have been suspended and two have since resigned

The fraud is alleged to involve over 3 000 managers in senior and middle management structures, but corruption at the Post Office is alleged to be found at all levels

This week, the broom of sweeping corruption reached the shores of the Eastern Cape with the suspension of their Regional General Manager, Goodson Nguni

Nguni is being investigated for allegations of abusing the tender system and misappropriating more than R800 000

Sources told City Press how drama ensued when forensic auditors had to be escorted by police as union members - seen to be siding with Nguni - refused to let them enter Post Office premises

Workers have even rejected calls from head office to allow Western Cape General Manager, Leon Dippenaar to act on behalf of Nguni during his suspension

Post Office 'now on track to break even'

BD 26/5/99 (267)

It has cut the fat from its operations, says Jay Naidoo

Robyn Chalmers

THE Post Office is on track to break even ahead of a government-imposed, three-year target after substantial losses for years, says Post, Telecommunications and Broadcasting Minister Jay Naidoo The Post Office is in its second year of the three-year target

Naidoo said yesterday there was a significant improvement in the postal administration's financial performance. This goes hand-in-hand with weaning the Post Office off a government subsidy which averages about R500m a year

"Essentially, (the improved results) have to do with cutting out the fat in operations although there have been a number of short-term interventions implemented" These included bolstering the Post Office's debt and cash-flow management

Naidoo said that with a relatively new board and chairman, Max Maisela, at the Post Office, there was better corporate governance. Good relations with trade unions, greater internal efficiencies and recent tariff increases were further factors behind the performance

The Post Office increased postal tariffs by about 40% in 1997 in a one-off bid to boost revenue Average tariffs rose 10% last year and a further 9% this year

In the year ended March 31 last year, the Post Office announced a sharp fall in its operating loss to R271m from more than R700m the previous year, due mainly to revenue gains and expense reductions The operating loss included an annual loss of R153m from post offices under the jurisdiction of the former homeland states which were incorporated during the 1997 financial year Turnover increased 25% to R2,45bn

The subsidy was R450m last year, against R506m in 1997-98 This was largely used to recapitalise the Post Office and to deliver postal services to previously underserviced areas It is estimated that 4-million households have no addresses

Naidoo will announce a shortlist today of two potential bidders for a strategic management partnership contract He said that through the partner, the Post Office would be repositioned as a more competitive company, responsive to the needs of its customers

The Post Office has been without a permanent MD, for almost a year following the surprise resignation of Frank Touwen last July Naidoo said the Post Office board had appointed a search committee to look for a CEO at the utility

State stamps post office shortlist

CT (BR) 27/5/99 (267)

Ncaba Hlophe

Johannesburg – The government announced yesterday it had shortlisted Canada Post International and the New Zealand-Royal Mail consortium for the strategic management partnership contract with the South African Post Office (Sapo)

Jay Naidoo, the communications minister, said the contract would last five years, but he did not divulge its value

The two shortlisted consortiums were selected out of four international postal operators who had submitted bids for the Sapo partnership

The two losing bidders were Germany's Deutsche Post and La Poste from France

"We received excellent proposals from all four bidders," Naidoo said "However, in New Zealand-Royal Mail and Canada Post we have two proposals which will definitely meet our objectives of turning Sapo into a world-class operator"

Jay Naidoo, who announced the two frontrunners yesterday

The government would announce its final choice at the end of next month PricewaterhouseCoopers and Ebony Financial Services were the government's transaction advisers

The government awarded a 40 percent weighting to technical expertise, 30 percent to price, 20 percent to experience and 10 percent to working relationships and "cultural fit"

The introduction of the management partner forms part of the government's plan to turn Sapo around to reach break even point and position it as the centre of its delivery of technological services to all communities

"Sapo is in a strong position to become a hub for the region and the continent," Naidoo said

"I believe with the help of a strategic partner, we can reposition it through the introduction of new services and products, more efficient management, increased productivity and improved customer service levels"

He said Sapo was on track to break even after losses close to R800 million two years ago In the year ended March 31 last year, it reduced its losses from R700 million to R271 million and turnover stood at R2,45 billion

TELKOM

FM 28/5/99

INDUSTRY HANGERS-ON GET THE CASH FLOW MESSAGE

(267)

Telephone utility's rocketing capex rate gives cause for concern

The telecommunications industry, swelled in the past two years by an ambitious Telkom expansion programme, is growing increasingly concerned that its golden egg-laying goose is paddling into a financial maelstrom

Some of SA's largest manufacturers and suppliers of sophisticated telecoms equipment — Reunert and Altron among them — are worried that their telecoms companies will be seriously damaged if Telkom runs into cash flow problems, as seems likely

With capital expenditure of about R10bn this year, Telkom straddles the industry like a colossus, accounting for perhaps 65% of all SA telecoms business In 1997, the utility embarked on a R54bn, five-year project calling for 2,8m new lines and the replacement of 1,2m analogue lines In return, it was granted the status of exclusive provider of fixed lines for five years, extendible for one year if it met its targets

This spending swelled the order books of many SA electronics groups by billions of rand The main beneficiaries of this splurge were Altron's Altech and Powertech in the fields of wireless telephony and cables, unquoted Marconi, which recently acquired telephone manufacturer Temsa, and Reunert through its holdings in African Cables and Sietel Secondary players, Didata's Plessey, Grintek and Spescom, also benefited

Things started to turn sour in late 1998, when Telkom changed to "extended payments" — a euphemism for late payments — which led to the drying up of new orders between January and April

Some industry players say if orders are not forthcoming by June or July, there will be serious profit implications for several groups None are prepared to be quoted, which indicates their fear of offending Telkom

Telkom's problems in many ways are a microcosm of those of government It has to satisfy free market forces and bring services to a largely poor and disparate clientele — an uneasy mix of hard-nosed business and political idealism As a result, its ability to sustain its current rate of capital expenditure is questionable Capex has soared from R3,68bn in 1997 to about R10bn in 1999 This is forecast to level off at around R11bn/year after 2000

Financing 1998's capex was easy government's sale of 30% of its holding to SBC Communications USA and Telekom Malaysia provided a R4,4bn cash injection

But borrowing on a grand scale now appears inevitable as Telkom's costs have risen faster than revenues since 1994 In financial 1998, costs per line rose 16,7% — twice the rate of revenue growth Over 70% of new lines were in remote and economically unviable areas Expensive digitally enhanced cordless (wireless) telephony has to be made available in these areas as part of Telkom's commitment to extending access to phones, but only 20%-25% of this capacity is being used

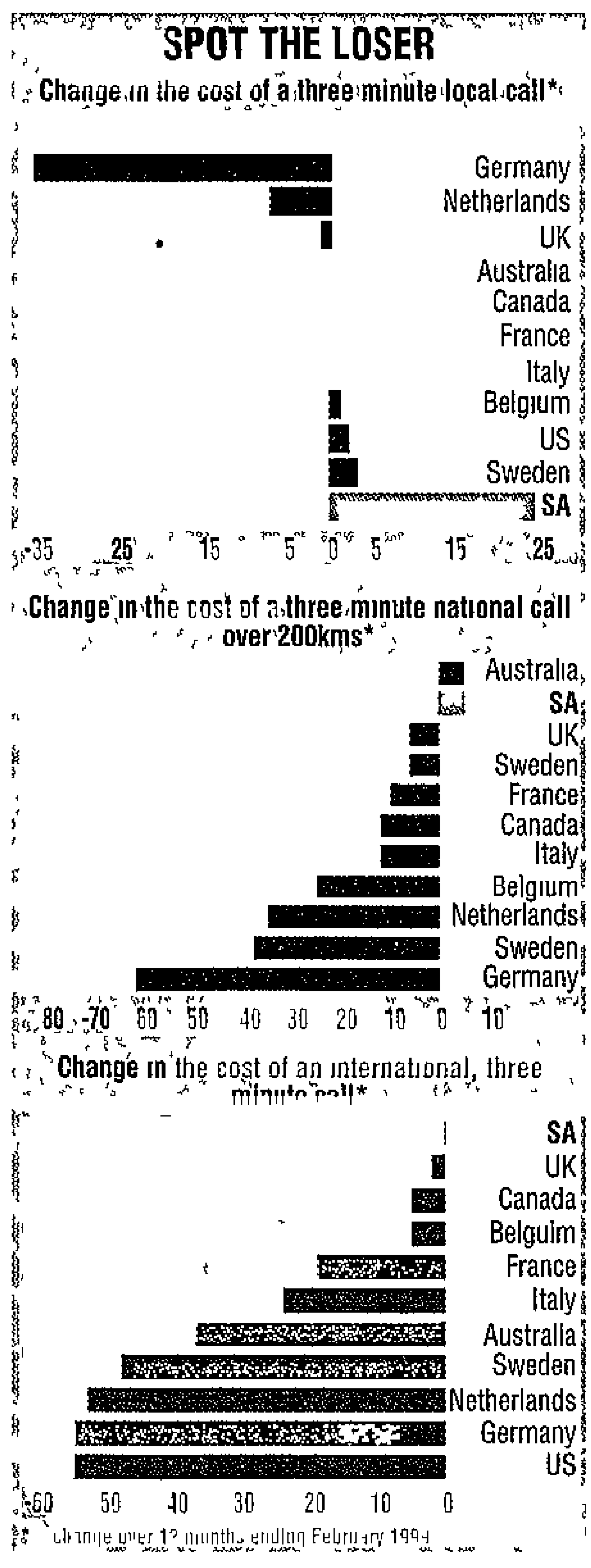
Without big improvements in revenue/cost ratios, it seems Telkom's borrowings will be about R7bn-R10bn/year up to 2002

Telkom also faces increasing competition from the Internet and cellular phones, the latter gaining 150 000 subscribers a month And SA is rated the most "expensive country in the world to make long-distance calls", according to the latest National Utility Survey (see graphs) "Telkom is failing across the spectrum to meet its commitment of matching international cost standards," says the survey's Jo Randell

Market pessimism is reflected in the lukewarm reception to Telkom's first unguaranteed bond, the R1,5bn TL08, issued in October Market opinion is that a new issue — inexplicably delayed — will have to be about 150 basis points above the R150 yield, indicating a level of about 16,7%

Telkom is not downscaling, says corporate communication head Amanda Singleton She says the cutback in orders is the result of "destocking" and that the utility is "now operating on a just-in-time order basis" Senior Telkom executives could not be reached for comment

The industry can see little else to fill the gap in business that would be left by a Telkom retreat Licensing of a second fixed-line supplier could be brought forward from 2002/2003 A Transtel/Eskom duo is a strong possibility and could involve capex of R4bn-R6bn, says BMI-TechKnowledge analyst Andre Wills A third cellular provider would also add about R3bn capex But, says Wills, benefits are likely to be limited to the likes of AlcatelAltech Telecoms and Sietel — the only companies able to provide the kind of equipment needed



The equipment suppliers will have to take protective action Reunert's recent sale of Temsa and 50% of cable and optic fibre manufacturer ATC has proved to be astute, but its exposure remains significant

Altron's main exposure is through Powertech, whose Aberdare Cables secured the lion's share of Telkom's fibre-optic and copper cable contracts "We are working hard on exports," says Altron financial director Gavin Rochussen Whether this will be fast enough to offset lower Telkom demand remains to be seen

Spescom CEO Peter Verwer acknowledges vulnerability is driving that company's foreign expansion at an increasing pace Less worried is competitor Grintek's Sybrand Grobbelaar, who says "we have no dedicated factories and our Telkom contracts are all fixed "

This all adds up to uncertainty, which suggests treading more carefully in electronics and IT shares for now **Stafford Thomas**

New image as change sweeps through Post Office

(267) BD 28/5/99

The parastatal is likely to be improved, and over time its performance may be boosted. Associate editor Robyn Chalmers looks at the bidders

SA's Post Office, like so many of this country's parastatals, is undergoing its biggest changes yet The introduction of a strategic management partner holds the promise of sharply improved service and performance

To an extent, the restructuring is an evolutionary process that has been under way since early 1996 The Post Office was established in October 1991 as a commercialised public company, independent of telecommunications utility Telkom, with which it was previously closely linked

The financial state of the Post Office, postal delivery and crime within the organisation are among the key issues that have occupied management's attention over the past few years

As with the majority of postal agencies around the world, the Post Office is subsidised by government This subsidy, which averages about R500m a year in SA's case, should theoretically be used to offset the cost of government-imposed universal service obligations

The Post Office's losses have been due as much to inefficiency, incompetence and poor service as they have been the result of services provided on an uneconomical basis to, for example, rural areas

Direct intervention is necessary to turn the Post Office around from the operating losses of R700m and more it was incurring two years ago, and to bring it in line with the international technological revolution Key among these is the introduction of a strategic management partner, with two short-listed parties, Canada Post and the New Zealand-Royal Mail consortiums, now competing for the lucrative contract

Although there was hardly a flood of interest from bidders, the process captured the attention of five of the world's top utilities Apart from the two short-listed bidders, there were Germany's Deutsche Post and France's La Post

Canada Post International has Andersen Consulting and Morgan University Alliance among its consortium members New Zealand Post International has British Post Consultancy Service (a division of the UK's Royal Mail), SAM Sisonke Postal Consortium, Deloitte & Touche and Gobodo Corporate Finance as its bid associates

On the face of it, analysts say the combination of New Zealand Post and the Royal Mail, the British Post Office's letters business, is a formidable force New Zealand Post is undergoing a transition similar to that of the SA Post Office, with the deregulation of the postal service under way New Zealand's Postal Services Bill, passed last April, removes the postal authorities' monopoly on standard letters and allows full competition in postal services A three-year contract between New Zealand Post and its government sets out delivery, service and other targets during the deregulation period

This is a situation similar to that in SA, where the Post Office white paper, released in May last year, sets the scene for much of the change under way at the postal administration.

Key plans include reducing the monopoly on letter delivery, introducing a regulator and paving the way for private-sector participation in subsidiaries such as the Post Bank.

The British Post Office is intent on becoming a leading player in the expected new "super league" of post offices worldwide Its recent acquisition of German Parcel, the third-largest private carrier in Germany, and its SA bid, underline its determination to position itself globally as a complete distribution company

The UK government plans to give the British Post Office, which is still nationalised, more commercial freedom to help it in its quest. The government's recent decision to reduce the amount of money it takes from the British Post Office's annual profit will make available about £1bn to invest over the next five years.

Canada Post, a crown corporation or state-owned entity, has made strides in overcoming labour problems, largely through the establishment of 20 000 retail points. Nearly 80% of these are operated by private businesses, a relationship that dates back to the formation of Canada's postal system

The first postal administration to engage an external auditor to measure its delivery service performance — the SA Post Office has introduced a similar system — Canada Post's delivery network expands by about 170 000 addresses every year.

Post, Telecommunications and Broadcasting Minister Jay Naidoo says that the Post Office has to be repositioned as a more competitive company responsive to the needs of its customers To do this, it needs to attract the best skills in the areas of management, technology and training These are all hallmarks of the world's leading postal services and are particular strengths of consortia bidding for the strategic management contract, he says

The bids of the two short-listed parties, Canada Post and the New Zealand Post-Royal Mail consortia, were evaluated according to set criteria. The broad representation on the evaluation team indicates government's need to take a consultative approach to selecting the winning bidder The team includes the communications department's transaction advisers, PriceWaterhouseCoopers and Ebony Financial Services, and representatives from labour, the Post Office, its board and government

Essentially, the winning bidder will have a proven ability in postal operations and in deregulated markets, powerful management and accountability structures, and strong management teams

Proposals on black economic empowerment, human resources and information technology development will be key, as will plans for union involvement in transformation, management and rationalisation.

Other issues will be cost cutting, a strong focus on delivery and marketing, a focus on the core business and joint venture approaches to hybrid mail The two bidders also have to look at establishing a postal university and an election register

Much work is still required by the evaluation team but by the end of July, the Post Office should have a new international partner This will go a long way to improving the image of the Post Office and ultimately — if the partnership is a success — its service and performance

IT's Africa's calling

Despite many obstacles, there are great opportunities for black economic empowerment in the IT and telecommunications sector, reports **Donna Block**

M+G 30/4/—6/5/99 (267)

The future of black economic empowerment in South Africa is wired Not only do the information, communication and technology sectors offer opportunities for wealth creation in the form of apparently gravity-defying shares, but these industries have become integral to the economy as a whole

According to consultancy BusinessMap, identifiable black empowerment deals in the information and telecommunications (infotel) industries were around R4,5-billion for the period 1996 to 1998 In its report, *Empowerment 1999*, BusinessMap said "Given the high state-related infotel demand [both Telkom and the government itself], it is not surprising that this is a favourite sector in the empowerment arena."

BusinessMap said that in January of this year there were 35 black-controlled firms on the Johannesburg Stock Exchange (JSE) which altogether had a market capitalisation of about 5 5% (R58 7-billion) of the JSE's total capitalisation There is a major black investor presence in electronics, "more specifically the hyped information technology stocks", BusinessMap added

Of the 70 companies on the JSE electronics and electrical board, the consultancy estimated that 16 have "sizeable black shareholders'

Simon White, head of lobby group the Black Information Technology Forum (BITF), agrees that black companies are gradually making critical inroads into the infotel sector.

According to the forum, there are 125 black information technology and telecommunication companies that employ 700 people, mostly in Gauteng and the Western Cape However, to make meaningful progress the BITF believes that the industry must be brought into the other provinces.

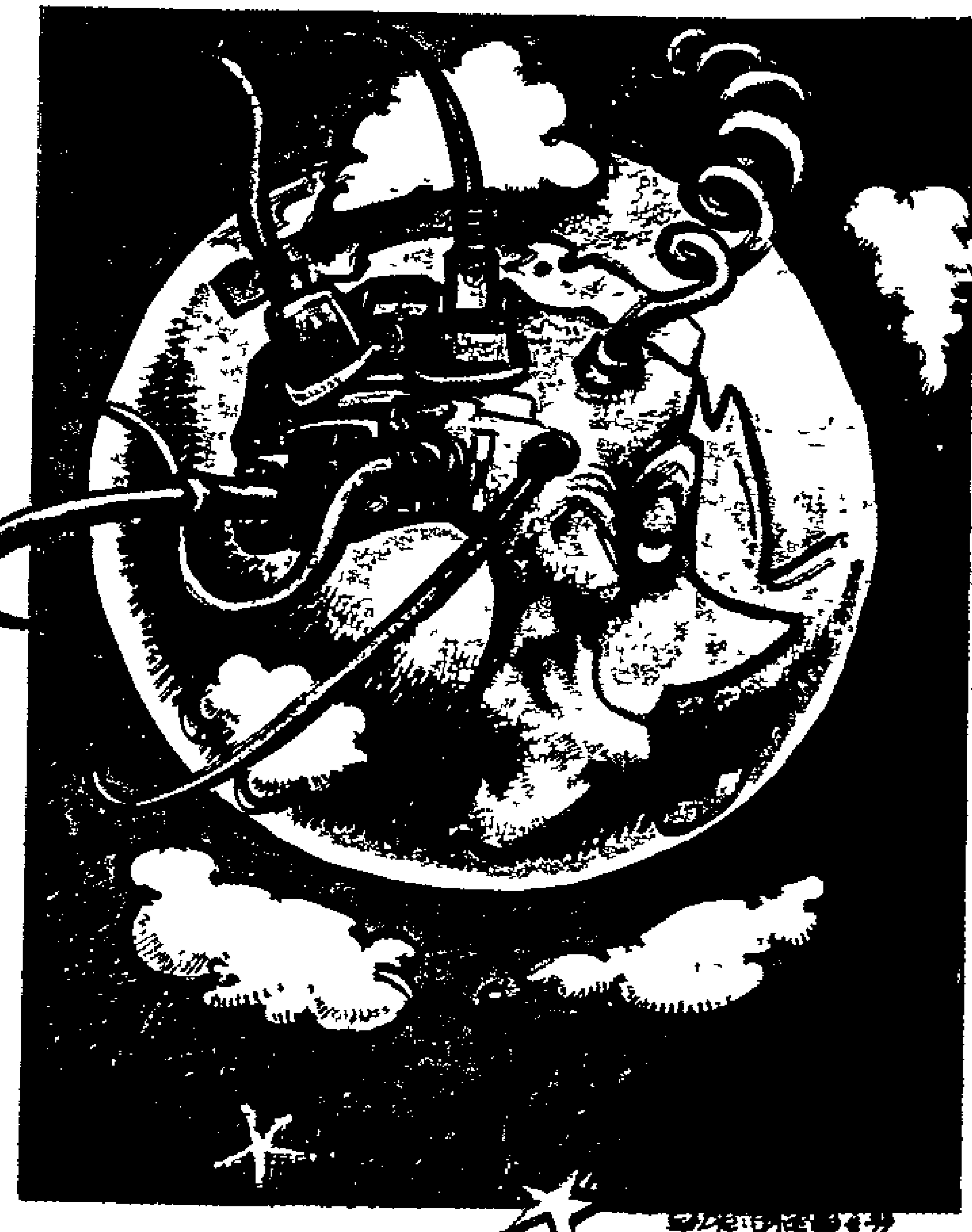
White said "The IT/telecommunications industry is without a doubt the fastest growing sector in the economy and offers enormous opportunities We have to make sure there is deliberate action to ensure that as many people as possible are involved in the sector"

One of BITF's many goals is to promote the sector as an alternative career opportunity for blacks in South Africa

Increasingly, there have been doubts surrounding many black economic empowerment deals. Many empowerment arrangements have been of questionable empowerment value and have been criticised for being little more than get rich-quick schemes for a small elite. There is a growing perception that blacks in upper management positions have little business experience and even less control over the companies they operate.

Questionable practices by empowerment groups hit home last week when New Africa Investments Limited — seen as the model black empowerment group — was taken to task by irate shareholders over a plan to reward its four MDs with share options worth in excess of R130-million

According to the BITF's *IT and Telecommunications Handbook*, there have been situations in the IT sector where rich black executives lend their blackness in exchange for a small amount of equity in a company The problem is that these 'token" black companies compete with real black infotel companies and often win tenders for contracts because of their financial and marketing strength. At the end of the day, the losers are genuine black IT entrepreneurs "who are operating in survival mode"



"Empowerment deals that have a zero base net effect on employment, skills, and opportunities are a non-issue and those are the types of things we stay away from Our members generally create jobs and create capacity for economic development," said White.

For the BITF, black economic empowerment is all about "measurable skills transfer, significant black equity shareholding, operational involvement and blacks involved at senior decision-making levels"

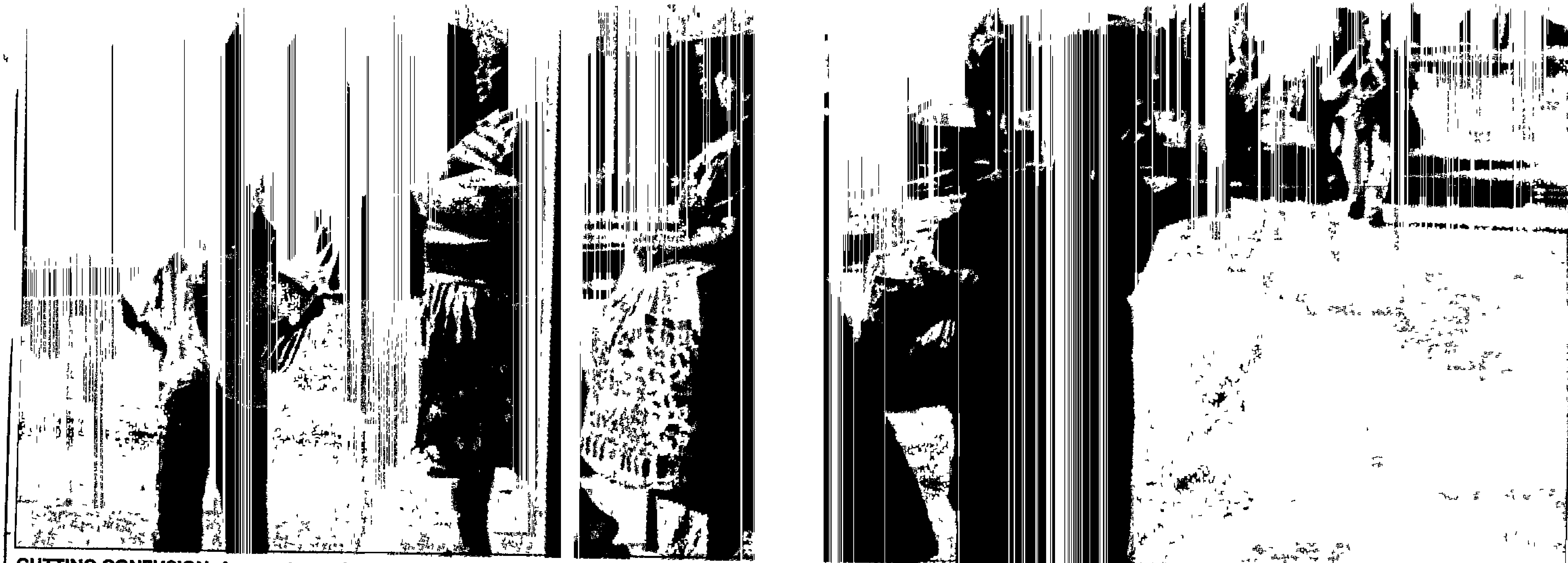
It is also about jobs and job creation One of the biggest problems in getting blacks involved in the computer industry is the lack of information available and lack of understanding about the infotel sector. There is also much "technophobia", with a need for people to be exposed to new technologies and be trained to use them The more people understand IT/telecommunications the bigger the opportunities and prospects.

But to get such an ambitious programme off the ground, the BITF needs what White calls "pioneers and champions" to help implement skills, training programmes, and infotel initiatives in the provinces. One of the most daunting challenges facing these pioneers is to co-ordinate local IT entrepeneurs and drive home the opportunities that are available to them in the provinces.

Other major obstacles they will have to overcome are the lack of infrastructure, electricity and phone lines. Adequate capacity is a national priority and these champions will have to lobby and pressure government to keep their promises of delivery in these areas. To date delivery of promised telecentres that would support these kinds of initiatives have been few and far between

Provincial MECs for economic development also have to change their focus from traditional projects like mining and be a part of the technological revolution. It's going to take commitment and the will of senior people in the government and the private sector to make this revolution happen

Nonetheless, despite all the obstacles, the BITF believes that at the end of the day Africa will be wired.



CUTTING CONFUSION: A new street sign ends guesswork at the corner of Bangiso Drive and Tabulele Street in Khayelitsha Picture: KIM LUDBROOK

Signs of the times as Khayelitsha streets are named

(267) ST (CM) 30/5/99

TOM HOOD

STREET signs have gone up in parts of Khayelitsha — the first step to a postal delivery service for the 600 000 residents.

A third of the maze of 3 000 streets has been signposted and the houses numbered.

Many people do not pay municipal bills for water or electricity because the accounts are not delivered.

"People don't have post boxes and there were no proper street names, so we have to return letters," said Post Office spokeswoman Rema Tshishonga

Doctors, ambulances, police and the fire brigade used guesswork to reach houses in emergencies.

"The fire brigade people don't know the area and have difficulty locating places," said Barrie Barnard, principal engineer for Tygerberg City's coastal services area.

Most of the streets have been named after struggle heroes, chosen by communities of Khayelitsha's 18 "villages".

Erecting the signs in the first section of Khayelitsha took three months. Choosing names took over two years.

Mandela Park, Allan Boesak Street and Holomisa Street have been named by the local people. Dullah Omar, Fidel Castro and Helen Joseph have also been honoured And a street called Father Trevor Huddle has been renamed Father Trevor Huddlestone Street.

Names such as Botha Crescent, Basson Crescent and Blossom Street were changed to Masiphathisana Crescent, Indlulamthi Crescent and Limpopo Street

Tygerberg City appointed independent consultants to meet ward councillors and community structures to decide on street names

The final list was backed by 95 percent of those consulted after two years of negotiations.

"The biggest problem was that people wanted to name streets after political leaders," said Khayelitsha planning official Peter Terblanche.

"A classic example is Bantu Holomisa, who was a hero a year ago and is now regarded by many people as a villain."

Signs went up on 3m concrete poles in the R900 000 first phase of the project

The remaining streets could get signs within three years

To avoid political rows, streets in new developments will be named after birds and animals, using both Xhosa and English names. A bird-watching Khayelitsha teacher has checked the accuracy of the names.

"People take pride in having a street number and address," said Terblanche

"They relate to a place name and believe they belong to it They are looking after their own streets, keeping them tidy and even hosing down the roads."

Government 'to block Eskom cell bid'

CT(DR)10/6/99 (267) ~~286~~

NCABA HLOPHE

Johannesburg – The government was expected to thwart plans by Eskom to participate in the bidding process for the third cellular licence to avoid a clash with its own strategy of consolidating all state-owned telecommunications units to create the second fixed line operator after 2001, insiders said yesterday

Peter Adams, Eskom's media relations manager, confirmed Eskom had been approached by several groups to participate in the third cellular bidding He did not reveal Eskom's final decision

The government intended to license another fixed line network operator after the end of the Telkom's exclusivity in 2001 and to package the communications divisions of Transnet, Eskom and Denel to create the second fixed line network

Andile Nkuhlu, the spokesman for the public enterprises department, said Eskom had not yet approached the government for permission to participate in the bidding for the cellular licence

However, sources said the government was unlikely to accede to such a request because it would be out of line with its aim to focus its telecommunications infrastructure on the second fixed line network

"Eskom has not approached government and such a matter has not been discussed and decided upon," he said

Industry sources said some international operators were attracted by Eskom's huge infrastructure base and were willing to accommodate the electricity supplier in their consortiums

International operators believed to be interested included Mobile System International from the UK, Telecell, which operates several networks in Africa, Millicom and Telia from Sweden, and Norway's Telenor

But industry sources said most international groups frowned on the clamour of several empowerment groups and were pushing for one super empowerment grouping Sources said some had indicated they could bid alone and rope in an empowerment group of their choice after winning the licence

Nape Maepa, the chairman of the South African Telecommunications Regulatory Authority, yesterday said it was unlikely that international operators bidding without an empowerment partner would win the licence

He said there was nothing in the application suggesting that an international group could win on its own It was aimed to bring the historically disadvantaged into the mainstream economy

EMPOWERING *Nape Maepa, Satra's chairman*

1

15/6/99 (267)

Scramble for cell bid

B/P

Analysts expect a competitive bidding process after a high number of applications were received

Robyn Chalmers

THERE was a last-minute scramble to submit bids for SA's third cellular licence by noon yesterday, with eight bids confirmed and a possible ninth bid being considered by telecommunications regulator Satra

Analysts were concerned that only a few international operators and financiers had entered the fray Sweden's Telia and Norway's Telenor, both cellular operators, submitted a joint bid but with no local partner

Only two consortiums — Nextcom Cellular and Khuluma 084 Cellular — have global cellular operators and local empowerment partners

However, analysts agreed that the number of bids received, which was higher than expected, should make for a competitive bidding process

The bidders are the Telenor-Telia consortium, Nextcom Cellular, Afrozone Telecoms, Five Mobile Networks, Africa Speaks Cellular, Spatial Cellular, Cell C and Khuluma 084 Cellular

A ninth bid from Zintatu Communications Power, which submitted a single document shortly before deadline and has yet to pay its R75 000 bidding fee, still has to be considered by the Satra council

The awarding of a third cellular licence is seen as a key move to attract foreign investment, with capital expenditure on the new network expected to range between R6bn and R10bn

The potential market for a new cellular operator is thought to be huge, with existing operators MTN and Vodacom having about 2,7-million customers, or only a limited market penetration of between 6% and 8%

Licence conditions published last month indicate that bidding consortiums should have a black empowerment stake, but no percentage is stated The operator is expected to service disadvantaged and rural communities

The conditions indicate that MTN, Vodacom and telecommunications utility Telkom must reach fair deals with the newcomer within 45 days of the licence being issued

This relates to roaming, facilities sharing and interconnection fees

Satra chairman Nape Maepa said the authority would be able to outline the final timeframe for awarding the licence by the end of July or early August "The number of bidders will affect the length of time (it takes to reach a decision) (but) we will do our best to come through as quickly as possible"

Before Satra can make its final recommendation, every bid has to be subjected to public scrutiny Bidders are allowed to make further representations and they may call for reasons behind Satra's recommendation

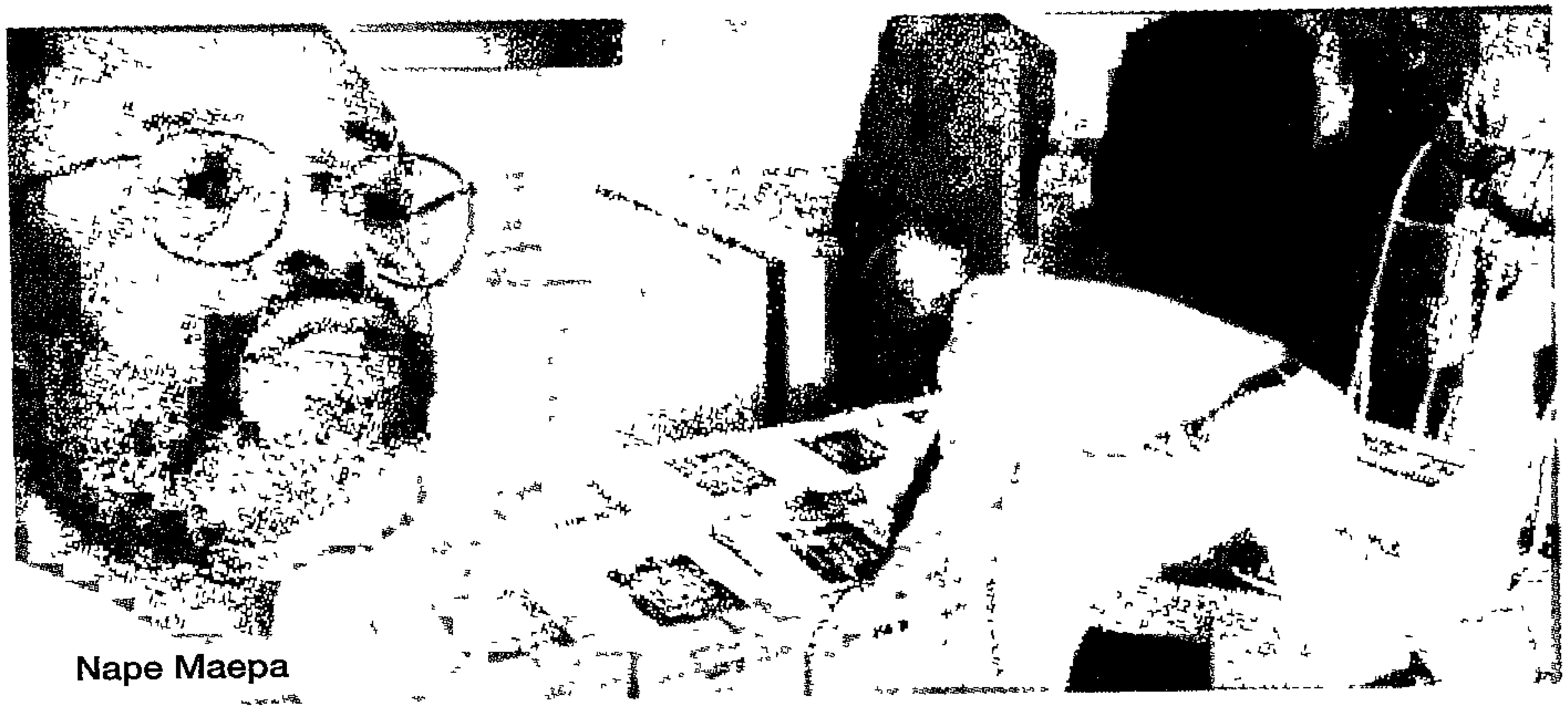
Analysts said this could take months This was of concern particularly for international operators who have other opportunities elsewhere

British Telecom and Finnish telephony group Sonera have both moved on to other prospects after initially expressing interest in the licence Sonera said it was deterred by a lack of clarity in the operating conditions and the long-winded process, which has been under way since 1997

Maepa said the decision last week of Post, Telecommunications and Broadcasting Minister Jay Naidoo to quit politics would have "absolutely no effect" on the timing of the licence Naidoo had laid the foundation for the development of affordable telecommunications services in SA, he said

He said a decision on whether current bidders could merge or add companies to their consortiums would be taken once the bids had been assessed

Hong Kong connection· Page 17



Nape Maepa

Hundreds of boxes filled with bid documents for SA's third cellular licence were delivered yesterday to the offices of telecommunications regulator Satra, which is chaired by Nape Maepe Picture ROBERT BOTHA

Six bidders emerge as serious contenders

Robyn Chalmers

LAST minute changes to the consortiums bidding for SA's third cellular licence, and a number of late and relatively unknown bidders, have led to the emergence of six players which analysts consider to be serious contenders They are

- Telia of Sweden and Telenor of Norway, cellular telephone operators which will merge later this month, submitted a joint bid without any indication of a linkup with local groupings This follows the breakdown of talks with local black-owned telecommunications company Afrozone
- Afrozone Telecomms, an empowerment group which has Thebe as an indirect shareholder, has submitted a bid alone, keeping open the possible introduction of a global partner later
- Khuluma 084 Cellular said at the weekend it had merged with NextCell and the National Telecommunications Consortium The empowerment consortium submitted its bid with international operators MSI Cellular and Telecel International
- Nextcom Cellular said yesterday it had linked up with Hong Kong-based telecommunications operator Distacom International Nextcom has the backing of trade unions in the industry
- Africa Speaks Cellular is the new name for the Telecommunications Empowerment Corporation It includes about 100 other groups, including the National Empowerment Corporation and development trusts Nokia, Nortel and Sun Microsystems are among its technology suppliers, with local firm Telumat as engineering consultant
- Cell C consortium, making a late entrance, is backed by Middle Eastern conglomerate Saudi Oger and has CellSaf as a local partner CellSaf includes a range of black-controlled companies such as Kunene Brothers, Ubambo Investment Holdings and FBS Holdings
- Relatively little is known about the remaining three bidders — Five Mobile Networks, Spatial Cellular and Zintatu Communications Power

NATIONAL

Submarine cable system is launched

(267) BD 18/6/99

Robyn Chalmers and ECN

THE launch yesterday of a $600m undersea cable system, funded by 40 nations, is to provide a telecommunications channel to cater for Africa's international connectivity requirements for the next 25 years

In one of his first engagements as head of state, President Thabo Mbeki presided over the ceremony Telkom MD Sizwe Nxasana said Mbeki's interest in the project was a "clear sign of how seriously we in SA are taking this project"

Nxasana said there was confidence that SA's new communications minister, Ivy Matsepe-Casaburri, would continue government's interest in the project

"This project has brought together 40 nations and some of the world's most influential telecommunications players in a joint effort to link more people to each other," he said

"It will provide a safe, secure, fully digital and reliable wet global highway that will effectively link Portugal to west Africa to Cape Town to India and Malaysia "

The southernwestern Africa submarine cable is a 15 000km fibreoptic cable linking Europe with SA and a number of countries on the west African coastline

The SA-Far East system continues the connection another 13 800km as far as Malaysia via Reunion and Mauritius, with a landing that brings India into the system

"It's an 80 gigabit link, or in layman's terms, that is capacity equal to 4,83-million simultaneous telephone conversations or over 8 000 digital television transmissions "

Nxasana said that by 2001, the submarine cable system will be owned, controlled and maintained by the individual operators

The system will give African countries direct access to each other as well as significantly increased access to global markets, while keeping the majority of the revenue it generates on the continent where it can be used to spur the economic development of Africa as a whole

At the moment nearly 80% of Africa's telecommunications revenue flows out of the continent

Being able to transmit more information faster and more effectively, the undersea cable system is expected to bring down the cost of telecommunications

This is an important consideration for a continent which carries a higher number of least-developed nations than any of the world's other economic regions

Construction is scheduled to begin almost immediately and the project is scheduled to be fully operational in 2001

Lying between 1 000m and 8 000m below the surface of the ocean, the cable system will be built to be impervious to bad weather and vandalism

Network bid puts spotlight on Satra

(267) (~~212~~) Sowetan 18/6/99

By Shadrack Mashalaba

THE acceptance by the South African Telecommunications Regulatory Agency of the eight applicants vying for the third cellular mobile licence will put Satra in the spotlight.

Because the stakes are high in this fiercely competitive industry, Satra cannot afford to falter

The cellular industry has been a constant source of growth, despite arguments that the it cannot accommodate another operator

In fact, the entry of a third licencee will lead to the expansion of the telecommunications infrastructure in the country

Hopefully, the controversies that characterised the issuing of provincial casino licences will be avoided in the mobile phones licence industry

The eight applicants are AfricaSpeaks, Afrozone, Cell C, Five Mobile Networks, Khuluma 084 consortium, NextCom, Spatial Cellular and Telenor/Telia

Overseas groups

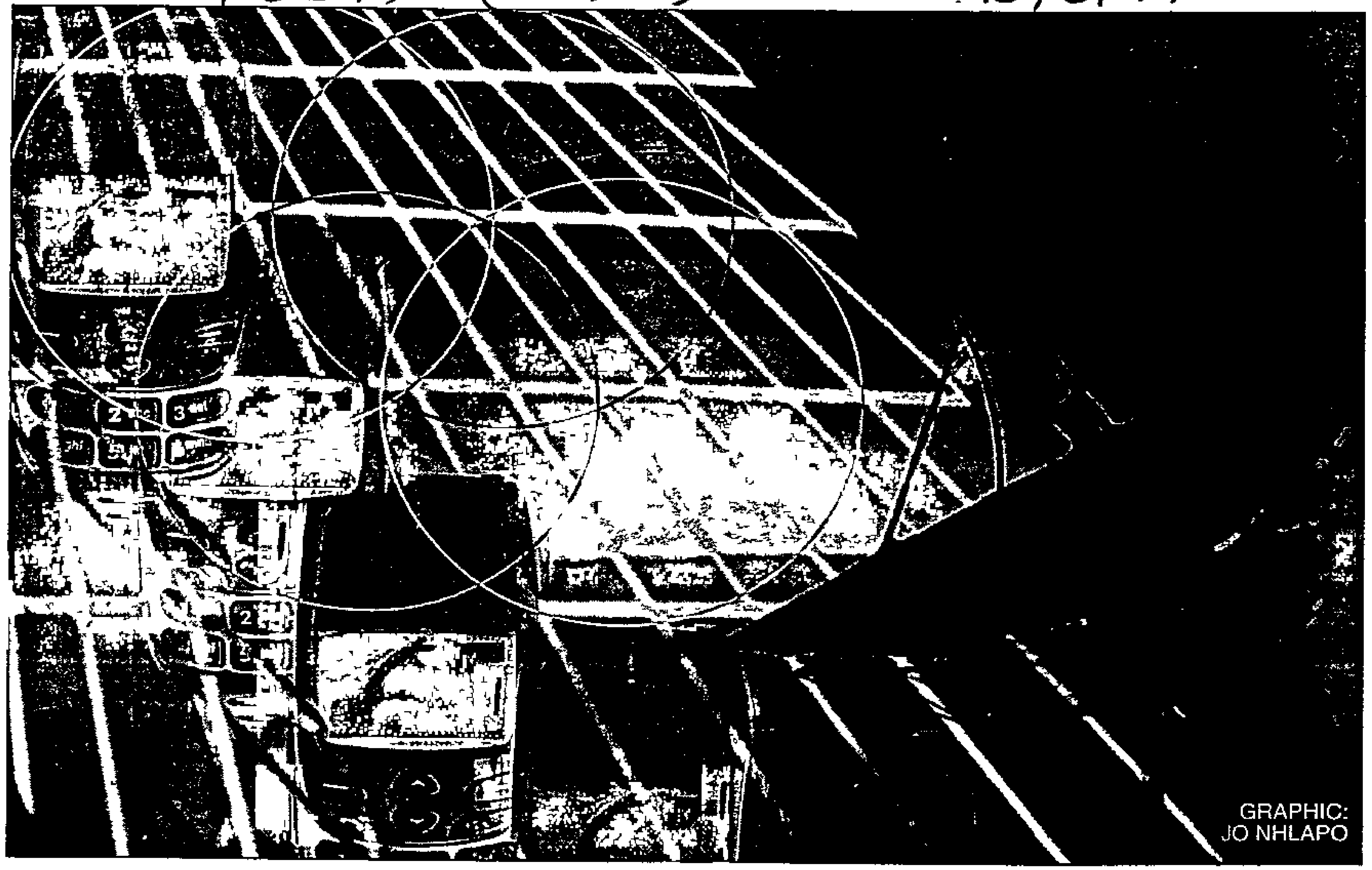
AfricaSpeaks, Afrozone, Cell C, Khuluma 084 Cellular and NextCom teamed up with overseas groups Sweden's Telia and Norway's Telenor and at this stage there is no indication that they will team up with a local group

Little is known about the corporate structures of Five Mobile Networks, Spatial Cellular and Zintatu, the ninth but unsuccessful applicant

Satra chairman Nape Maepa said they still had to decide on the status of Zintatu's application

The process leading to the submission of formal applications started two years ago when Satra was tasked with investigating the feasibility of establishing a third operator

Last July a decision was taken that a third operator licence would be issued, culminating in the submission of documents by the applicants on Monday.



GRAPHIC: JO NHLAPO

In terms of Section 34 (3)(a), Maepa said Satra will submit a notice – to be published in the *Government Gazette* – which will present applications for public viewing.

The dates for public hearings are in the process of being decided After the hearings, Satra will make recommendations to the Minister of Posts, Telecommunications and Broadcasting on who should be awarded the licence.

When he addressed Cellexpo Africa '99 in Johannesburg in May, Maepa said no one would be excluded from consideration "No stumbling blocks will be put in their way as they seek to win the right to provide services

"Our country is eager to become the investment destination of choice, the job creation Mecca of the developing world"

Maepa added that the process may appear oversimplified "There is nothing hidden in this process There can be no under-the-table shenanigans"

Some of the requirements Satra will be looking at include:

- An operator owned substantially by members of the historically disadvantaged community, women, and the disabled;
- An expectation of vigorous competition to get subscribers;
- Assistance of previously disadvantaged with establishment of a credit record, and
- Satra expects that with competition for subscribers, the cost of services will go down

Maepa said Satra will decide either late next month or in early August when to announce the successful bidder The number and volume of documents would have a bearing on the announcement of a successful applicant

The resignation of Minister of Post and Telecommunications Jay Naidoo will not affect the process, Maepa said.

"We appreciate the role the minister has played," he said.

Satra also announced it was investigating the allegations of cellphone blocking by South Africa's two providers – MTN and Vodacom Maepa said consumer protection was key to the success of the industry

"Together with the Competitions Board, industry watchers will be looking with interest to see that Satra plays a vigilant role in dealing with cases of unfair competition

The awarding of a third mobile licence will mean the end of the duopoly held by MTN and Vodacom, to the benefit of consumers.

The country's mobile phone industry, which opened in 1994, has an estimated 2,3 million subscribers.

SA signs undersea cable accord

eT (PR) 18/6/99 (267)

NCABA HLOPHE

Johannesburg – Ivy Matsepe-Casaburri, the new minister for posts, telecommunications and broadcasting, yesterday pledged continuity and further development to place communications as the main driver of economic growth for the country and continent

Talking against the backdrop of the signing ceremony of the $600 million submarine cable system involving 40 nations, Matsepe-Casaburri said she believed the telecommunications sector was fundamental for the economic recovery of the country and the African continent

Matsepe-Casaburri was chairman of the SABC board before becoming the premier of the Free State province

"I would be familiarising myself with what has been done to determine what and how we move the industry for the benefit of the people," she said after being sworn in yesterday

The swearing-in ceremony coincided with the signing ceremony for the submarine cabling system that would link Europe, Africa and Asia

NEW BLOOD *Ivy Matsepe-Casaburri* PHOTO JOHN WOODROOF

The cable would navigate from Portugal along the west African coast via Cape Town to India and Malaysia From Portugal, connectivity would link with the Middle East while from Malaysia it would link with Australia and the Asian Pacific Rim

The undersea cable project would involve the laying of 30 000km of 80 gigabit fibre optic cable Lying between 1 000m and 8 000m below the surface of the ocean, the system was expected to be impervious to bad weather and vandalism

Sizwe Nxasana, Telkom's chief executive officer, said the project was expected to be completed by 2001 and to boost Africa's participation in the global information highway

He said the cable was expected to be cheaper than satellite transmissions and help retain telecommunications revenue in the continent

SA's internet usage slows down – survey

(267) ARG 29/6/99

VERNON SIEBERT
COMPUTER EDITOR

South Africa's passion for the internet seems to be easing with growth in usage falling for the first time in five years.

Even so, there will be nearly two million South Africans connected by the end of year, say internet researchers Media Africa

The third edition of the South African Internet Services Industry Survey, released last week, showed that growth in the number of South African internet subscribers fell to 86% last year, down from 100%

This means that, for the first time since the internet became commercially available in 1994, the user base did not double over the year

Media Africa surveys internet usage in South Africa every six months

The survey estimates the total number of internet users in South Africa at the end of December 1998 as 1 266 000 These include dial-up subscribers, corporate users with access at work, and academic users with access at learning institutions

Media Africa forecasts this overall total to grow to 1,8-million by the end of 1999 – bringing growth of the total market this year down to 50%

Managing director Arthur Goldstuck says this "does not take away from the sheer number of new users coming online this year.

In the dial-up market alone, we can expect at least 220 000 new subscribers. It is this new market that all the internet service providers are fighting for in their huge marketing campaigns"

The number of dial-up subscribers in South Africa at the end of 1998 was measured at 366 235, close to the number forecast by Media Africa earlier in the year

The forecast for dial-up subscribers at the end of 1999 is a little more than 558 000

■ Summaries of all Media Africa surveys can be found at http://www.mediaafrica co.za

Union attacks Telkom bidders

Reneé Grawitzky (232) (267)

PRIVATISATION and restructuring of Telkom and the Post Office has come under attack from the Communication Workers' Union (CWU) which has questioned various "disturbing developments" introduced by international equity partners

General secretary Seleboho Kiti said in his secretariat report, discussed at the union's first national congress in Johannesburg, that the introduction of international equity partners had not led to skills transfer programmes for local workers

He said these companies employed union bashing tactics and were engaged in staff reduction programmes such as voluntary retrenchments, outsourcing and increasing use of contract workers

Kiti said talks were under way with the Post Office on redundant staff, while Telkom was offering voluntary retrenchment packages and continuing with its outsourcing programme

The congress had to develop ways to counter these negative developments Kiti indicated that the parties had not yet been able to resolve wage disputes which were referred to the Commission for Conciliation Mediation and Arbitration (CCMA)

One major stumbling block at Telkom was the introduction of a performance management system that had unleashed strong opposition from members

Gauteng premier Mbhazima Shilowa called on CWU shop stewards to sign up as SA Police Service reservists This is in line with his call during his first address to the Gauteng legislature this week and a Congress of SA Trade Union resolution call on its members to enrol as reservists to help fight crime He warned against factionalism "that destroys organisations We must not have it in our movement "

Sanco president Mlungisi Hlongwane said the union faced greater, more complex challenges as privatisation was being implemented If workers opposed privatisation, it would then be introduced under a different guise, he said A union's power was no longer determined by its strikes but rather how it could advance and protect worker interests

Philip Dexter, African National Congress national executive committee member, said "We need to come up with an alternative to globalisation " SA could determine its agenda and not be required to follow International Monetary Fund or World Bank rules

Telkom tightens belt ahead of deregulation

Austerity will mean substantial job losses, but will open up other opportunities

(267) (232)

BD 2/7/99

Robyn Chalmers

TELKOM plans to streamline its operations through a sweeping programme of outsourcing, retrenchment and cost containment in preparation for the deregulation of the local phone market.

The moves were unveiled yesterday in conjunction with an announcement that the utility's attributable profit fell to R2,3bn in the year ended March from R2,5bn in the previous 12 months

Telkom, which is 70% owned by government, and 30% by SBC of the US and Telekom Malaysia, is due to lose its local phone monopoly in 2002 or 2003 While the belt-tightening moves are likely to result in substantial job losses, they could open up significant outsourcing opportunities for Telkom's suppliers in the technology, telecoms and associated industries

Telkom MD Sizwe Nxasana confirmed that a listing on the Johannesburg Stock Exchange remained on the cards, but said the decision on the size and timing of the listing lay with government

Nxasana declined to say how many of the utility's 61 000 employees were likely to be laid off

By May this year, almost 2 500 applications for voluntary early retirement were received, of which about 2 100 had been approved, reducing the total employment figure to 59 000 "Our intention was not to grant blanket approval of applications as this could have led to a brain-drain of key skills among staff," he said

He indicated that outsourcing of noncore assets would gain momentum in the current year Telkom last year announced it planned to open talks with its unions on the sale of its fleet management division,

Nxasana ... changes for utility

noninfrastructure properties, and its light engineering and electronics workshops

Hiving off these and other facilities would allow Telkom to concentrate its resources on its core telecommunications business, freeing outsourced divisions to use spare capacity and improve their own long-term viability.

"This year we will focus on restructuring the business and eliminating those areas considered noncore. This will (adversely) affect our results in the short term," Nxasana said.

He said the company's shareholders accepted the need to strike a balance between short-term profit and long-term viability and competitiveness, and supported Telkom's drive to position itself for competition

In terms of Telkom's licence issued in 1997 it has a government-guaranteed monopoly on fixed-line telephony for five years A sixth year could be introduced if it meets stringent infrastructure investment and service targets

Telkom beat its network investment licence targets in the year to March, adding 502 750 lines against a target of 460 000 and exceeding the 5-million line mark as a cumulative total for the first time. The group modernised more than 500 000 existing lines against a target of only 13 000, and installed more than 27 000 new payphones compared with a 25 000 target It met eight out of 10 service quality targets against four out of 10 the previous year The two targets missed related to the percentage of business and residential faults cleared in less than 48 hours.

The group plans to continue rebalancing its tariffs, with the focus on reducing international call rates Overall telephone rates rose 5,5% this year

Telkom has clamped down on expenses such as travel and subsistence allowances, and tightened controls on the use of vehicles and other equipment It has also moved from ordering stock in advance to linking component orders to current network requirements

Profit warning: Page 15

TELKOM — 1

PREPARING FOR COMPETITION

FM 9/7/99

If Texan telecoms giant SBC Communications and Telekom Malaysia thought they would have an easy time transforming Telkom into a world-class player, while extending services to rural areas and underserviced black townships, they've had to think again

Telkom's annual report for the year ended March shows that the SA telephone giant is under pressure On a turnover of R22,7bn, net operating costs surged R3,5bn to R18,5bn

"Our initiatives to restructure and transform the company for competition will be accelerated," says Telkom CE Sizwe Nxasana "This will have an impact on our net income, which we expect will be lower than in 1998-1999" He says shareholders have accepted the need to strike a balance between short-term profits and long-term viability and competitiveness

Overheads are being slashed, spending prioritised and stocks tightly controlled More noncore businesses will be hived off and retrenchments are likely

Funding remains a problem — R10,5bn was spent in 1998-1999, R10bn is needed for the new year If Telkom is to continue its borrowing spree, a JSE listing before 2003 is probable

Sizwe Nxasana

PREPARING FOR COMPETITION

	Group			Company		
	'99	'98	increase (decrease) %	'99	'98	increase (decrease) %
Revenue (Rbn)	22,7	19,[illegible]	18	20,7	18	14,4
Operating Profit (Rbn)	4,2	4,[illegible]	(1,7)	[illegible]	[illegible]	(1[illegible],5)
Attributable Profit (Rbn)	2,3	2,5	(5,7)	1,9	2,2	(14,6)
Debt Equity Ratio (times)	0,[illegible]	0,5	30			

Include [illegible] held [illegible] Internet services directory [illegible] Telkom

Telkom is taking its medicine upfront It has met, in many cases exceeded, most of its network rollout and service obligations More than 5m lines are now active and 80% of capex went towards state-of-the-art digital services Excluding Vodacom and other associates, Telkom reported slower revenue growth of 15% to R20,7bn and attributable profit of R1,9bn — 14% lower than the previous year

Cellular group Vodacom, in which Telkom has a 50% stake, remains the jewel Vodacom's turnover increased 56% to R6,8bn (up from R4,4bn), operating profit reached R1,5bn

With the threat of new competition looming, don't be surprised to see more partnerships

Already there is talk of a closer alliance with Vodacom Cellular rival MTN could team up with State-owned utilities Transtel (it runs telecoms infrastructure along Transnet's railways) and Eskom (which, through its power grid, has access to homes and businesses)

Marina Bidoli

SA faces cellphone boom

Number of users expected to double in three years

ARG 15/7/99 (267)

The third cellphone licence, to be granted by the end of the year, will usher in massive growth in electronic communications – dwarfing even the growth sparked by the licensing of MTN and Vodacom six years ago

The number of cellphone users will double in the next three years, up from the current 8% achieved by Vodacom and MTN to nearly 20%, according to calculations by NextCom Cellular, one of the eight bidders for the licence

And NextCom calculates that by 2003, before the next general election, there will be more South Africans with cellphones than there are with conventional telephones

This is largely because of the new technology, GSM 1800 – up from the GSM 900 used by MTN and Vodacom – available to the third cellphone operator

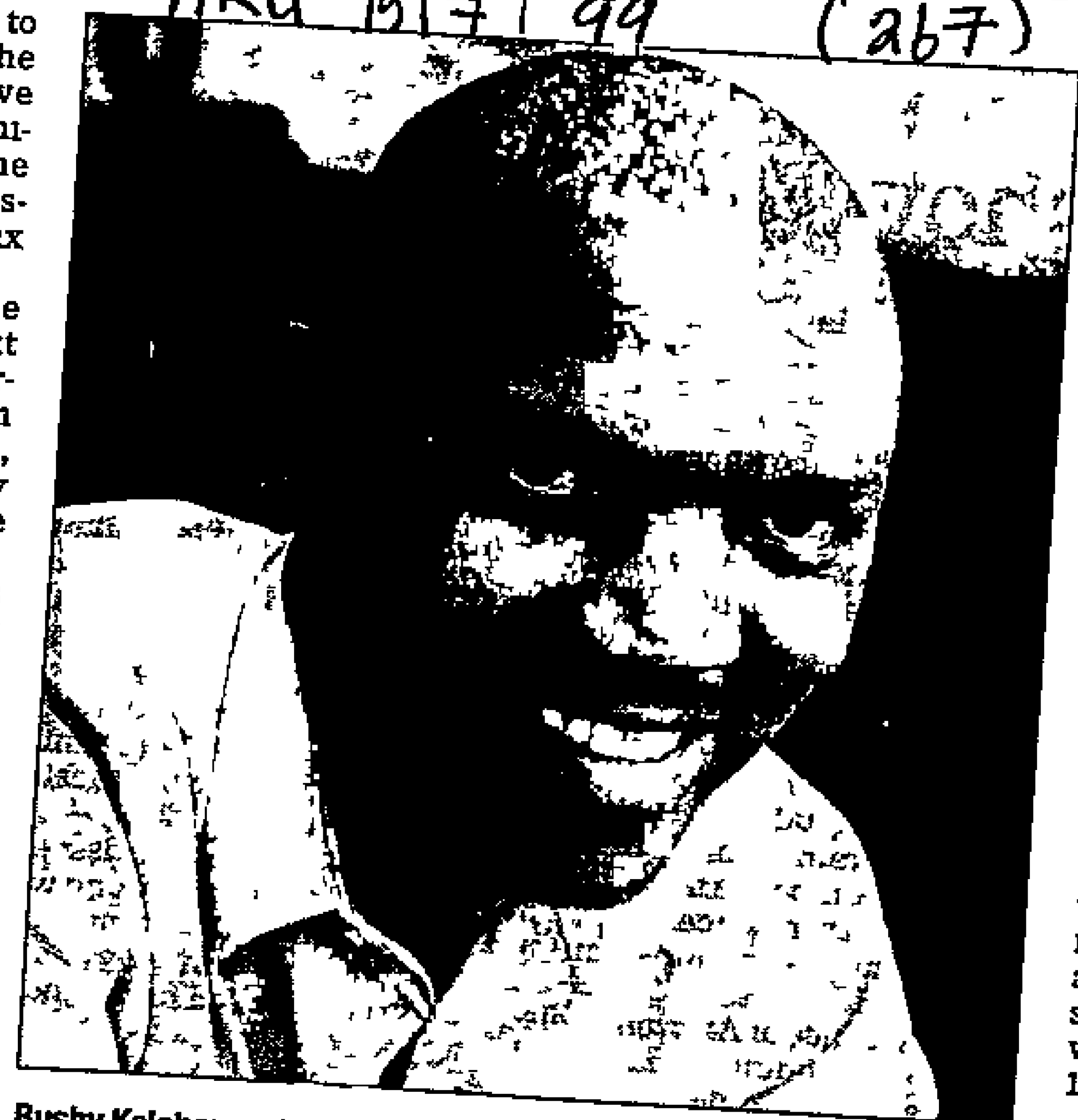
GSM 1800 offers data transmission speeds 10 times faster than currently available on cellphones This makes it a far more viable vehicle for e-mail, internet and e-commerce.

Coupled with developments in technology, this means commercial communication – fax, e-mail and voice services – will be easier, quicker and cheaper by cellphone than by fixed-line phones

The emergence of this "wireless web" will have huge spin offs for the economy – not only for current users, but also for small and micro businesses

"By 2003 there'll be more cellphones in South Africa than fixed-line phones," says NextCom chief executive Bushy Kelobonye

"Millions of young people may never take a fixed line service – their cellphone service will give them all they need."



Bushy Kelobonye 'millions of people will never take a fixed-line service'

For South Africa's current users – upmarket, urban residents account for most of the contract holders – the new operator will be able to offer a range of more user-friendly new services, among them wireless PBX, enhanced call-forwarding, mobile secretary, and wireless frame delay

But the major revolution the third cellphone licence triggers will be in currently under-served and un-served communities – townships, informal settlements and rural areas

The pent-up need in these communities is demonstrated by the rapid growth in pre-paid phone use

But current cellphone pricing discriminates against pre-paid users, particularly heavy users

Difficulties in securing credit for contracts, and the convenience of pre-paid services, means most black South Africans opt for pre-paid.

"Historically disadvantaged communities represent the major growth area – if cellphone operators can offer better value," says Mr Kelobonye

NextCom's application, submitted to the South African Telecommunications Regulatory Authority (Satra) last month, outlines proposals to offer equal pricing to pre-paid and contract cellphone users – pre-paid users will have access to exactly the same tariffs and discounts available to contract users

"On top of this, to break into the market and achieve its short-term 25% market share target, NextCom will open next year with competitive pricing that will mean savings of between 15% and 34% for existing and new cellphone users," said Mr Kelobonye

The company would also target township and rural communities, offering dedicated services and support to small businesses

Mr Kelobonye predicted that NextCom's entry into the market would also force MTN and Vodacom to cut prices, and said NextCom assumed it would face price cuts of at least 10% from them.

NextCom's ownership base matches its mass empowerment imperative and the services it promises With a shareholding beneficiary base of close on 10-million – nearly one in four South Africans - NextCom's bid is potentially the country's biggest empowerment transaction yet.

Its shareholders include Union Alliance Media, a recently listed vehicle majority-owned by 12 Cosatu and Nactu trade unions, women's investment groups Nozala Telecomms and Women In Telecomms, Disability Employment Concerns Trust (DEC), the Youth In Telecomms Trust and Sanco

NextCom has also established a unusual company, ProvTel, to enable community organisations and small businesses not previously involved in major national empowerment opportunities to get involved operationally and as equity shareholders in NextCom.

ProvTel has more than 120 shareholder groups across the country, many of them invited in on the basis of their potential contribution to NextCom's roll-out and distribution.

Shareholders like the South African Liquor Traders' Association, with a track record of efficient, secure and nationwide distribution, will play a direct role in distribution of pre-paid cards, while informal sector outlets will serve as NextCom bases in communities currently isolated from access to cellphone outlets.

Mlungisi Hlogwane, president of shareholder Sanco, said "We are not in NextCom as a passive investor waiting for our annual dividends

"We intend to bring our 1,3-million members into the mainstream economy Benefits will come from shareholding and through their involvement in NextCom's operations "

Lorato Phalatse, chief executive of shareholder Nozala Telecomms, said entrepreneurial opportunities in NextCom were more important to Nozala's 300 000 shareholders than its shareholding.

"Women need viable businesses to support their families Many of our members are based in rural communities We want real empowerment that puts food on the table "

Through NextCom, Nozala's involvement would mark the entry of women in significant numbers into the telecommunications industry "

(267)

Pre-paid phones to put smiles on 100 000 dials

TELKOM'S pre-paid phone service is set to provide phones to at least 100 000 underprivileged people in the Western Cape by the end of the year

According to Telkom, its success in the Western Cape has surpassed all expectations The service provider expected 32 000 people to apply for the service in the first year This target was reached by the beginning of February in the Western Cape alone, which led to a decision to increase capacity in the province by another 64 000 pre-paid lines

The system works in the same way as electricity dispensers To top up credit, customers can buy scratch card top-up vouchers for R35 or R60 from Telkom's customer service branches or at any post office

Telkom does not run credit checks on prospective new users of the service, which makes it potentially accessible to people in the lowest income groups

First-time customers pay R120 for a pre-paid phone connection, which includes a free R30 credit for talk-time and line rental

Once the call and rental credit is used up, customers can still make emergency calls and receive incoming calls for 21 days After this they are suspended for 30 days, in which time they can still "top up" their credit — Consumer Writer

CT 20/7/99

Network providers to fight Telkom

added network services, allowing corporations such as banks and manufacturers to share network facilities to transmit data nationally and internationally

The letter, dated July 15, from senior manager of special markets John Joseph, asks service providers to confirm they are not breaking certain "contraventions" These include providing a private network to customers, letting customers share facilities, reselling spare capacity, carrying voice as well as data and transmitting data between customers.

"The entire industry would have to shut down if we were to comply," said Van den Bergh "A shared network infrastructure is the entire premise of value-added networks."

Members of the SA Value Added Networks Association agreed yesterday to take a unified approach to Telkom Van den Bergh, who is also the association's chairman, said they were seeking legal advice.

One problem is that the SA Telecommunication Regulatory Authority has not drafted final regulations for value-added networks, although about 40 companies hold interim licences.

Peter Hird, MD of Linx Holdings, a joint venture between Dimension Data, Old Mutual and Nedcor, said Telkom had approached Linx customers and advised them to buy networking facilities from themselves

He claimed Telkom had warned companies that it planned to close other operators down "Telkom is either extremely well prepared or extremely naive. They are taking on the whole industry," he said

Victor Moché, Telkom's group executive for regulatory relations, said yesterday that measures were being taken to determine if companies were contravening the Telecommunications Act

Telkom is "engaging in one-on-one discussions to ensure that (contraventions) can be resolved in an atmosphere of open, constructive dialogue," he said.

(267) BD 22/7/99

TELECOMMUNICATIONS 367

STATES' GRIP LOOSENED BY NEW TECHNOLOGIES

For decades, many African governments have levied high telecoms charges to fund their central coffers (or even line despots' pockets)

But those days are numbered Technologies such as the Internet, call-back services and value-added data networks are ripping open the monopolistic grip many governments have had on the telecoms market

"Technologies are pervasive and flood countries with no regard for sovereignty," warns Denis Smit, MD of Johannesburg-based market research firm BMI-TechKnowledge (BMI-T) and publisher of the *BMI-TechKnowledge Communications Technologies Handbook 1999* This annual reference book offers an overview of the state of telecoms in 29 African countries, as well as articles by industry experts

Liberalisation and privatisation are starting to take hold in many African countries, but serious problems continue to hinder private-sector investment

"The sector is riddled with excessive politics, nepotism, corruption and bad business practice," says Smit

Sub-Saharan Africa has fallen behind in liberalisation compared with other emerging blocs such as Latin America and southeast Asia, adds Jay Gullish, programme co-ordinator for the Regional Telecommunications Restructuring Programme

But several governments in the region — notably SA, Ghana and Uganda — have started liberalising their markets, which have diversified and expanded as a result

Michael Minges, a researcher at the UN's International Telecommunication Union (ITU), says recent improvements constitute a renaissance Africa last year registered its highest annual growth rate in main telephone lines since 1985 The number of mobile phone subscribers almost doubled and twice as many countries were connected to the Internet by the middle of 1998 as in 1996

Most impressive has been the growth in the mobile sector

From 1997 to 1998, almost 20 new cellular networks came online in Africa, says Minges, who expects about 5,5m cellular lines by 2000

Minges says if these trends can be sustained, Africa "will become one of the most dynamic telecoms markets as we enter the new millennium"

But, critics point out, compared to other parts of the world these numbers are pitiful In addition, recent African growth has come off a low (or non-existent) base

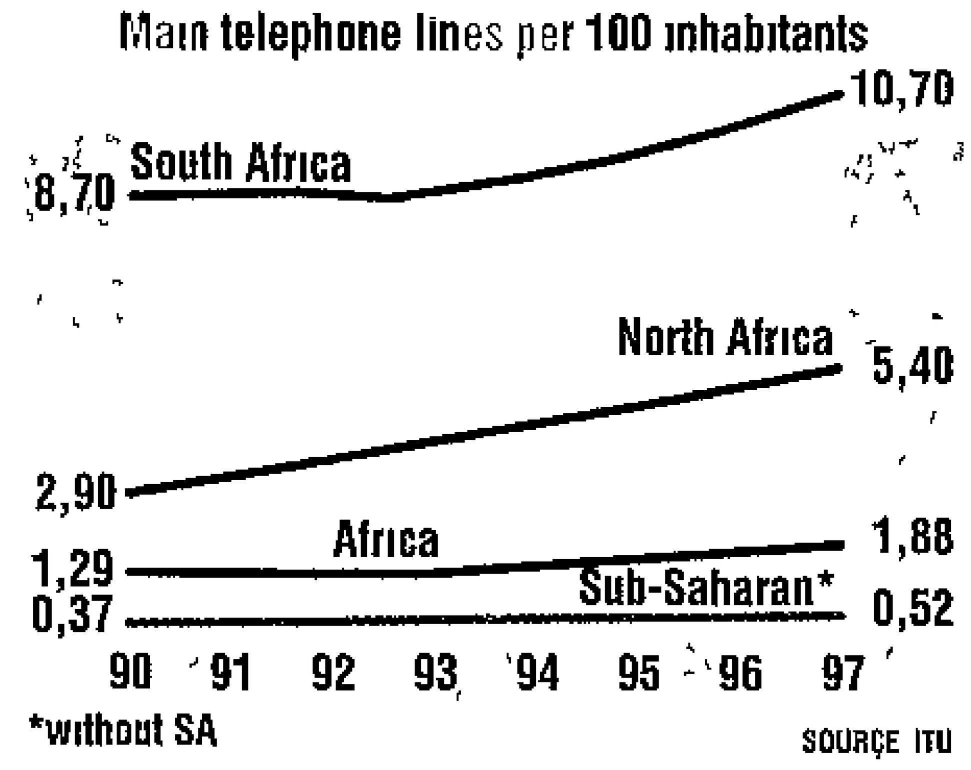
The region still has fewer than two phones/100 population The world's economic powerhouses have teledensity in the high double figures

If Africa maintains its current growth rate, Minges says, the 15,2m lines of 1997 will more than double by 2003 At an average cost of US$1 500/line, this would indicate a market size of about $20bn for the fixed network alone Not surprisingly, the large infrastructure suppliers are eagerly looking to Africa for new contracts

But one problem is that few African countries have a credible and transparent regulatory environment, which is key to private-sector investment

AFRICA: TELEDENSITY

Main telephone lines per 100 inhabitants



Former SA Telecommunications Regulatory Authority (Satra) councillor Alison Gillwald says African regulators tread a fine line between ensuring basic services are provided to the majority and ensuring the market is opened up sufficiently to a globally competitive industry

Editor of the handbook, Hilton Trollip, says the rapid growth over the past few years is not a flash in the pan

He says the debate on privatisation has moved on to how to attract more private capital

Minges agrees, pointing out that Ghana, Guinea and Senegal registered the highest telephone growth in 1997 The incumbent operators in these countries represent three of the five latest African privatisations **Marina Bidoli**

Satra asks Matsepe-Casaburri for audit

(267) (260) BD 4/8/99

Lesley Stones and Wyndham Hartley

COMMUNICATIONS Minister Ivy Matsepe-Casaburri will receive a letter today from the SA Telecommunications Regulatory Authority (Satra), asking her to request the president to instigate a sweeping audit into activities at the authority

Satra councillors drafted the letter to the minister and enclosed a second letter to President Thabo Mbeki, calling on him to appoint an independent investigator to probe allegations against councillors

These include corruption, incompetence and interference with tendering procedure There are also charges of nepotism and undue influence in the award of a research contract against Satra chairman Nape Maepa

The move comes, after reports failed to materialise from investigations by the auditor-general and the public protector, which were started last year

The Democratic Party (DP) will ask Matsepe-Casaburri to outline in Parliament the status of those investigations

The party's spokesman for communications, Dene Smuts, said yesterday that the matter was doing neither Satra nor the country any good "It may be the intention of individual councillors to get rid of each other, but they are bringing the authority into disrepute," Smuts said

"Satra itself, at a most sensitive stage in the bidding process for a third cellular licence, has now seen fit to ask the president to send in the troops, suggesting the Office for Serious Economic Offences or Judge Willem Heath "

The authority should be cleaned up before its long-intended merger with the Independent Broadcasting Authority, she said

Satra asks Matsepe-Casaburri for audit

(267) (260) BD 4/8/99

Lesley Stones and Wyndham Hartley

COMMUNICATIONS Minister Ivy Matsepe-Casaburri will receive a letter today from the SA Telecommunications Regulatory Authority (Satra), asking her to request the president to instigate a sweeping audit into activities at the authority

Satra councillors drafted the letter to the minister and enclosed a second letter to President Thabo Mbeki, calling on him to appoint an independent investigator to probe allegations against councillors

These include corruption, incompetence and interference with tendering procedure There are also charges of nepotism and undue influence in the award of a research contract against Satra chairman Nape Maepa

The move comes after reports failed to materialise from investigations by the auditor-general and the public protector, which were started last year

The Democratic Party (DP) will ask Matsepe-Casaburri to outline in Parliament the status of those investigations

The party's spokesman for communications, Dene Smuts, said yesterday that the matter was doing neither Satra nor the country any good "It may be the intention of individual councillors to get rid of each other, but they are bringing the authority into disrepute," Smuts said

"Satra itself, at a most sensitive stage in the bidding process for a third cellular licence, has now seen fit to ask the president to send in the troops, suggesting the Office for Serious Economic Offences or Judge Willem Heath "

The authority should be cleaned up before its long-intended merger with the Independent Broadcasting Authority, she said

Networkers throw down gauntlet

Lesley Stones (267)

MORE than 40 data networking companies have told Telkom to back off in its bid to further regulate their services

The unified move by the networking industry comes after Telkom wrote to companies warning them not to flout its monopoly by offering certain services

The letters, dated July 15, from senior manager of special markets John Joseph reminded network providers of the parastatal's exclusive right to provide basic telephony services

The companies have told Telkom it is overstepping the mark and suggest it takes complaints to the SA Telecommunications Regulatory Authority (Satra)

The spat involves companies which supply value-added networks (Vans), allowing major corporations to transmit data nationally and internationally

Telkom asked for the firms to confirm that they were not providing private networks to customers, letting customers share network facilities, reselling spare capacity or transmitting data between different customers

However, the companies say their licences do not prohibit these activities

"We have sent a very polite letter to say they may not legally ask that question and they should refer to Satra," said Mike van den Bergh, chairman of SA Value Added Network Association

"We were unanimous in terms of tactics and took legal advice so virtually every Van supplier has sent this letter "

Van den Bergh said Telkom was making a concerted attack on the industry

If networking companies stopped supplying the services which Telkom wanted to monopolise they would be out of business, he said

The association has also asked Satra to prevent Telkom from exceeding its authority, but Satra has not yet formally replied

BD 4/8/99

Satra due to get advice, training from US body

(267) MD 12/8/99

Lesley Stones

THE beleaguered SA Telecommunications Regulatory Authority (Satra) will meet the chairman of the US Federal Communications Commission next week to sign a deal for the commission to advise and train Satra members

William Kennard will sign the deal during his visit to southern Africa to help countries in the region craft regulations to govern the telecommunications industry

Kennard was in Botswana yesterday to address the Telecommunications Regulatory Association of Southern Africa A key purpose of that event was to bring together authorities from 14 countries to discuss regulatory issues

Next week he will visit SA to sign an agreement with Satra to begin implementing an international development initiative This is a commitment by the commission to help developing nations achieve universal communications services by promoting competition, liberalising the marketplace and adopting transparent, competitive regulatory policies It will offer Satra guidance, training and consultation on how to develop and implement those ideals

Satra is also taking action to improve its efficiency by calling for members of the public or the telecommunications industry to join a procedures committee Their role will be to define how the public should interact with Satra for issues such as enquiries and complaints against service providers

The commission visit comes as Satra is embroiled in internal strife, with councillors facing a barrage of allegations spanning corruption, incompetence, nepotism and exerting undue influence over tendering procedures

Last week Satra called on President Thabo Mbeki to instigate an independent inquiry into its affairs to weed out corruption

Squabbles have taken Satra's eye off the ball and led to delays in awarding the hotly contested licence to operate SA's third cellular phone network

It is becoming increasingly unlikely that the licence will be awarded before December

Regulations in SA will influence continent

(267) BD 19/8/99

REGULATIONS made to govern the telecommunications industry in SA are so influential that they will shape the communications landscape throughout Africa, according to the US federal communications commission.

The commission's chairman William Kennard was in Johannesburg on Tuesday to sign an agreement bringing the commission's skills to bear on policies crafted by the SA Telecommunications Regulatory Authority (Satra). The commission is a US government agency which regulates communications by radio, satellite, television, wire and cable.

That Satra's decisions are being watched by less developed nations may be a cause for concern given the in-fighting between its councillors.

Insiders admit a rift in the ranks is hindering them from properly addressing the backlog of regulatory issues which fall under their ambit. This month Communications Minister Ivy Matsepe-Casaburri backed Satra's own request for an independent inquiry into allegations of wrongdoing, corruption and incompetence.

Kennard stressed that Satra's internal disputes had no influence on the commission's willingness to train and advise its members. "I'm not here to delve into the internal affairs of Satra."

The international communications development initiative signed this week commits the commission to offering guidance, training and consultation to help Satra create policies for a competitive, liberalised marketplace with transparent regulations.

"What happens at Satra will reverberate throughout Africa and will be the engine for developing a framework for regulations throughout the region," Kennard said. "It is the key to developing a truly first-world African information infrastructure."

Satra chairman Nape Maepa described the commission as "the mother of all regulators", with valuable experience to share. "We intend to learn from them what has made the US successful in delivering telephony to the public."

The commission will also provide staff training. The sheer volume and diversity of duties Satra has under the Telecommunications Act means more staff must be recruited to meet its obligations, and they would need training in a variety of telecommunications issues.

Pressing matters for Satra include the adjudication of the third cellular telephone network licence, drawing up guidelines for satellite-based telephone services and ensuring that Telkom does not overstep its monopoly by muscling in on areas which should be open to free market competition.

CAPE TIMES
TUESDAY, SEPTEMBER 7, 1999 ★

CT 7/9/99

'TELECENTRES' IN RURAL AREAS

Phones for all — first phase before December

(267)

RURAL areas and black South Africans have been left out when it comes to the supply of telecommunication services. This is about to change. **PHINDILE NGUBANE** reports.

PLANS are underway to set up more telecommunication centres across the country, as part of the government's attempts to fill the huge gap in telecommunication provision.

During a presentation by Universal Service Agency yesterday, the communication portfolio committee heard that the agency plans to have 67 "telecentres" set up in townships, informal settlements and rural areas by the end of November

The agency was established in 1997 to address the huge discrepancies in the provision of telecommunications in the country.

Statistics showed that only 11,4% of African families had telephones in their houses, followed by coloureds at 43,6%, Indians at 77,2% and white families at 89%

There are currently 32 centres with trained operators, said to be reaching 2 500 people a day Facilities provided by the centres include telephones, personal computers, photocopiers and fax machines

To foot the bill, a R20 million annual Universal Service Fund was derived from telecommunications operators, in line with the Telecommunications Bill provisions Telkom supplied R10m of this and the rest came from MTN, Vodacom and other smaller operators

The agency service manager Maite Letsoalo said a tender had been awarded to three companies to each set up ten centres, with the remaining five centres to be put up by Royal Dutch Telecommunications.

The committee, however, cautioned against the service being too expensive for targeted beneficiaries

Agency acting head Fikile Khumalo said the agency was in a lose-lose situation, as centre operators had to charge a margin above Telkom tariffs to ensure sustainability He said the agency was currently talking to Telkom about the possibility of reduced tariffs Meanwhile, Khumalo argued that the Telecommunications Act's provision — that the agency and the South African Telecommunications Regulating Authority (Satra) share joint responsibility on monitoring universal service provision — was impeding progress

Khumalo said when, for instance, Telkom released its service provision report to Satra, the agency did not have powers to independently verify its contents and determine whether universal service was being supplied

Licence regulations required that Telkom puts up 2,8m lines towards community service, 1,7m of which should be in rural places MTN has to put up 7 500 community service phones, while Vodacom has to put up 22 000 phones

Committee chairman Nat Kekana said clarity on the agency's role on this matter was essential He pointed out that the committee would have a chance to get further clarification on universal service matters at today's presentation by Satra and MTN

Kekana said the committee needed to closely monitor the universal service implementation

Lawyers say competition already provided for

Telkom's call for new laws 'redundant'

(267)

CT(BR) 9/9/99

Renée Bonorchis

Johannesburg – Telkom's request for new legislation for the next fixed-line provider was redundant because the Telecommunications Act already provided for competition, telecommunications lawyers said yesterday

In his presentation to parliament yesterday, Nombulelo Moholi, a managing executive at Telkom, said "the time was drawing near for lawmakers to put in place the legal framework for the near competitive environment of the future

"Telkom and the rest of the telecommunications industry need to know what the rules of the marketplace will be after the expiry of Telkom's exclusivity."

But a telecommunications lawyer said that the South African Telecommunications Regulatory Authority (Satra) was already pro mulgating the regulations, and that Telkom's motivation was for the act to be rewritten to better suit its own needs

"There was an agreement between SBC (Telkom's equity partner), Telkom and the government, which is not publicly known, but the act was meant to embody that agreement," the lawyer said "However, the act does not seem to embody Telkom's deal with the government"

According the act, competition could enter the market in 2002 or even earlier if Satra approved appeals from industry bodies to use section 44 of the Telecommunications Act

This section would allow companies to source equipment and services from providers other than Telkom if the incumbent could not meet certain standards.

High-level market sources also believed Telkom might want to lose the financial burden of its mandates.

It has been funding its R52 billion network expansion and modernisation project with borrowings and its own funds Telkom has paid R1,8 billion to government in taxes and dividends, and its expansion has taken a toll on its financial status.

Market sources said Telkom had to borrow money to pay staff in the past two months, but Telkom has denied this

However, its annual report showed while revenues rose 18 percent to R22,7 billion, increased expenses brought operating profits down 1,7 percent to R4,2 billion. Attributable profits decreased 5,7 percent to R2,3 billion, while the debt-equity ratio increased from 0,5 to 0,9 times

A telecommunications lawyer said if Telkom had installed the corporate lines and met the service quality requested by local companies, it could add billions to its revenues

As a way of disseminating news without fear of government censorship, the internet has no rival – but first you must have access. **Wairagala Wakabi** reports

(267) ARG 11/9/99

Africa connects to democracy

In a little cyber cafe in the Malawian capital of Lilongwe, journalist Raphael Tenthani and five friends research their stories, type them and e-mail them to newsrooms in South Africa, Europe and America.

"The internet has radically empowered freelance African journalists like myself by making it possible for me to send my stories anywhere in the world by e-mail, without being censored by government officials

"It has also significantly reduced the cost of communication I used to spend R18 a page to fax a story but now I pay just R300 for a six-month e-mail subscription at the cyber cafe," says the journalist, who strings for the BBC and Pan African News Agency

Tenthani is just one of the hundreds of media workers whose work has been made a lot easier by the internet.

Besides lowering the costs of communication and bringing new opportunities for journalists, it also provides them with a forum in which to publish their stories without fear of government censorship

Says Joe Kadhi, a journalism lecturer in Nairobi, "Everything dictators used to outlaw – free press, free radio, free television and even free postal services – are combined on the internet and made available to the people freely and without the consent of the dictators "

African media workers who attended the Highway Africa '99 Conference on the internet and democracy at Rhodes University this week said the internet was helping to expand freedoms and would be important in promoting democracy on the continent.

"We are seeing new democracy here at work," said Dr Tawana Kupe, a lecturer at Rhodes University's journalism department. He said dictatorial African governments would not be able to censor the internet the way they could print or broadcasting media.

South African Posts and Telecommunications Minister Ivy Matsepe-Casaburri said at the opening of the conference that the internet offered the possibility of broadening political participation and deepening democracy

WORLDWIDE WEB everything dictators used to outlaw — free press, free radio and free television – the internet makes available to the people

ing improved, individualised public service delivery, she said. The South African government would start using e-mail in government communication to allow the public greater access to the decision making process

"Public information terminals being established by the government at post offices across the country will give South African citizens direct access to government ministers, education and other public goods and services," she said.

Experts say there is a need to increase African information on the internet if it is to become useful European and US ways," said Jacob Ngandu, from the University of Zimbabwe The issue then becomes who should have the responsibility of increasing African content on the internet.

With the notable exception of Congo, Eritrea and Somalia, Africa is experiencing a rise in internet usage However, the continent still lags behind the world in connectivity Several have a dozen internet service providers (ISPs), and are experiencing a mushrooming of internet cafes

Estimates indicate that while there are 130 million internet users worldwide and South Africa has strained by poor telephone penetration, low income and literacy levels, as well as the high cost of the service

Development workers say for the internet to have an effect on Africa's development it should be available to rural and disadvantaged communities, so they can get information for educational, social, economic and other uses This could be made possible through telecentres and multipurpose communication centres supported by the government.

Women'sNet in South Africa addresses the plight of women, including Aids, rape and poverty resources, boosting the flow of indigenous news. Le Soleil is a project through which 10 West African newspapers exchange information, contributing to a plurality of sources and bypassing censors, says editor Seydou Sissouma.

The equivalent in southern Africa is MisaNet, a project of the Media Institute of Southern Africa, tailored to enable media houses that can not afford to employ correspondents or subscribe to international news wire services to get access to African news MisaNet carries between 300 and 400 stories a week and boasts an online archive ... only one computer with internet access It is linked to the only phone line The computer is used to access foreign and sports stories from the CNN and BBC sites – an improvement on the old method where one had to wait for the news off the wire service The Times has also become an online paper – a consequence of the technological changes

Whether Africa will benefit more from the internet will depend on the willingness of governments to invest in the sector and take the service to the poor, say observers. "It's all about the economy," says

Web is just 19 degrees of separation

Any two randomly picked pages on the World Wide Web are on average just 19 clicks away from each other, researchers say

The findings, reported in the journal Nature, suggest that the Web is so interconnected that any desired information is nearby, even though there are 800 million documents available. The key is knowing which links to click.

The study calls to mind the movie and Broadway play *Six Degrees of Separation*, which holds that all people are connected to one another by no more than six individuals, and the party game Six Degrees of Kevin Bacon, in which players try to make a connection between actor Kevin Bacon and another celebrity using six or fewer other stars and movies

The Web study was conducted by Albert-Laszlo Barabasi, a University of Notre Dame physics professor, and colleagues.

They constructed a robot that collected all the links on a Web page and followed them to their destination The process was repeated over and over again.

Using statistical tools, they figured out the average distance between two random pages And even if the Web grows 1 000% the distance would change only from 19 clicks to 21

Search-engine companies could use the findings to create computer programs that more intelligently figure out what's available A recent study showed that even the best search engine scours only about 34% of the Web

"Knowing s... ng about the topology lets ... w how far you need to go to ... mething that might be out there said Steve

In a little cyber cafe in the Malawian capital of Lilongwe, journalist Raphael Tenthani and five friends research their stories, type them and e-mail them to newsrooms in South Africa, Europe and America.

"The internet has radically empowered freelance African journalists like myself by making it possible for me to send my stories anywhere in the world by e-mail, without being censored by government officials.

"It has also significantly reduced the cost of communication. I used to spend R18 a page to fax a story but now I pay just R300 for a six-month e-mail subscription at the cyber cafe," says the journalist, who strings for the BBC and Pan African News Agency.

Tenthani is just one of the hundreds of media workers whose work has been made a lot easier by the internet.

Besides lowering the costs of communication and bringing new opportunities for journalists, it also provides them with a forum in which to publish their stories without fear of government censorship.

Says Joe Kadhi, a journalism lecturer in Nairobi: "Everything dictators used to outlaw – free press, free radio, free television and even free postal services – are combined on the internet and made available to the people freely and without the consent of the dictators."

African media workers who attended the Highway Africa '99 Conference on the internet and democracy at Rhodes University this week said the internet was helping to expand freedoms and would be important in promoting democracy on the continent.

"We are seeing new democracy here at work," said Dr Tawana Kupe, a lecturer at Rhodes University's journalism department. He said dictatorial African governments would not be able to censor the internet the way they could print or broadcasting media.

South African Posts and Telecommunications Minister Ivy Matsepe-Casaburri said at the opening of the conference that the internet offered the possibility of broadening political participation and deepening democracy.

Information technology was changing the way governments interacted with citizens by allowing improved, individualised public service delivery, she said. The South African government would start using e-mail in government communication to allow the public greater access to the decision-making process.

"Public information terminals being established by the government at post offices across the country will give South African citizens direct access to government ministers, education and other public goods and services," she said.

Experts say there is a need to increase African information on the internet if it is to become useful to Africa.

"We are not using this medium to the fullest if we simply carbon-copy European and US ways," said Jacob Ngandu, from the University of Zimbabwe. The issue then becomes who should have the responsibility of increasing African content on the internet.

With the notable exception of Congo, Eritrea and Somalia, Africa is experiencing a rise in internet usage. However, the continent still lags behind the world in connectivity. Several have a dozen internet service providers (ISPs), and are experiencing a mushrooming of internet cafes.

Estimates indicate that while there are 130 million internet users worldwide and South Africa has 1,3-million, the rest of Africa has a paltry 500 000 subscribers. In much of Africa connectivity is constrained by poor telephone penetration, low income and literacy levels, as well as the high cost of the service.

Development workers say for the internet to have an effect on Africa's development it should be available to rural and disadvantaged communities, so they can get information for educational, social, economic and other uses. This could be made possible through telecentres and multipurpose communication centres supported by the government.

Women'sNet in South Africa addresses the plight of women, including Aids, rape and poverty. With the help of the internet, journalists across the continent are also sharing information resources, boosting the flow of indigenous news. Le Soleil is a project through which 10 West African newspapers exchange information, contributing to a plurality of sources and bypassing censors, says editor Seydou Sissouma.

The equivalent in southern Africa is MisaNet, a project of the Media Institute of Southern Africa, tailored to enable media houses that can not afford to employ correspondents or subscribe to international news wire services to get access to African news. MisaNet carries between 300 and 400 stories a week and boasts an online archive of 25 000 stories.

Miriam Zimba is a reporter for the Times of Zambia. The newsroom in her hometown, Ndola, has only one computer with internet access. It is linked to the only phone line. The computer is used to access foreign and sports stories from the CNN and BBC sites – an improvement on the old method where one had to wait for the news off the wire service. The Times has also become an online paper – a consequence of the technological changes.

Whether Africa will benefit more from the internet will depend on the willingness of governments to invest in the sector and take the service to the poor, say observers.

"It's all about the economy," says Zimba. "If the community can't afford to buy a typewriter, how can they afford to buy a computer?" – Independent Foreign Service

WORLDWIDE WEB, everything dictators used to outlaw — free press, free radio and free television – the internet makes available to the people

Web is just 19 degrees of separation

Any two randomly picked pages on the World Wide Web are on average just 19 clicks away from each other, researchers say.

The findings, reported in the journal Nature, suggest that the Web is so interconnected that any desired information is nearby, even though there are 800 million documents available. The key is knowing which links to click.

The study calls to mind the movie and Broadway play *Six Degrees of Separation*, which holds that all people are connected to one another by no more than six individuals, and the party game Six Degrees of Kevin Bacon, in which players try to make a connection between actor Kevin Bacon and another celebrity using six or fewer other stars and movies.

The Web study was conducted by Albert-Laszlo Barabasi, a University of Notre Dame physics professor, and colleagues.

They constructed a robot that collected all the links on a Web page and followed them to their destination. The process was repeated over and over again.

Using statistical tools, they figured out the average distance between two random pages. And even if the Web grows 1 000%, the distance would change only from 19 clicks to 21.

Search-engine companies could use the findings to create computer programs that more intelligently figure out what's available. A recent study showed that even the best search engine scours only about 34% of the Web.

"Knowing something about the topology lets you know how far you need to go to catch something that might be out there," said Steve Lawrence, a researcher at the NEC Research Institute and co-author of a previous study on the effectiveness of searches. – Sapa AP

Value added network services find support

Satra rules Telkom threat out of bounds

CT (BR) 13/9/99 ~~(260)~~ (267)

Nathi Sukazi

Johannesburg – Telkom had acted in an anti-competitive manner when it threatened to cut telecommunications services to value added network service (Vans) operators, the South African Telecommunications Regulatory Authority (Satra) said last week

Tshidi Mayimele-Hashatse, a Satra councillor, said "After considering representations made by both Telkom and the South African Vans Association (Sava), the authority found that statements Telkom representatives made regarding Vans have created instability in the industry"

Satra also ordered Telkom to immediately stop threatening to terminate the facilities and services of Vans operators

The regulator had instituted an inquiry on Telkom, the exclusive fixed line facility, following a complaint lodged by Sava on behalf of more that 40 of its member companies, who were losing business as a result of Telkom's actions

Mike van den Bergh, the managing director of FirstNet and the chairman of Sava, said there was a possibility that some of the Vans operators could make claims for business lost "because there's certainly been substantial damage"

Telkom had wanted the service providers to confirm that they were not using its facilities to provide private networks to their own customers and carry voice on behalf of customers

It also wanted assurances that they were not bypassing Telkom's public switched telecommunications network to receive data signals from customers

Sava claimed its members had not operated outside their legal limits Mayimele-Hashatse said Telkom's actions had resulted in undue preference of Telkom as a Vans provider

"Furthermore, Vans operators, who are Telkom's competitors in this industry, were unduly discriminated against," she said

Satra would further investigate and adjudicate the alleged failure of Telkom to comply with its licence conditions to provide public switched telecommunications services, she said

Amanda Singleton, Telkom's spokesman, said Telkom would consider the Satra ruling but it was concerned about the process the regulator was undertaking

"Satra has issued a determination on the allegations but still plans to investigate these same complaints," Singleton said

Satra's ruling had covered areas relating to the prohibition of Telkom from approaching the service providers and customers

Van den Bergh said of the finding "By and large we are satisfied, but we are still waiting for a complete ruling on the ongoing provision of services to customers"

Telkom found guilty of anticompetitive practice

Lesley Stones (232) (267)

TELKOM has been found guilty of anticompetitive behaviour and has been ordered to stop harassing companies which provide their clients with value-added data networks

The SA Telecommunications Regulatory Authority (Satra) censured Telkom at the weekend and ordered it to stop threatening to axe services to about 40 networking companies

Satra told Telkom also to stop spreading rumours that the private networking companies were acting illegally, and ordered it to "refrain from implying that their services will be terminated"

The ruling was made after the SA Value Added Network Association (Sava) complained that Telkom was threatening to cut off services to its members That would not only put the networking companies out of business, but would bring down networks used by about 500 corporations such as banks and manufacturers to transmit their data

One networking company, Omnilink, was told by Telkom that it would not fulfil orders for an additional 550 lines which Omnilink needed to meet customer demand

Satra councillor Tshidi Mayimele-Hashatse said investigation made it clear that Telkom was involved in anticompetitive behaviour.

Statements by Telkom representatives had created instability in the industry, by creating the impression that the private operators were acting illegally and may not be allowed to operate in the future, she said

Mayimele-Hashatse said Satra would continue to investigate the alleged failure of Telkom to comply with its licensing conditions

The verdict was welcomed by Sava chairman Mike van den Berg "Satra has told Telkom not to continue to threaten to turn off the value-added network providers or to imply that they are operating illegally We are happy about that."

Telkom, however, may contest the verdict Spokesman Amanda Singleton said it would study the decision in detail before deciding on an appropriate response

Its initial reaction was concern about the action Satra had taken, she said, since it had issued a decision before concluding its investigation into the complaints Telkom had requested Satra to hold a full inquiry before making any decision

BD 13/9/99

Postal subsidies to end

BD 1/10/99 (267)

Reneé Grawitzky and Robyn Chalmers

Nabera contract faces termination if it cannot provide loan by next week

Public Enterprises Minister Jeff Radebe and Post and Telecommunications Minister Ivy Matsepe Casaburri announced crucial decisions taken by government on the future of the SA Post Office and Alexkor yesterday Picture ROBERT BOTHA

GOVERNMENT plans to accelerate its privatisation process by ending postal subsidies within 18 months and putting wide-ranging measures in place to save Alexkor the ailing Northern Cape diamond mine

The end of postal subsidies comes in the wake of the cabinet's approval of a three-year management contract between the SA Post Office and New Zealand Post International, in partnership with the UK's Royal Mail

Government said yesterday that the management contract with mining consortium Nabera faces termination if it is unable to provide an unconditional R120m loan for exploration by next week A new tender process will be launched in such an eventuality

Alexkor s board faces a reshuffle and forensic investigation into mismanagement of funds and other irregularities Public Enterprises Minister Jeff Radebe said four key Alexkor board members including its chair Nona Goso, had been "relieved" of their responsibilities

Government also agreed to conduct a forensic audit into the disappearance of R6m set aside for environmental rehabilitation, and board members' unauthorised use of Alexkor's resources

A industry source said government had finally realised that the mine's woes lay with an incompetent board

Radebe dismissed speculation of a conflict of interest due to his wife, Brigitte Radebe being a chairman of the Nabera consortium awarded the contract prior to his appointment as public enterprises minister

Nabera s deputy chairman Adonis Poroulis moved swiftly to allay fears that the contract would be terminated He said "We feel confident that the matter will be resolved ahead of government's deadline" Poroulis said the money had been raised but delays had been caused by a difference of opinion on the interpretation of the contract

Sources close to the process said in any event government wished to renegotiate aspects of the contract which allegedly had not gone through all necessary channels This related to whether government would underwrite the R120m loan Government denied that a difference of opinion existed between finance and public enterprises over the contract

Public enterprise director-general Sivi Gounden said urgent interim measures were being put in place to save the mine

Communications Minister Ivy Matsepe-Casaburri said postal subsidies, which reached a high of R750m in 1995/96, would be halted by March 31 2001 The current annual subsidy is R218m, which will steadily decline over the next 18 months

This forms part of the management contract approved yesterday The contract, one of the biggest of its kind in the world, will span three years and cost R185m It will see the SA Post Office and its partner delivering 4-million new postal addresses and 700 new postal retail outlets around the country

Matsepe-Casaburri said skills transfer would take place, training programmes would be established and new avenues of revenue explored The post office board was engaged in talks on the appointment of a new CEO

New Zealand Post International MD Drew Stein, the chief negotiator on the New Zealand side, said he was delighted that the contract talks were now complete

Contract to be probed Page 4

Regulator cannot be allowed to limp along

(267) CT (BR) 3/11/99

NATHI SUKAZI

The public hearings into the awarding of a third cellular licence, amid claims that they were just "a window-dressing exercise" are over

Nevertheless, all the underserviced and unserviced parts of South Africa, particularly the rural areas, eagerly await the pending decision of the South African Telecommunications Regulatory Authority (Satra) to award the third cellular licence on Christmas eve, as planned

Then, finally, the disadvantaged will be able to look forward to accessing direct telecommunication by the middle of next year.

The six bidding consortiums have all, in varying degrees, committed themselves to delivering to the masses As a result, Satra, the adjudicator of the licensing process is faced with a mammoth task of choosing the most suitable candidate.

In addition, it has to match the assertive talk of Nape Maepa, Satra's chairman, that "Satra is a transparent and stable institution" where "nobody strikes secret deals"

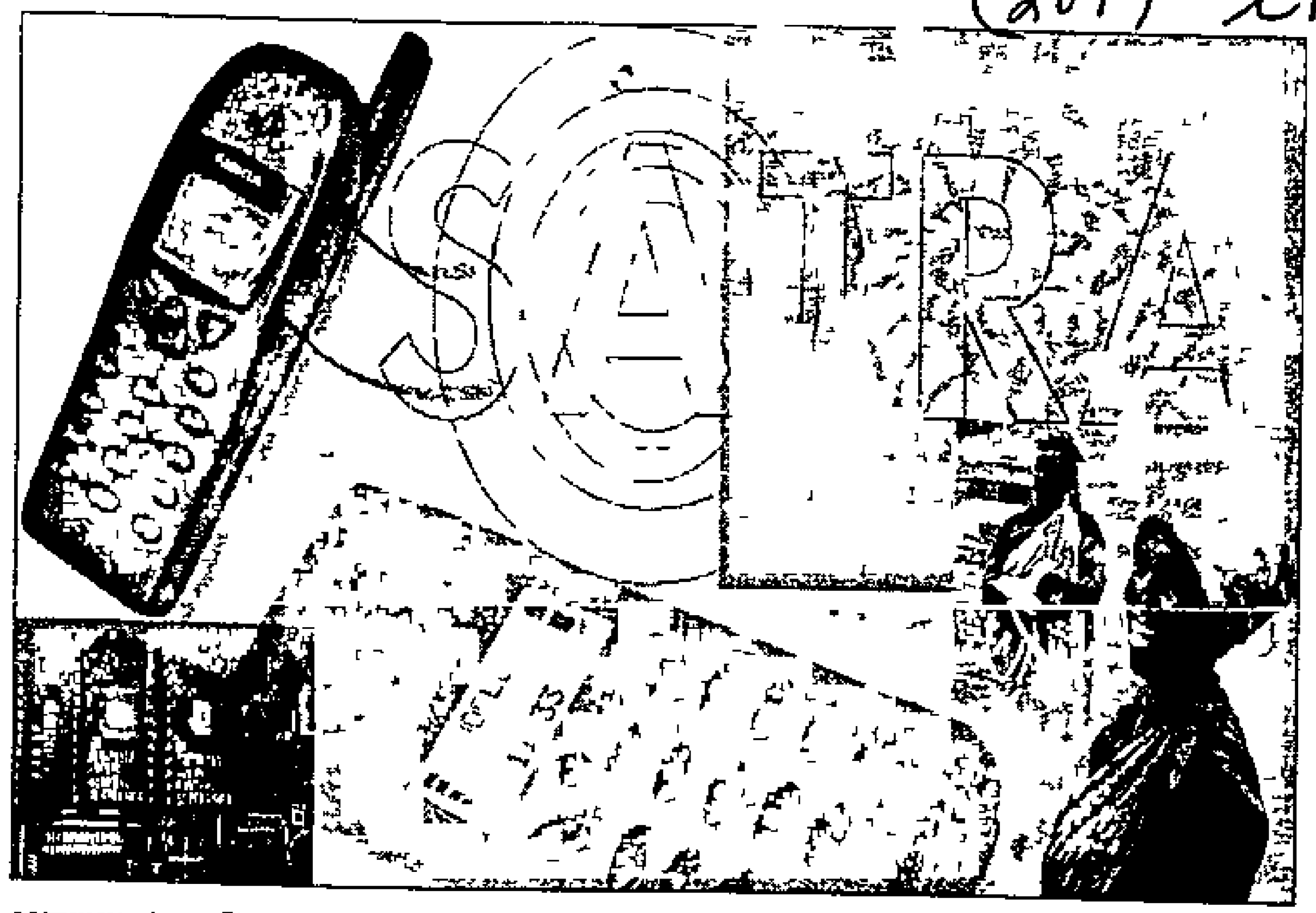
Despite claims of extra regulatory influences, at communications ministry or Cabinet levels the public hearing process was a milestone and bidders expressed their trust and confidence in Satra

The licence is valued at more than R4 billion It is expected to create thousands of direct and indirect jobs, develop skills and boost the country's economy by more than R10 billion.

Global investors that participated include Saudi Oger, the Saudi Arabian group, SB Telecom from Sweden, Distacom from Hong Kong, and Scandinavia's Telia-Telenor, contrary to earlier fears that international investors were not keen

In awarding the licence, dubbed an 'empowerment licence", Satra will be guided by the Telecommunications Act, which stresses encouraging investment and innovation in the sector towards attaining universal and affordable provision of telecommunication services.

The act advocates ownership and control of telecommunication services by persons from historically, and inherently disadvantaged communities It is envisaged the cellular operation would inject a new economic dynamism into underdeveloped communities by outsourcing services to small businesses



Andre Wills, a director at research firm BMI-TechKnowledge, agreed empowerment should entail skills transfer wealth creation and the actual delivery of telephony services

In defining empowerment, bidders had cautiously kept within Satra s set parameters which weighted empowerment at 25 percent.

Added to this are the changes bidders made at oral presentations, which have enhanced their original submissions considerably.

Wills said that given the number of issues Satra had to consider "it's going to be the degree of confidence a bidder instils in Satra that makes it the best"

It has to convince Satra that it can offer an alternative to entrenched incumbents Vodacom and MTN by reaching unserviced areas and still remaining profitable

It was only Five Rural Mobile Networks that said it would not follow the traditional operator model but focus on the rural areas The other bidders, which claimed to have secured peak funding already, would begin their network roll-out in Johannesburg, Cape Town and Durban, which means that rural areas and townships will again be at the bottom of the priority list.

The success of the third entrant would therefore depend very much on the co-operation of incumbents including Telkom, the fixed line utility, to speedily settle terms for facilities sharing and interconnection.

Most of the bridging finance in the consortiums has been raised by the international operator partners with empowerment groups coming in empty handed As a result, questions were raised at the public hearings as to how empowerment partners were going to derive value from, or even have a say in, the business

One question was "Are they going to be servicing debt for almost half of the 15-year licence term in an effort to create value for their foreign partners? Another was "Will South Africa regain its pride after witnessing black empowerment business initiatives crumble at the sight of mismanagement, or lack of management skills, and undercapitalisation?"

Themba Vilakazi, Afrozone's chairman, said. ' South Africa should not fail. The last thing our nation needs is to be a laboratory of experimental projects "

Satra should recognise a consortium that balances its market forecasts and roll out plans with a reliable financial pool, a consortium that reflects a convincing chemistry to work together to implement a viable and sustainable cellular operation.

But is there any reason to expect Satra to fail? Satra, at its own request, has been subject to investigation by the auditing firm Gobodo Incorporated on allegations of nepotism and corruption.

The portfolio committee on communications, which oversees Satra, after a fact-finding mission, determined that Satra needed immediate attention It said the way Satra operated was "not befitting of an industry regulator", which should instill investor and public confidence.

The committee will now table its findings in the national assembly for debate. This could coincide with those of Gobodo, which together should either clear Satra or recommend further investigations.

While these were bound to create uncertainty among investors, there hadn't been any evidence to suggest they were critical to the licensing process, said Wills. "But one must set out issues of a political nature from those linking to the regulation process" and "one must be wary of propagating these allegations, as they're not unexpected," he said.

The need for a stable regulator of the telecommunications industry cannot be trivialised.

The industry is fast becoming a key economic development driver About two years down the line, after awarding the third cellular operator licence, Satra is expected to issue a fourth cellular licence and the second fixed line operator licence. It cannot fulfil its regulatory mandate amid conflict. If there's anything to fix, it had better be fixed now, before Satra merges with the Independent Broadcasting Authority

Telkom favoured by high court

(267)

NATHI SUKAZI

Johannesburg – The Pretoria High Court yesterday dismissed with costs the application by six value added network services (Vans) operators for a temporary interdict lodged against Telkom, the fixed line utility, to prevent it from terminating services

The court said the South African Telecommunications Regulatory Authority (Satra) had first to resolve the issue around the legality of certain services provided by Vans operators

Amanda Singleton, the Telkom group executive for corporate communications, said Telkom welcomed the court's verdict

"The practical consequence of today's judgment is that Telkom may for the time being continue to refuse to provide new services to Vans operators who decline to provide written confirmation that these services will be used legally," she said

The Vans had taken Telkom to court following its refusal to provide them with additional data networking services

Telkom claimed some of the Vans were operating illegally, by bypassing its networks or providing its exclusive public switched telecommunications services

It had demanded the Vans confirm in writing that they were not using the facilities illegally

Satra, after an appeal by Sava, the Vans' association, to "bring Telkom into order", immediately ordered it to stop threatening to terminate services

But Telkom contested Satra's determination in court, which acting judge Nick Coetzee yesterday referred back to Satra to settle

Telkom claimed Satra had "suddenly introduced new material which it had failed to mention in its earlier affidavits", hence the court hearing was postponed to an undisclosed date

CT (BR) 5/11/99

Calls to review Telkom monopoly

By Waghied Misbach
Political Correspondent

Call for A-G to probe telecom body

(267) ARG 11/11/99

Charles Phahlane
PARLIAMENTARY BUREAU

A parliamentary committee has called for an urgent scrutiny of all South African Telecommunications Regulatory Authority (Satra) councillors amid allegations of corruption and irregularities as they prepare to grant a third cellphone licence

The damning report by the National Assembly's communications committee said Satra was "riddled with tensions and suspicions" which could potentially damage the stability of the telecommunications sector

The report urged a "relevant executive authority" take steps to safeguard the public confidence in the Satra council and to restore its credibility The report also noted that the president had powers to remove councillors on grounds including misconduct, incapacity, failure to disclose conflict of interest and unauthorised absence from three consecutive council meetings

The committee report has the potential of derailing the granting of a third cellphone licence on the basis of the seriousness of the allegations against Satra, which is only weeks away from granting the third licence

Chairman of the committee Ned Kekana said, when establishing the fact-finding exercise, that the committee wanted the granting of a third licence to be beyond question so that those who failed to win would not feel that the process was flawed.

The committee found that decision making at Satra was "defective", the tendering procedure was "vague" and there were no clear guidelines in appointing staff

A job for the auditor-general Henry Kluever 'should be asked to investigate'

Satra councillors, in closed meetings held in September and October, alleged that their chairman, Nape Maepa, had "tampered" with the tender committee without appropriate council resolutions There is also a dispute as to whether the council approved an amendment to the tender procedure document presented by Mr Maepa

Some councillors alleged some problems arose when the third cellular licence process started.

Communications Minister Ivy Matsepe-Casaburri is conducting an investigation based on issues raised in the Gobodo report of 1998 The committee recommended that the auditor general investigate Satra activities from 1998

Satra to be audited

PARLIAMENTARY BUREAU (267) CT 11/11/99

JOHANNESBURG Auditor-General Henry Kluever has been called to urgently conduct an audit of the activities of the South African Telecommunications Regulatory Authority (Satra), which is said to be riddled with tensions and accused of corruption and nepotism

The call is made in a report by the parliamentary committee on communications following a series of meetings it recently held with Satra's six-member council

The allegations were feared to have a potential negative effect on the process of awarding South Africa's third cellular licence currently overseen by the regulator

In its report the committee states that information gathered at the meetings suggested that decision-making at Satra was defective and the tendering procedure was vague, among other things

Among allegations some councillors levelled against the regulators' chairperson, Nate Maepa, was that he had tampered with the tender procedure

The report recommends that Kluever's audit should cover the period over 1998 to date The report is due to be considered by Parliament today

Report calls for urgent investigation into Satra

Lesley Stones BD 11/11/99 (267)

A DAMNING report containing allegations of corruption and incompetence within the SA Telecommunications Regulatory Authority (Satra) has led to a call for the auditor-general to conduct an urgent investigation.

The report tabled before Parliament says Satra is "riddled with tension and suspicion and these have the potential to undermine the stability of the telecommunications sector"

The call comes at a crucial time, with Satra only weeks away from awarding a multimillion-rand licence to operate SA's third cellular network. The urgency is compounded because if any councillors are dismissed in disgrace, the decisions made by the body will remain intact

The report came from the communications portfolio committee after it met Satra councillors in an attempt to weed out the truth from a morass of accusations and counter-accusations

Yesterday the committee said decision making at Satra appeared to be defective, the tendering procedure was vague and there were no clear guidelines regarding staff appointments

It has called for an urgent audit, with a mandate to investigate accusations of nepotism, corruption, mismanagement, interference with tendering procedures and a lack of financial control

The committee has asked that the behaviour and performance of each of the six Satra councillors be evaluated.

In a report finalised yesterday portfolio committee chairman Nkenke Kekana said an urgent review was necessary to safeguard public confidence in Satra and restore its credibility.

"The committee was concerned about the resurfacing of allegations of nepotism, corruption and other irregularities within Satra," the report said.

Some allegations investigated by the committee came in anonymous correspondence from Satra staff, highlighting corruption, nepotism, sexism and favouritism. Many allegations focus on Satra chairman Nape Maepa. Fellow councillors accuse him of nepotism, maladministration and corruption and of taking unilateral decisions on tenders and the appointment of staff

One complaint accuses Maepa of unilaterally appointing a company called Afcent as a consultant to advise on the third cellular licence procedures, prompting fellow councillors to redefine the scope of Afcent's work so that it was not responsible for assessing all the bid applications

Maepa accuses councillors of trying to appoint a different company, Zader, as the adviser Zader is now part of the Cell C bidding consortium He says some councillors disregard fiscal responsibility and have wasted money on wall paintings and used Satra's vehicles for their domestic chores

Audit request: Page 6

Rural link-up gets disconnected

(217) MtG 3-9/12/99

The agency set up to ensure all South Africans have access to a telephone is unable to deliver this mandate on its own, reports **Ann Eveleth**

The Universal Service Agency's (USA) ambitious plan to roll out hundreds of rural telecentres" to connect remote areas to telephones and the Internet has virtually run aground in the face of political turf battles internal strife, corruption allegations and technical hitches.

The agency has barely managed to deliver 10% of the telecentres promised by targets it set for itself two years ago At least 10% of these are not functioning because they have no telephone link up, while a further third of those set up are mere shadows of the original models.

USA acting head Fikile Khumalo confirms that only 28 centres have been set up so far Ten of these are 'mini-centres" that offer only a few of the services originally envisioned, and 12 of the 18 full telecentres were set up largely by the Canadian International Development Research Council

The figures stand in stark contrast to the promise of former USA head and South African National Civics Organisation president Mlungisi Hlongwane.

Launching the USA's Telecentre Project to much international fanfare in November 1997, Hlongwane promised to roll out "80 to 150" telecentres by March 1998 Thereafter, the USA was expected to set up between 100 and 150 centres a year

By now this plan should have produced between 255 and 410 telecentres countrywide Almost half way through its five-year lifespan and unable to deliver this mandate on its own, the USA decided earlier this year to outsource the provision of telecentres, awarding contracts worth R4,5-million to three companies to set up 30 new centres by the end of the year

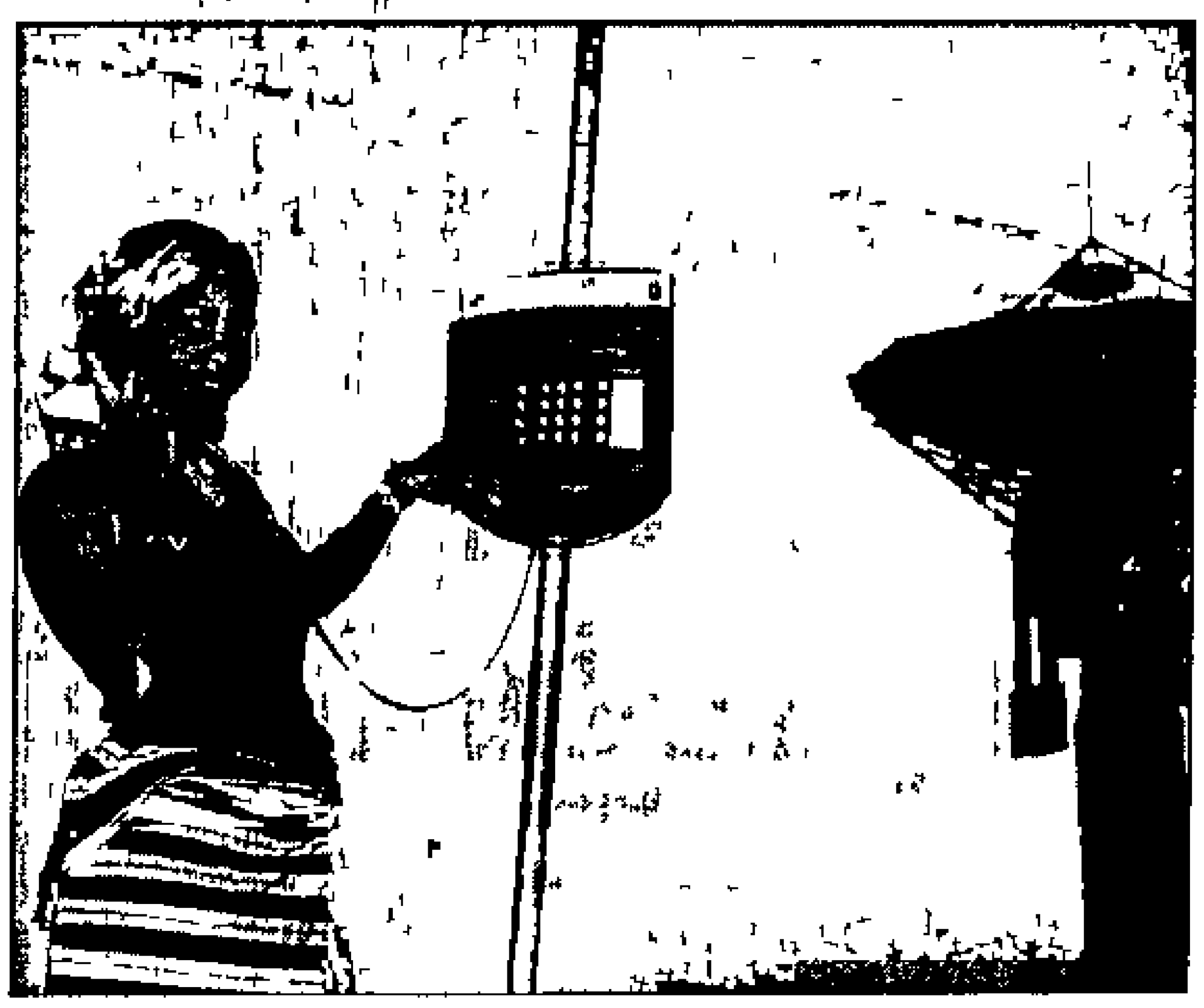
The Telecentre Project was the USA's main vehicle through which to deliver on its short term goal of ensuring that all South Africans have access to a telephone within a reasonable distance. Wits University researcher Peter Benjamin estimates that this "universal access" goal would require a further 15 000 "phone-points" around the country, but he questions whether telecentres are the best way to do this

The government, Telkom, Vodacom, MTN and a range of smaller telecommunications service providers have paid a whopping R25-million into the Universal Service Fund set up to finance USA projects So far, however, only R5,8-million has been spent from this fund, although the USA's 22-member staff has consumed about R9-million a year in operational costs from a separate budget since its formation in March 1997

Khumalo says the USA's backlog was partly due to "a lack of co-operation from Telkom", and partly to a turf war with the Department of Posts, Telecommunications and Broadcasting, which has opposed operational independence for the agency.

But a March 1999 petition signed by 17 "concerned staff members" blames the delays on two senior USA managers The petition accuses the two managers — whose names are known to the *Mail & Guardian* — of "working actively to retard the progress of the agency".

The petition alleges that the two managers failed to approve much needed appointments, travel costs and technology that were required to achieve the USA's mandate goals They are also accused of undermining the management of the agency by communicating directly with the minister and by ignoring strategic decisions



Connected: Telephones, similar to the one above made and installed by ICO Global Communications, are slowly being put into place in rural areas by the Universal Service Agency

Worse still, the petition alleges that the two managers collectively authorised payment advances incorrectly; took unauthorised trips at the expense of the USA, and received double salaries The petition follows the decision of one senior manager to axe six of the USA's nine provincial fieldworkers.

Khumalo says the manager was simply implementing a department decision that the fieldworkers were too expensive, at an average monthly salary of R6 000 He said four of the fieldworkers are now fighting against their dismissals in the Commission for Conciliation, Mediation and Arbitration

Nevertheless, Khumalo says he ordered an investigation into the remaining "serious allegations" from staff. This resulted in disciplinary enquiries being launched against both managers. One of these has been completed, but the results are not yet known The other is expected to take place in the coming weeks. Khumalo said the department was unhappy with his decision to send the matter for investigation, due to the "irregular" nature of the staff petition

But he added that "this was on my head, and if allegations of fraud are made in government, you have to stand your ground" Khumalo said the department's opposition to the field workers had, however, forced the USA to reconsider its delivery plans. "When we realised that the department was intent on ensuring that the agency was not thick on the ground, we had to re-strategise. We decided to get SMMEs [small, medium and micro-enterprises] to come in to do the work of the field workers," he says.

This is what led first, to the introduction of mini telecentres, and second, to the decision to outsource the larger telecentres "We decided we should shift to more of a facilitator role," Khumalo adds Even this role has, however, been plagued by problems Khumalo said efforts to get Telkom to connect telephone lines to the centres had often fallen on deaf ears "They have not been very co operative, and Satra [the South African Telecommunications Regulatory Authority] doesn't seem to be in a position to get Telkom to do things" The USA approached Minister of Posts, Telecommunications and Broadcasting Ivy Matsepe-Casaburri this week to intervene, but Khumalo says she referred them to Satra. "It appears that both the minister and the regulator are just too scared of Telkom, or maybe Telkom is untouchable," he adds.

PO reports operating loss of R224-m for 1999

THE Post Office reported an operating loss of R224 million in the 1999 financial year, Post Office chairman and acting managing director Max Maisela announced on Friday

This included an annual loss of R158 million from former homeland post offices and excluded an exceptional provision for medical aid, Maisela said

The Post Office's chairman and acting managing director Max Maisela says he hopes its new partner, New Zealand Post International, will help raise efficiency

PHOTO SHADRACK MASHALABA

He was introducing the Post Office's new strategic partner, New Zealand Post International, to its customers in Johannesburg, saying the partner would, over the next three years, help the Post Office become a more viable and sustainable service

The two parties signed a R185 million strategic management contract which came into effect on October 1

While the government was preparing to cut its subsidy to the Post Office during the next 18 months, reduced funding from the state would, however, still be provided, Maisela said

For the current year this was R283 million, he said, which would be used for recapitalisation and for the roll-out of postal services to unserviced areas

The company planned to break even by 2001 and hoped the international expertise and technological skills of the New Zealanders would raise efficiency and profits and enhance black empowerment groups with skills training

(267) Sowetan 6/12/99

Big improvements due in the post

(267)

Robyn Chalmers

THE Post Office and management partner New Zealand Post International have announced plans to restore the utility to profitability by 2001 and to improve its service significantly

Top executives from the Post Office and partners New Zealand Post Office International and Britain's Royal Mail have begun a countrywide roadshow to inform customers of their turnaround plans

In recent years the Post Office has lost considerable market share to electronic communications and courier services due, in part, to unreliable delivery times and mail theft The new partnership, formed in September this year, is aimed at turning around the utility

The partners plan to create 4-million addresses, add thousands of new postal outlets around SA and halt postal crime over the next three years

Government recently agreed to halt all postal subsidies, which reached a high of R750m in 1995/96, by March 2001 The end of subsidies came in the wake of the cabinet's approval of the three-year management contract between the Post Office and New Zealand Post International, in partnership with Royal Mail

Post Office chairman and acting MD Max Maisela said the organisation reported an operating loss of R224m in the year ended March on turnover of R3bn It posted a provisional loss of R746m in the 1998/99 year

Gary Whale, project director for New Zealand Post International, said that a decade ago New Zealand Post International faced the same challenges as the Post Office "Today we are one of the most profitable postal utilities in the world," he said

The SA Post Office and New Zealand Post International face penalties should they fail to achieve their targets within three years Whale said a key element of the turnaround plan was to cut delivery times by two days across the board It now takes three days to deliver a package within a town or city This will be reduced to one day The same will apply to deliveries within and between regions The partners will focus on skills transfer and the support of operational managers, with 11 from New Zealand having joined the Post Office

BD 6/12/99

Post Office sets sight on delivery

(267) BD 7/12/99

It has been a turbulent two months for the SA postal service's new partners, writes Robyn Chalmers

IT HAS been a turbulent few months at the Post Office since the new management partner, New Zealand Post International and the UK's Royal Mail began work at the loss-making utility

The task is enormous and the partners will succeed only if they can find common ground The official line is that they are making headway But behind the scenes, word is that it has been a turbulent two months

Industry and government officials believe initial hostility towards the new management partner is inevitable Public Enterprises Ministry spokesman Zaid Nordien says the appointment of a management partner is generally a sign that the management team in place is not doing its job properly

This goes for the loss-making, state-owned leisure group Aventura and diamond mine Alexkor

Losses posted by the Post Office since it was formed as a separate entity in 1991 indicate that the old management team — which has changed considerably over the past few years — has been unable to pull the utility into the black.

Progress has been made in reducing the size of the loss from about R800m in 1991 to R244m in the year to March 1999 but it now needs to become a profitable and stand-alone entity

The driving force behind the need for a profitable Post Office is that government is no longer prepared to subsidise the utility The cabinet ruled recently that postal subsidies, which average R500m a year, will stop in March 2001 A big effort is required for the utility to become profitable in less than 18 months Government's decision was also influenced by globalisation

With postal services becoming increasingly competitive globally, it is important to position the Post Office strategically for the future The Post Office must become competitive, and to achieve this aim it must attract the best skills in management, technology and training

Communications Minister Ivy Matsepe-Casaburri believes the partnership heralds a new era.

"The partnership will give the Post Office access to global alliances, exposure to international best practice and position SA as a regional global hub "

One of the first tasks of the Post Office must be to appoint a CEO capable of leading the partnership into the new millennium Post Office chairman Max Maisela has acted as CEO since Frank Touwen quit in July last year and while the company s fortunes have improved under his leadership Maisela is a busy man. He chairs several organisations, including labour federation Cosatu s investment arm Kopano ke Matla and is executive chairman and CEO of consulting firm NBC Holdings

If the Post Office partners hope to meet their targets a focused CEO unencumbered by other commitments is needed

Maisela is well aware that the Post Office has a long way to go before it can become a global player "We are not proud of our past performance and want to build a new image " he says

A recent audit found that 90% of all letters handled by the Post Office are delivered within the specified time frame.

"This is a big improvement on the past but I do not believe it is good enough " he says

The Post Office delivers 2,3-billion letters in SA each year With a 90% delivery hit this means that 230-million letters are either delivered late do not arrive at all or are tampered with This equates with a lot of unhappy customers

Gary Whale project director for New Zealand Post International says the partners are making headway at working together "after a few initial problems" The partnership is aimed at driving financial and operational change at the Post Office and New Zealand Post International knows the territory

About a decade ago it faced the same challenges as the Post Office, being an unprofitable and bloated bureaucracy with a poor public image "Today we are one of the world s most profitable postal utilities operating in a fully deregulated market," he says

Whale says the focus will be on developing core products and services bolstering operational management transferring skills and technology and improving the financial and delivery performance.

Skills transfer is one of the most important elements of the partnership and New Zealand Post International has adopted a phased approach to achieving this The first year of the contract will focus on providing hands-on management by New Zealand officials

By the second year, suitable SA managers will be selected for key posts and in the final year, New Zealand managers will act as understudies to their SA counterparts ensuring a smooth hand-over

Whale notes that as the Post Office is still losing significant sums of money it will be no easy task to break even by March 2001 "We will have a world-class postal service by the end of the contract It is not going to be easy but that's the target and we are going to achieve it," he says with determination

The Post Office and its partner have promised an internationally competitive postal utility by October 2002 The ability to achieve this aim will depend on how well the two management teams integrate.

Post Office chairman and acting CEO Max Maisela

Targets for new postal partnership

- Break even financially by March 2001
- Deliver 4-million new postal addresses in three years
- Invest in almost 700 new postal outlets over three years
- Position the SA Post Office as the postal hub of Africa
- Introduce new technology and electronic mail
- Transfer management and technological skills to the Post Office
- Improve on-time delivery standards to 95%
- Reduce the standard time it takes to deliver post by two days across the board
- Stop postal crime and fraud
- Help to enhance black economic empowerment
- No forced retrenchments for three years

Graphic: KUBEN DAVID Source: GOVERNMENT/SA POST OFFICE

Africa ready to be wired (267)

THANDISIZWE MGUDLWA

A CONFERENCE in the city aimed at developing telecommunications in Africa resolved to revive the old Pan African Telecommunication Union, but under a new name

Nineteen telecommunications ministers from African states attended the three-day gathering representing 26 countries

The African Telecommunication Union, as it is now called, aims to become a one-stop shop for investors in the telecommunications industry on the continent, thereby helping African countries cope with the international technology boom.

South African Minister of Communication Ivy Matsepe-Casaburi said the significance of the revitalised project was to develop telecommunication skills and to help countries which lacked the infrastructure to grow

Jan Mutai, a candidate from Kenya, was voted as the union's new secretary-general

A flipside to the conference was the revelation that only 13 of its 45 member states are up to date with their annual fees This was blamed on the union's alleged non-delivery, but the union noted that it could not deliver without proper funding

ET 9/12/99

What about the people?

(267) M+G 10-16/12/99

One of the six cellular licence bidders argues it can bring low-cost phone services to South Africa's struggling rural masses, writes **David Le Page**

A 15c cellular phone call? Depending on who wins the third cellular licence early next year such low cost calls might become a reality in South Africa's rural areas where currently only 2% of people have access to telecommunications.

Early next year the South African Telecommunications Regulatory Authority (Satra) is due to announce the winning bidder for South Africa's third cellular licence. The actual decision will be taken by Cabinet, based on Satra's recommendations.

But behind the current drama over Satra's own credentials — at least two councillors are being investigated by the auditor general for having links to bidders, postponing the announcement of the bid winner — lies another dispute over what empowerment should mean.

The current understanding of empowerment is having shareholders representing as broad a section of society as possible. But another kind of empowerment would be that described by Satra as "universal service", which is given a weighting of only 11% among Satra's criteria. The low weighting is probably due to the low priority accorded a universal cellular service rather than universal phone service per se.

But one bidder, Five Mobile Networks, argues that a "universal service" is possible. In this sense a universal service would mean an affordable phone service available in many areas previously unreached or underserviced by either Telkom, MTN or Vodacom.

Five Mobile Networks argues that it can deliver cellular telephony in such areas at that incredibly low rate of 15c, which would dramatically undercut Telkom's current minimum 50c a call.

How could a 15c cellular call be possible?

The answer lies in geography in technology and the fact that Five Mobile Networks does not plan a service that will look anything like what MTN and Vodacom currently offer.

Cellular services are generally most practical in areas of dense population, usually assumed to be urban. But there are many rural regions which are not low in population — large sections of KwaZulu Natal and the former Transkei, for example.

Five Mobile Networks would implant in these areas a network based on the new GSM1800 standard. GSM1800, the spectrum being offered to the third bidder by Satra, is not obviously suited to rural areas. The "propagation" can be smaller than with GSM900 (MTN and Vodacom), meaning that cells (the area covered by a single base station) are smaller, and more base stations are required to cover a certain area. But certain network equipment vendors argue they can build GSM1800 cells which rival or even dramatically exceed the size of GSM900 cells.

In reality, GSM900 cells are often clustered more closely than demand ed by range alone, in order to increase the number of channels available to users. GSM1800 helps here as well, offering considerably more channels per base station, which could make up for an increased number of base station requirements.

When a cellular network is rolled out "propagation" maps are used to plan where base stations are optimally sited. One of Five Mobile Networks' partners is local electronics company Cadinet, which has more precise propagation maps of South Africa than those used by either MTN or Vodacom. Cadinet recently surveyed Uganda for MTN, and would give Five Mobile Networks a leg up in planning the optimal locations for base stations.

But the most important consideration is that unlike the other five bidders, Five Mobile Networks does not plan on challenging the MTN-Vodacom duopoly. This consideration alone should put its business plan on a firmer footing than its competitors, which are constantly revising their figures as Vodacom and MTN cut prices and become ever harder to challenge. MTN has dropped the cost of pre-paid cellular calls at least 60% since the bidding process began.

Instead what Five Mobile Networks will end up offering is a "fixed line alternative": cellular phones that work mainly in and around people's home areas. Its customers will not be Jo'burg movers and shakers; they will be rural mothers, farm labourers, small town entrepreneurs and civil servants working to deliver services to neglected communities in areas such as the Eastern Cape. Soweto is also considered an ideal target area for the network.

It will be low mobility not offering the coverage of MTN or Vodacom. But it will give people a fundamental infrastructural service at an incredibly low cost. What's more the GSM1800 standard will support data traffic, allowing low income communities to join the wired world online.

That membership of the wired world, with all the Internet's potential for low cost, global marketing, could be a formidable boost for rural innovators.

It is possible national roaming agreements could be concluded with other networks to allow Five Mobile Networks customers to have cellular services, at a cost, when travelling. It is not yet clear how such agreements might work — national roaming forced on networks by regulators has proven inefficient and unfair elsewhere, particularly in Italy. But technical experts believe there are untried solutions that could make both parties happy.

Five Mobile Networks' international technology partner is the Israeli company GTIB, which has successfully rolled out networks in low income countries such as Poland and Azerbaijan. In Israel, GTIB swept to success after introducing calls at 2c a minute, an almost inconceivably low cost for South Africans accustomed to being gouged for up to R2,50 a minute.

What difficulties does Five Mobile Networks face? For one thing, Telkom, despite missing its own targets for delivery in rural areas, may take exception to being challenged on that turf. If it does the obstacles it could raise for the upstart might be overwhelming.

Five Mobile Networks' other great weakness at least as a bidder, appears to be a comparative lack of political connections. This does not mean that other bidders are attempting to bribe the influential. But the likes of Africa Speaks, which embraces the National Sports Council and leading empowerment group Brimstone Investment Corporation among others are probably better heard in the corridors of power.

Of Five Mobile Networks' own shareholders the rather less well known Soweto Development Foundation is probably the most influential. Five Mobile Networks argues that delivering such a service to underdeveloped areas would be far more empowering than the diluted benefits of being one of 14 million shareholders in just 40% of Cell C.

It is arguably the most South African of bids with the second largest empowerment shareholding of all the bidders (52,5%) and another 35% held by South African companies. But having little direct investment from capital flush foreign shareholders with lots to lose could also be a disadvantage. BOE has, however, under taken to lead the task of raising capital should the licence be won.

At present, analysts believe the most likely winner among the remaining six contenders seems to be Cell C, the Saudi backed consortium led by Oger Telecom.

Cell C claim to have already raised R500-million, more than any other bidder. Five Mobile Networks, like the others, argues raising capital will be easy once it has a licence. It plans to approach equipment vendors, the Industrial Development Corporation and the International Telecommunications Union.

If Cell C does win, it will probably be by default — as having offered the least obviously problematic of the several bids.

But Cell C does not plan to offer a low-cost service. "There are a number of solutions [to the problem of universal service] that are emerging on this and are becoming somewhat cheaper, but they are not of course cheap enough for such [low income] people to be able to afford," one of its representatives told Satra during the public hearings.

Naturally, the other bidders tend to be dismissive about Five Mobile Networks.

Abdulrawoof Ahmed of Africa Speaks believes the rural areas are unlikely to provide a sufficient revenue base. Africa Speaks has been accused of proposing an unwieldy mixture of technologies for its network, but it claims using the US style CDMA standard in rural areas will be more cost-effective than GSM1800, as it will require 60% fewer base stations.

One source close to one of the bidders said that Five Mobile Networks bid is considered "a bit silly" by other bidders. He pointed out that within the next couple of years, as new technology enables higher mobile data speeds, data services will become an increasingly large source of network revenue.

By restricting themselves to the rural areas, cutting themselves off from most likely data users, Five Mobile Networks are likely to limit their own possible revenue — revenue which could be used to cross subsidise rural subscribers, the source said.

Andre Kruger of Five Mobile Networks points out that the licensing process in South Africa differs fundamentally from that in more developed countries, in that bidders are empowerment candidates starting out without funds, rather than paying enormous sums of money upfront to secure a licence.

To some degree then, Cabinet will be gambling when the ministers choose a bidder from among the six candidates. What they will have to decide is whether they want to bet on a network that might truly bring telecommunications to the masses or whether they will simply bet on another MTN.

Bringing telecommunications to the masses: Universal telecommunications access may come from cellular networks rather than landlines. PHOTOGRAPH: NADINE HUTTON