PS Telecommunication - GENERAL

1998
Satra seeks US aid on callback issue

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 HNI Maepa said although the authority's attempt to ban callback under the 1996 Telecommunications Act was being tested in court, "callback operators remain illegal in SA".

On the strength of the letter and an attached copy of Satra's anticontrol 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".

Thus 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 was 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

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 sector. 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 parasitical into an operator which provided improved quality of service with a representative work force.

Continued on Page 2

Western Cape, Gauteng pass rates decline

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 71.8% 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 Bengo's resignation.

Western Cape achieved the highest
Post Office’s quest for profit ‘ahead of schedule’

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 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 minsterial 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 revenue 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 an insurance 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, Easypost shops and electronic mail would also generate income.

Comment: Page 7
Callback operators work despite ban

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 (Sacha) and Satra said yesterday they were awaiting a court date to settle a dispute over the legality of callback operators.

Sacha spokesman Esta Gouveia 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, an-

ounced in August, with effect from September 1 last year. Satra 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 Masepa 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.

Masepa 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

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

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 Trestar Investments SARL (10%) — bid $5 6-million against its nearest competitors Utenet, 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 Telecoms, TS Massawa 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

“...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

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

Robyn Chalmers

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 Roodman 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 Tenscor Transport and JH Retail 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

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 DiKgosi Mosekane.

Mosekane 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 23 000 pay phones for the current financial year.

“While we have to correct the imbalances of the past and are in fact making... inaccuracies in doing just that, it must be kept in mind that our aim is to extend more and more advanced telecommunications to all,” Mosekane 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 Alsthom 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 from R3.2bn to R6.2bn 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.
Telkom may be further privatised, says Naidoo

Government plans to involve empowered groups in the telecommunications utility before the JSE listing in 2001
Telkom sets aside R5-bn for telecommunications

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 Moseweke 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, Moseweke 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 Moseweke, 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 Nkomo 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. “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 the Northern Province and Machadodorp in Mpumalanga. North West Premier Popo Molefe also attended the launch.”
Stolen Telkom cables hits business

BY RUNNY 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, 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.
Plan mooted to fight post office crime

Robyn Chalmers

POST and Telecommunications Minister Jay Ncube yesterday unveiled the Post Office's plan to combat crime, which includes setting up crime prevention forums around the country and auditing systems and books.

Delivering a strong message to those 4,000 postal workers gathered at Wispo, Ncube said government and the Post Office would act ruthlessly and decisively against anyone involved in mail frauds.

"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 250 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 Toewsen said crime was perhaps the single biggest threat to the postal office's business as well as 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 Tshabang Rokumla said the union did not want 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 Musela 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 branch post office was robbed on Saturday by three armed men who took cash, cheques and telephone cards with a value of about R50,000.

Police spokesman Insp Nkosolo Mngcokola 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 R50,000," he said.

Mngcokola 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 041-201-4611 during office hours. — Sapa

Unleaded fuel price may dip to boost market share

Sanethishe 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 (Sapa) and yesterday announced petroleum product sales for calendar 1997, Sapa director Colin McLeod said.

The penetration of unleaded petrol as a percentage of total petrol sales was just below nine, which was below targets of 16% to 26%.

"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.

Aventura land focus of meeting

Robyn Chalmers

PUBLIC Enquiries Minister Stella Sigovanzi will meet the Moletele and Masiulane tribes on Thursday to hear land claims lodged by them on behalf of the Masiulane Moletele and Musilume tribes.

These were Blydepoort, Sundu, Redplane and Tlapan, with lands claimed lodged on each resort respectively by the Masiulane, Moletele, En-
Telkom set to announce new MD next month

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 Telkom 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 3.3-million new lines.

Mosek won the Telkom had absorbed 98 Malaysians and Americans into its organisation.
Post Office crime: 276 sacked since April

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 the arrest of a postman. - Adriaan"
Mail found dumped in Khayelitsha

City Reporter

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 Punuar 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 Ngezuka said the find was "upsetting". Councillor Mawethu Boon 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: Vieve Gabido with some of the mail dumped in Khayelitsha bush
The Chronicle has been 
reluctant to comment on 
the situation. It refused to 
answer questions from 
the press about the 
impact of the strikes. 
It claimed that the 
strikes were caused by 
union demands for 
higher wages. 

However, the company 
refused to comment on 
the situation, saying 
that it would not release 
any further information. 

The strike has 
caused disruptions in 
the local economy, 
with many people 
losing their jobs. 

Despite this, the 
company continues to 
refuse to comment on 
the situation, 
claiming that it is 
within the union's 
duty to address these 
issues. 

Telkom's 
Strikes:

A DISPUTE BETWEEN TELKOM AND THE \textbf{INDEPENDENT}

Telkom Takes Sata Reviewing to Court
Satra says Telkom is wasting court's time

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, Tshidi 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'

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 Masela.

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, Masela 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 1000 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 R384,3m in 1995/96 and a loss of R375m in 1994/95.
More people go to church than the cinema.
2000 rural schools will ‘leap-frog’ on to the Web

MORE than 2000 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.

“While 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 opera-

for 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.
Further sale of 10 percent stake in Telcom expected to be finalized soon.

Firm."
Naidoo firm about ringing the changes

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 "mushylovous".

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 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 challenges facing the SABC is to increase its revenue and then cross-subsidise in order to do public service programmes."

Mr Naidoo has promised to be held in Johannesburg in May 1998.

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 help 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 Miss 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.

T (267) Someran 25/01/98
Row over ‘old’ Telkom bills

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 (Sataa).

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.

Frankel said “Telkom has not been 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 R80 against the industry standard of between R80 and R160 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

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 in their accounts.

Their services were then disconnected.

Telkom had sent a circular including 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.

"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 Pat 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 5000 telephones in the area 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'

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, Khobo 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

Taryn Lambert

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 Services 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

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 22 countries are attending the Somerset West talks, titled “Workshop on 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
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 Chassin, said Africa was the largest and last great untapped market for telecommunications infrastructure, products and services. — Sapa.
Naidoo plugs a hi-tech Africa

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 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 Nascor, Johannesburg, 21 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 telemedicine.

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."
Naidoo heads Africa telecoms body

Vuyo Mvoko  
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

Robyn Chalmers

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 Alitech 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.
THE Post Office would break even in the next financial year and should be weaned off government’s R600m 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.”
Telemom plans to sell off non-core commodities. A product line for non-core commodities is currently being developed. The plan is to divest these assets and focus on core operations. The company aims to sell non-core assets to raise funds for the development of core operations. Every employee of Telemom will be notified of the divestment plans. The company aims to sell its non-core assets within the next five years. Telemom's management team is confident that the divestment will be successful.
SAA slashes costs before privatisation

CT(MR) 16/2/98

AIRCINES Several bidders expected

Cape Town — South African Airways had slashed its costs by R286 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, 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”.

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 different from 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 Investec 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.
Giant network tender on the cards

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 Hx 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 Nedicor, Woolitr and Old Mutual late last year and Datatec will spend over R500m rolling out its infrastructure.

Worldwide, the VPN market is estimated to reach US$1.2bn 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 of uniform size — 53 bytes — of which 48 are data. The remaining five carry information about that data, notably its destination and priority. For example, video conferencing data would get priority over electronic 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.

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 to 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.

Andile Ngcaba

Public Internet Terminal

P.I.T

Public Internet Terminal

March 6, 1998

Financial Mail
DEADLINE FOR HANDSETS OPTION EXTENDED

Phone purchase to replace renting

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 CASSIERE asks the questions.

FREEDOM of choice for the customer, for a cost-saving exercise for Telkom, according to Telkom general manager of communications, Hugo Els. According to Els, Telkom and commercial companies can now sell telephones to consumers, in terms of their own service agreements.

Subscribers will notice that the two amounts have already been separated on their 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 installment on your phone for six months, with a total of R300 — 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 South African Telecommunications Regulator.

Telkom will retain responsibility for its instruments until October 31, after which subscribers will be responsible for their Telephones. Telkom will also offer a second-hand phone option.

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 Phone, or have bought another type of Telkom telephone system to replace the system.

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

As for passing the responsibility to the maintenance back to the customer, Telkom will have to keep the subscriber in mind.

Hugo said telephone repair shops would fill the gap left by Telkom. In the most likely scenario, the subscriber would have the option of buying a new instrument, and paying for the repair of the old one.

Another question asked was 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 special deals like the ones that have been advertised in the market for good buys."

Telkom instruments will also be offered commercially by retailers and will sell for anywhere between R150 and R150, 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 R300 over six months for your existing instrument was exception.

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New methods to combat scams

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.

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 funds 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 inquires 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 shop-owners rent the telephones and in return receive a cut of the profits.
- Ensuring 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 28/3/98

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 (Satra) and the Independent Broadcasting Authority (IBA), 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 Nadoo. 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 Nadoo was trying to bypass a consultative green paper process.

Nadoo 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, Nadoo 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 Nadoo 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 how frequencies can be used for specific purposes like broadcasting."
HyperSpace Seeks the Government

The key to the scheme is the computer network, referred to in the diagram as the "Telem." The computer network will be the vehicle for the government in its efforts to obtain the wealth of information currently stored in the country's libraries and archives.
Keeping a lid on Pandora’s box

Fast-moving industry defies regulation

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 Telecommunications 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 Celii, 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, telemedicine and telemedicine.

Mike van den Bergh, chairman of the SA Vans Association, 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, 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 would 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.

Celii 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 reselling and using facilities other than Telkom’s, Vans providers offer facilities leased from Telkom to customers.

Celii 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, Transnet, 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.

Marine Bode and Bosman Ndlovu
Now even the very poor can afford a package.

Cellphones go rural in a big way
Internet access row to be re-examined

Lesley Stones

THE row over Telkom's bid to monopo-

lise Internet access has gone full cir-

cle 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 Au-

tority (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. How-

ever, he refused to overturn Satra's

ruling, leaving more than 70 service

providers free to continue their busi-

ness. He effectively told Telkom that if

it was unhappy with Satra’s decision, it

had to submit to a full high court in-

vestigation into whether Internet ac-

cess was a basic or value-added service.

Telkom said it was studying the im-

plications 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 In-

ternet industry."

The Internet Service Providers' As-

sociation 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 settle-

ment 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 be-

gin within two months and could in-

volve two weeks of oral evidence, said

Hillel Shroock, legal adviser for associ-

ation member The Internet Solution.

"We now have a situation where some-

one who has grasped the matter will

hear expert evidence and cross-exam-

ine witnesses. He is obviously aware

that it has huge ramifications for the

economy and the industry."
Govt to wean Post Office of subsidies

Nicola Jenvey

28/11/4/98

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 downsizing’ of mail violations. Naidoo said syndicates targeting the Post Office posed a serious problem, but the recent arrest of 82 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.
Post Office winning fight against crime

The Post Office has won a fight against crime that saw more than 802 post offices targeted in a series of mail thefts. At the heart of the attack, communications experts have been tracking the movements of the Post Office's mail system to identify patterns and improve security measures.

First-time telephones for 2,500 by June

By this time next year, 2,500 new telephone lines will be available in the United Kingdom. The move comes as part of a national plan to expand telecommunication services across the country. A new 2,500 telephone number, 1900, will be introduced, providing access to a wide range of services.

The number of new telephone lines is expected to reach 50,000 by the end of the year, with plans to extend the service to rural areas. The initiative is part of a broader strategy to improve communication infrastructure in the country.
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 fund and a social fund, "Investors of all types ready to make their money grow would invest in a business fund," said Maepa.

A manager appointed by the investor 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 fund 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 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.satralinfo.co.za and comments should be submitted by May 8.
SA leads drive for networks

Lesley Stones
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 Coenie Molase.

"Without information infrastructure these economies are not going anywhere." This required a commitment to reform from countries...
Naidoo calls for cooperation

By Justice Mohale

TELECOMMUNICATIONS is the vehicle through which the African renaissance can effectively become a reality, Posts, Telecommunications and Broadcasting Minister Mtsi 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 protect the development of telecommunications on the continent, creating conditions to encourage investment, and developing partnerships for telecommunications between the public and private sectors.

Soweto, 4/29/98
Africa ‘needs strategy for telecommunications’

Robyn Chalmers 29/4/98

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 and this highlights the need to implement sector management and institutional development strategies.

Other challenges include 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.

Reuters 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

By Justice Mokale

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 ANI 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 time-consuming communation system of sending letters which get lost along the way,” he said.
Charities and postal price shock
Postal order fee hike 'will hit the poor hardest' *(ABJ)*  
**Mandla Mntakama**  
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 Mawoneke Boo, 54, a father of three from Tsolo in Transkei.

Mr Boo, who lives in Nyanga, eats 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 Ngcura 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.
Five African heads of state pledge support for telecoms reforms
Africa Renaissance calls spreads to telecommunications

Underdeveloped Africa offers rich pickings for telecommunications

Lacks at the community disposal expected to fade
Telephones for Africa, plan in danger of falling
Mandela calls for telecoms aid

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 $30 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 $1.5 billion per year.

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 telecommunications backbones.

Mandela said a restructuring of the telecommunications sector would help maximise the use of these scarce resources. African countries spent $2.3 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 Telecom Malaysia took a 30 percent stake, generated $1.5 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.
Naidoo calls for business to help in telecom’s growth

Robyn Chalmers 00.6/5/98 (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," he said.

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 26-million, with an estimated $26bn 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 SABC 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 Anza said there was an urgent need to place telecommunications in 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-usage 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 busses ferrying delegates to the conference.
African Connection aims at access for all

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 telecommunications density 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 Lalbah, Minister of Posts, Telecommunications and Broadcasting.

Joy Naidoo and 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.
Devising a grand plan for Africa

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 backlogs.

And in an effort to add substance to the discussions, a report charting the course of how Africa will be “captured 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 conflicts

Acknowledging scepticism of the success of such a plan on a continent constantly ravaged 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.”

“I see no seam 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 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 communications 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 in 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 years, “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 development, said Naidoo.

Ghana’s minister for Communications, Ekwo Kwasi Gbark, 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 axioms will be to avoid building huge infrastructures. Thus, there is likely to be a “virtual secretariat” which communicates electronically while working on the project 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 is 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
Telkom rings up a record with phone call charges

Plan to narrow gap

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 500km, compared with about R2.72 in the United States, R3.20 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

1 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 30% in a year, callers can talk to New York for three minutes for just R2.26 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

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 SRC 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 face penalties. By the end of the five years, with a possible sixth year of exclusivity, 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.

Revised 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

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, even if its average R5000-a-year state subsidy and provide up to 500 000 new postal addresses to disadvantaged communities.

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 and 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, the weight threshold would 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
Loosening Post Offices Grip May Prove Costly

Private sector represents five that remote towns are going to have to dig deeper for their deliveries. Xan 15/11/94

(47)

Loosening Post Offices Grip May Prove Costly

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(47)
Is this the end of the airline’s nosedive?

Mkwannazi must return carrier to profitability and improve morale

The tide may be about to turn for SA Airways (SAA), the State-owned carrier crippled by mounting losses, even 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 Mkwannazi, 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 Mkwannazi 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.”

Mkwannazi 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 posted the airline internationally; Nick Vlok, snapped up by Comair; TV personality Felicia Mabuza-Suttle, who headed the PR department; and Martin Scobeshu, who was in charge of human resources.

Controversy still surrounds the suspension earlier this year of Johan Kuti, 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 now 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 R233m. Further losses — estimated at R280m — are expected for 1998.

Key to future SAA success will be the relationship between Mkwannazi and Myburgh. The latter is attributed with trimming bloated staffing levels by 26% and turning a loss of R233m 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 are 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 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 Mkwannazi, “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 Mkwannazi’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 banded 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 Mkwannazi’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 Percy
Communications workers form union

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 Perreira, the union's spokesman, said.

Perreira 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," Perreira 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.

Perreira 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," Perreira 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 R175."

GOING FORWARD Colin Smith, Sacu's president, shares his delight with operations director Harry Smith. (Photo John Woodcock.)
Delivery is on the way for Khayelitsha

Post Office gears for revamp

A white paper on postal policy unveils a people's bank, writes CHARLES PHRAHLANE

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 Post Office 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 postal 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 per cent of the population in its first year of operation, was also licensed. SABC television coverage has improved, with SABC1 reaching 60% of the population compared to 72% in 1993. SABC2 reaches 55% from 76% and SABC3 76% from 58%.

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 1993 there was only one. This would increase to 35 percent in five years.
Post Office bank to become a full savings bank — Naidoo

ANDRÉ KOOPMAN  CT 15/15/98
PARLIAMENTARY BUREAU

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 said.

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 kilogram.

While this sector of the market was not insignificant, Naidoo intended to show businesses 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.

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 tariffs increase be regulated 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” being implemented.

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 for 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.

Policy of 'if you steal the mail you go to jail' being implemented
New direction for Post Office

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 privatizing 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.
Post Office thinks it can re-package itself

By HUGH KOECKAAR

Universal Obligation...
Plan to improve postal service

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 Postbank.

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, customers have long been neglected and the growth of alternative technology such as e-mail has threatened the Post Office’s legacy 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 service obligations. But the Post Office’s losses have been due as much to inefficiency, incompetence and poor management as the result of services provided at uneconomical returns to, for example, rural areas.

In 1997, 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 1996, 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 a high tariff increase. 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 management have been under an intern plan which aimed to investigate possible efficiency gains while improving the quality and reliability of the service; formulating a new pricing 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, but was the right of all. It is expected by the end of 1998 that 100% of the country’s households will be serviced by the Post Office’s delivery services. The plan is to have around 3,000 new post offices and 3,000 mobile units in place by then.

Price of standard letters internationally

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</tr>
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Graphic: KUBEN DAVID Source: POST OFFICE

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 will still face both parties. This includes further reducing the organisation’s R20 000-strong staff and injecting funds into the Post Office to cover operational and capital 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

ANDRE KOOPMAN

POSTS and Telecommunications Minster 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.
TELECOMMUNICATIONS (267) Fm 29/1/98

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 technologies. 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 Tele2, 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

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 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-switching networks will make that transition look like child's play," says Almeida, adding that some big players stranded with 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 Etienne Reinecke, MD of Omnilink — the virtual private network provider recently formed as a joint venture between Dimension Data, Old Mutual, Woolworths 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 telcos across the world 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 IP 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 optimum 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 due to 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 competitive threat in the years to come. Rack Ferguson, territory manager at Cisco Systems SA, says the concept of voice and data integration is nothing new. The US Federal Communications Commission has already 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 Dabah and Duncan McLeod

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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 Denismore 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 Dadata 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 VoiceTec'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 opp-

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**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.

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FINANCIAL MAIL MAY 29 1998 101
A SPECULATIVE RECOVERY STOCK

**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%)

<table>
<thead>
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<th>Year to December 31</th>
<th>'94</th>
<th>'95</th>
<th>'96</th>
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<td>Debt equity ratio</td>
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<td>Int &amp; leasing cover</td>
<td>31.6</td>
<td>32.7</td>
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<tr>
<td>Return on cap (%)</td>
<td>18.4</td>
<td>16.4</td>
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<td>6.1</td>
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<tr>
<td>Turnover (Rm)</td>
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<td>804.</td>
<td>885.</td>
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<td>Pre-int mar (% )</td>
<td>13.6</td>
<td>11.6</td>
<td>14.1</td>
<td>5.5</td>
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<tr>
<td>Earnings (c)</td>
<td>75</td>
<td>61</td>
<td>41</td>
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<td>Dividends (c)</td>
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<td>41</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>Tangible NAV (c)</td>
<td>291.</td>
<td>313.</td>
<td>425.</td>
<td>384.</td>
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</tbody>
</table>

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, of turnover operating losses 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 R1,16bn, 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 a 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.

**FINANCIAL MAIL**

**MAY 29 1998**

**UNISERV**

**A GIANT LEAP OF FAITH**

- **ACTIVITIES**: Holding company with 51.9% holding in Unison Transport (UT) held through 34% of the ords and 100% of the pref shares.
- **CONTROL**: Anubis Trust — British Virgin Islands

<table>
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<tr>
<th>Year to January 31</th>
<th>'95</th>
<th>'96</th>
<th>'97</th>
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<td>0.49</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Int &amp; leasing cover</td>
<td>7.5</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Return on cap (%)</td>
<td>14.5</td>
<td>13.7</td>
<td>14.7</td>
<td>14.4</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>504.</td>
<td>502.</td>
<td></td>
<td></td>
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<tr>
<td>Pre-int mar (% )</td>
<td>1.22</td>
<td>2.03</td>
<td>3.18</td>
<td>3.18</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>40.7</td>
<td>23.3</td>
<td>21.5</td>
<td>28.4</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>11.0</td>
<td>6.0</td>
<td>8.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Tangible NAV (c)</td>
<td>95</td>
<td>211.</td>
<td>244.</td>
<td>301.</td>
</tr>
</tbody>
</table>

*of Unison Transport

Uniserv has an effective 51.9% holding in Unison 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 26% 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 and accretive 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 accretive expansion, should ensure sound profit growth. The share is on a demanding 29 pe but appears set to advance further.

Stafford Thomas
Telkom will jack up its service to tune of R1bn

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

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 Ndoo, the minister of telecommunications, said yesterday.

Clustering would help catapult Africa into the 21st century, Ndoo was speaking at a workshop organised by the Cape Information Technology Initiative (Citi) to discuss clustering.

Silicon 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," Ndoo said.

Ndoo said the region was rapidly becoming a global communications hub, with substantial strengths in service and financial services-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," Ndoo said.

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, Ndoo 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.

"For Flowes-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.

"Flowes-Williams said clusters grew naturally in developed and less developed economies.

Fuzel 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

[Image 0x0 to 1792x2556]
A year after our expose, nothing has changed

BY SHONEEZ BULBUILA
and JACKIE CAMERON

You can buy a learner’s licence for a R250 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 exposure 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 salient 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 Milly, at the licensing department and told her that I wanted to buy a licence.”

Milly 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”.

“I sat a test and was told I had failed. Milly telephoned me later and said I had failed because I had not given enough money. An extra R200 would secure my licence, Milly 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 Ruphus.

“Next I went to sit the exam. Only 10 out of about 30 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. Milly 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 widespread corruption in the licensing department. We’re fortunate that you people are unravelling it. In other departments, people are scared of pointing out 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.

For sale! A learner’s licence for only R350
Telkom faces crippling national strike over wages

Pearl Seboleng
20 April 1998

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 47% of Telkom's workforce, would participate, union general secretary Kuti 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 decided 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 R2,000 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.
Khayelitsha could get fibre-optic ‘spine’

Deborah Fine  (267)  80  30/6/98

The Gauteng provincial government has approved the Khayelitsha 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 Khayelitsha mayor Isaac Mahlangu at a recent meeting.

The region consists of the Khayelitsha metropolitan council and its three local councils of Mdantsane, Lethlabeng and Kempton Park/Tembisa.

Mahlangu said the investigation into the feasibity 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 magistracy, for the entire region.
Post office faces 40% reduction in subsidy

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 95% 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 said about 4.6-million households had no addresses and a process had begun to rectify this situation. The post office had also restored direct 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

Revenue hits R20-bn

LLEWELLYN JONES
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 Willard 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 22% to R29.2-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 365 426 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 643 000 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 1 000 lines - where I come from (America), 5.5 faults per 1 000 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."
Teledom needs an extra推 BN

TELDCOM's results exceed expectations, but risks remain. The

Teledom's share price has climbed in recent months, but some analysts are concerned about the sustainability of the company's performance. The company has reported strong revenue growth in the past year, but some investors are cautious about the company's ability to maintain its current pace of expansion. Teledom's management has been praised for its strong leadership, but there are concerns about the company's ability to manage its growing operations effectively. The company has also faced criticism for its lack of transparency in reporting its financial results. Despite these concerns, Teledom's share price has continued to rise, reflecting investor confidence in the company's future prospects. However, some analysts warn that Teledom's high valuation makes it vulnerable to market fluctuations and that the company needs to continue to deliver strong results to justify its current price level.
Strike notice served on Post Office, Telkom

FRANK NXUMALO

Johannesburg - The Communication Workers' Union would today serve a 24-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."

Sejeho 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 28 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-slow, 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 R3,50 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 16."

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.
Post Office slashes debt

Postal Services suggesting H$330m cut addressed by better revenue controls.
Pay deal averts postal office strike, while metalworkers accept offer
A tough day of labour pains for managements

As protest action throughout various industries intensified, a last-ditch effort by Telkom, the SA Post Office (Sapo) and the Communications Workers Union (CWU) availed 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 Heeze, SACTWU's Western Cape regional secretary. — Own Correspondent, Staff Writer
CHEQUES REMOVED FROM DUMPED LETTERS

Jail for mail thief, PO promises

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 Fir 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 hadn't added a last bag of rubbish to her bin on Wednesday evening.

"Thank 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," 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 found 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 Menees of the Post Office's investigative unit.

"We will 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 will 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 033 554.

LETTER LITTER: Nonzakheko Xhalse with some of the letters that her employer Jean Myburgh found opened and abandoned in the rubbish bin on Wednesday.

PICTURE: THEMBA NKOSI DWAYISA
One of the worst in a string of double pay allegations received by Council: Swiss businessman Cases levelled against Saira Pahlali
TEKOM loses millions from fraudulent telephone calls.

By FELIX FRESCHER MORA

TEKOM loses millions from fraudulent telephone calls.

BY FELIX FRESCHER MORA

TEKOM loses millions from fraudulent telephone calls.
3 convicted as phone scams run to R4-m

(R7) ARC 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.

Scammers allegedly tamper with phone cables to allow immigrants to call home at someone else’s expense.

Telkom spokesman Andrew Welsrick said about R4-million had been lost in the past four months.

Habte Ferede, Tesfaye Tenesgen and Zawdu 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 Ratshihymo asked that the case be postponed to August 21 to check whether the men had previous convictions.
Surprise as Post Office head quits

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, 62, 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 uneated, possibly to make way for an affirmative action appointment. Criticism is understood to have been levelled at Touwen for returning a largely white management team, and there was a feeling in certain government circles that he was inflexible on some issues.

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... 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 R40m to R271m. Posts, Broadcasting and Telecommunications Minister Jay Naidoo said no plans had been made on a successor.
Bureaucracy impedes progress
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.

Indium, 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 Indium regional director James Rege.

"We are moving into the rest of Africa," adds John Richardson, Indium 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 Indium 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 the Ministry spokesman Mandy Jean Woods. "There’s no timeframe 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. Indium 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 Indium will lose its competitive edge locally, as it will begin service almost simultaneously with competitors like GlobalStar and ICO.

Sasa Fransen
Private position dellof letter of law

Unhappy mailman searches for stamp of respect

The post office, on the other hand, is the lifeblood of a community. It provides a place for residents to conduct daily transactions, pick up mail, and receive important communications. Without the post office, these activities would become much more difficult. The post office is also a symbol of democracy. It represents the right of every citizen to receive mail and communicate with others, regardless of their social status or political affiliation. The post office is a vital institution that cannot be ignored.
Telkom’s R4.8bn for empowerment

Johannesburg — Telkom, the state-owned telecommunications utility, has 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 Rehatile, a black-owned group, and Genent Technologies.

AAT has already identified over 50 empowerment groups which were participating in the first phase to deliver 50,000 subscriber lines to underserved 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

NOSIBA 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.

Mothobi 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 Transnet 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 Transnet 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 R3 billion contract to Alcatel Alenia Telecoms and Lucent Technologies for digitally enhanced cordless telecommunications (Dect) and a Time Division Multiple Access (TDMA) system with Dect trunk systems.

The contract covers the provision of 300,000 subscriber lines to underserved urban areas and 120,000 lines to rural areas over 24 months.

"TDMA could actually attract investment for 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.
Sonya will opt for three. It is not more

CELLULAR NETWORKS
NEW CELLULAR LICENCES

IMMINENT DEATH OF A DUOPOLY
Satra hard-pressed to ensure competitive environment

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, LumaSA Telecoms and Zakhile 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.

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.

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, emphasised 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.”

It is likely that Satra will need to 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 pagers for underserved areas, has received a mixed reaction.

Telkom will not 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 Makhaite.

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 75.5% 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.
PUTTING THE RULES IN PLACE

The latest edition of the Federal Communications Commission's "Putting the Rules in Place" report provides guidance on how to implement the new rules for the implementation of the Outage and Reports Act.

The report outlines the requirements for providers to report outages and maintain accurate records, including the need to notify customers and the public in a timely manner.

The report also includes a section on how to handle complaints and disputes, as well as a summary of the new rules and how they will affect the telecommunications industry.

For more information, visit the FCC website at fcc.gov.
Putting the Rules in Place...
Network Licence Proposals Draw Mixed Reaction

`Text cut off and not legible due to overlap and distortion.`
Government gets R1-bn from Telkom

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 Dlorgang 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 pro-

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.
Lechazo: govt promises return to peace after 1978-88 conflict to restore stability in conflict-scarred country. President, the Action National Movement, has called a meeting with political parties today to discuss future steps. He said the government is committed to securing stability and progressing the country forward.

The government’s priority is to stabilize the country and restore peace. cabinet ministers have been meeting with opposition leaders to discuss the current situation.

The opposition has expressed concerns about the government’s policies and has called for dialogue to address the issues.

The government has assured the opposition that it is committed to addressing their concerns and working towards a solution.
Protocol needed for Sata.

PROTOCOL: Clear definition of powers is needed to avoid potential conflicts.
Post Office threat to privatise postal service

Government threatens to privatise postal service

Years to dust off cobwebs

SA Post Office given five years to dust off cobwebs
Post Office ‘losing R350m a year to private sector fraud’

Patrick Wadula

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 R80m 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 pre-paid 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.

Post Office chairman Max Maseela 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.

Maseela 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.
Postal bill limits service monopoly

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 aims 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 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 Omniklink 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 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 want to press it. 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 Craigshill 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. HxNet, a service provider in the Softline group, was recently forced to shut down its satellite Internet service at great cost. MD Steven Mzabow claims that a 64 Kbit/s link rented from Telkom costs R45 000/month, while satellite costs $1 300/month. Mzabow 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.

Duncan McLeod
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 transmissons over private data networks. Another grey area is the use of the corporate connect service, whereby corporates are able to directly connect their PBX system to the MTN and Vodacom cellular networks, thereby reducing the cost of calls. "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 multimillion-rand business on regulatory loopholes," adds Satma chairman Gianfranco Cicognia.

"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 Cicognia.

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, and 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.

Ngcaba says the lack of communications infrastructure, the high cost of telecom, 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

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 Nadoo 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.

Nadoo 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

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 0800-001-194, by e-mail to infoexchange@joburg.btap.bt.com, or through the website at www.infoexchange.bt.com.
on Internet access

Electron pulls out of negotiations with rivals

The service the company expects in 2002: The service

The service that the company expects in 2002: The service

The service that the company expects in 2002: The service

The service that the company expects in 2002: The service

The service that the company expects in 2002: The service

The service that the company expects in 2002: The service

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The service that the company expects in 2002: The service

The service that the company expects in 2002: The service
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 had 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

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 telephone lines and access to phones in southern Africa.”

Anyone wanting to attend should call Charmaine at (011) 988-6831 or Tess at (021) 461-2874.
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 Naddeo, 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

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 countries 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 the examples 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,” he said.

“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,” Maepa said.
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 Minora 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 Slik 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 R50s blowing in the wind.

Recently the post office advertised it had "cleaned up" its act and that employees were no longer loosing mail.
UK development group aims at small enterprises

Africa has been left behind in the telecommunications revolution, but now it is trying to catch up.

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 the 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 £390,000 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 Uruguayan 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 Cameroon, 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 cybercafes could be viable."

— Financial Times.
Millions lost in
Post Office thefts

By Ido Lekota

Despite registering and insuring mail items, consumers have lost millions of rand's 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 anticrime 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

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 hotline will be established.
Telkom to overcome ‘difficult conditions’

Robyn Chalmer 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 2.5-million new lines over the next five 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

RÉNÉE BONORCASH

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 councilor, said Telkom’s proposed increases had been reviewed 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 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 Gaschwund, 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

BOITE HEADBUSH
Staff Reporter

Telkom has withdrawn its workers from Beacon Valley, Mitchell’s Plain, because it fears for their lives.

Telkom community relations manager Mpmme Plaatje 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 lynching attempts, while four others were robbed of their tools at gunpoint.

Ms Plaatje 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 Adams.

He said Telkom had invited the police to today’s meeting.
Fearful Telkom technicians flee
Beacon Valley

LINDA DANIELS
\(\text{ARG 31/10/98}\)

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," said a local community leader.

Local community leaders and Telkom officials met this week to address the problem and to find solutions.

Mphumelela Plaatje, Telkom's community relations manager, said all community structures attended the meeting.

She said: "We raised our concerns and they listened and supported us."

"If the technicians' lives are in danger, we can't provide the service," she said.

Ms Plaatje 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 mulled over 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 Cuthibig, 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.
Kogil says the Health Department is the main culprit.

Thousands in petrol lost to fraud — MEC

(67)

By Att Masilele

11/11/2018

Ten lucky winners

Winnings Cup

southern cup

Johannesburg
Postal Services Bill set to revolutionise telecommunications

(267) Parliament 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 services.

"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.

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 Ntsu 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

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.

Pindy 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 Maope, 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

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 Minster 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 Leaey, 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.

Leaey, 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 Gezahagne 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

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 piggybacking 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, Afroxone and Thebe Media & Communications.
Rural homes can’t afford their phones, says Telkom

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 operational 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 Sphiwo 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 37 hours for repairs in cities and three times longer in rural areas.
Satra gets tied up in interconnection

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, Aforemost and Telekom — 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 Ncaba 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 vision of non-discrimination and infrastructure sharing became the centre of intense debate during the hearings, involving almost all of the established telecommunications companies.

"The challenge that as interconnection and facility leasing are two distinct concepts, guidelines on these should not be issued together, as they are not related," said Funky 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 time-frames 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 have 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.

"Telkom, 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, asking 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 that are related to the actual interconnection between regulators.

Telkom instead proposed its own system to allow it to recover joint and common deprecation, cost of maintenance and replacing assets, economic deprecation, 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 backlash 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 Transatel, said Telkom should be compelled to celebrate (share sites) with Transatel.

After so much interplay of different interests, Satra now must craft interconnection guidelines which will give users choice and lower tariffs while encouraging rival telecommunications companies to invest together in infrastructure expansion.
P.S. TELECOMMUNICATIONS - GENERAL

1999
Poor have right to technology
Post Office attracts 4 bidders

Robyn Chalmers

FOUR international consortia 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, CEO 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, Cogmose 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 $88m 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.
Telephone access for everyone

The USA has made a commitment to universal service — to ensure that every South African has telephones at their place of residence. The long-term goal is to achieve universal access to telephone services within a distance of a maximum of 20 minutes — whatever means they are travelling.

Novell, seen part of its future success in the telecommunications area with its Novell directory service (NDS) and a wide range of software now being developed for the telecommunications market.

Richard Richter, Novell's vice-president for Europe, Middle East, and Africa, says the company is targeting Internet service providers. "We see these companies as early adopters, and we are developing our NDS to meet their needs," he says.

NDS is a database system that helps organizations to synchronize and manage distributed information. The directory provides security, access, and authentication capabilities.

Software controls entry

With its corporate structure, access to specific applications and games, Novell aims to use NDS. There is also a good chance that Deutsche Telekom in Germany has planned to use NDS.

"There is also a good chance that Singapore Telecom is planning to roll it out throughout Asia," says Richter.

"And Singapore Telecom has launched a new service called "SGNet", which is a service that uses the NDS directory technology to give customers access to a virtual software library.

American Telephone & Telegraph has also targeted NDS and is planning to provide access to the Internet and e-commerce services.
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 Botha, MD of BSW.

As a result, companies can afford to do more with technology, for example, set up distributed call centres.

Botha 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 Botha.

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 link to the Internet and interface their communications links with their legacy systems, says Botha.

"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 telecommunications companies worldwide are generating a lot of money, but they are not happy with it.

"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 Botha.

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

Botha 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 Botha calls "knowledge brokers" who keep their fingers on the pulse of technology developments and help solve telecommunications problems."

Botha 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 Botha.

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Deregulation opens markets

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 the 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.
Nando and his minions would be a hard act to follow.
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-TechKnowlidge (BM-T).

Though many services are exclusive to Telkom, new orders by competition for another year if it meets government’s network rollout and service targets.

However, a competing network operator could be licenced within 18-24 months, according to BM-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 Aircel, 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 consortia 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 seen up the wealthy end of the market.

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. SaNet, the industry regulator, has issued more than 56 VAN interim licences to Internet service providers and companies such as FirstNet, IBM Global Networks, Omn Lisa 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 to reduce its dominance in the market, but continuing its monopoly of voice would cripple SA’s telecoms development, says Wills. "Providing 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.

“Any playing must have access to each others’ 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.
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 consortia 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 Headrush 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 Nkomo 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 R3,5bn tender, which was awarded to a US/SA consortium known as Afcent/CLC. The consortium includes US-based Telereox and Chase Hibbke 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.

"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 (Transatel)—will be of interest to international investors with substantial telecoms infrastructure throughout SA. These parastatals are well positioned as future competitors to Telkom.

Transnet 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—every together with its shareholders Transatel and Johnnie—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 so far-fetched to predict that traditional IT companies like Datatec and Dida and others will also enter the fray.

And with many local IT players heading offshore (Dida and Compexor, 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% a year and will only see a 1% reduction in its market share (by revenue) by 2002.
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.

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 deter from the viability of the third and make the market more risky," Saker said. The government could still review its commitment to the fourth licence.
Satra interconnection guidelines nearly complete

Johannesburg — The South African Telecommunications Regulatory Authority (Satra) has embarked on the final lap of discussions on interconnection guidelines, paving the way for cooperation 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 seen 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 15, 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

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, Afrzone, 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.
Telenor to spend Rs2bn on development

Economy will benefit from allowing as many people as possible access to telecommunications network

(36) 06 April 1999
Budget cuts could muzzle us, says Satra

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 R8 million was granted.

Satra received R68 million last year although it contributed more than R340 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,”

Napdi 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 R21.5 million to R20.4 million this year.

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 R1.3 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 issue 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 an extent that “I personally could not tell you how much I make every month any more,” he said.
SA aims to boost Africa’s communications network

Moses Mlingulu

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 millennium.

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

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 do all the driving, will take along state-of-the-art telecommunications equipment. The rally will be covered by radio and television, and an Internet site will map the route.

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 digitised. 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 300,000 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 better off.”

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 9pm, 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 spuns 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 $3 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

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 problem.

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 forward-

CRISIS TALKS Satra’s Nape Maepa blamed for taking sides in the petition to parliament without consulting with council.

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 R5.5 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 R8 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

Wyndham Hartley

CAPE TOWN — Open warfare has erupted between the chairman and deputy-chairman of the SA Telecommunications Regulatory Authority (Satra), with accusations of undue influence, tampering with tenders, wasteful spending and poor job performance.

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 — R6.5m. 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 Naldoo. Maepa, in a letter signed to Naldoo, 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 Denne Seulje said she had referred issues involving Satra to the auditor-general and the public protector.
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 fulfilling our mandate,” said Busi Molele, 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 Gool 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 inadequately consulting, 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 regulator from performing its functions.

“We just hope that the interests of the industry, not of individuals, get given priority. Investors would be disappointed if these differences could delay Satra in handing the new cellular licence,” said John Saker, a partner in the information/communications and entertainment division of consultants RPMC.
Call for decisive action on Satra and IBA merger

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.

"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 1898.

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."
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 super-highway, 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.
Investors duck mudslinging

Infighting recalls the fiasco that destroyed the IBA

Legations 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.

NO EASY WALK TO A CELLULAR LICENCE

1997 October
Satra commissions a local/international consortium, the International Telecommunications Consultancy (ITC) to examine the feasibility of more cellular licences.

1999 February
The ITC recommends one new licence.

1999 August
After public hearings, Satra recommends two new licences. Reaction is mixed.

1999 November
Cabinet rules that two new licences be issued.

1999 December
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.

1999 March
Tender details are gazetted. Mabido commits himself to issuing the tender by July.

1999 June 12
Deadline for tender applications to Satra. A consortium linked to ITC will help evaluate the tender. This decision causes a public blow-up between top Satra officials.

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 intrigue 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 (Scan-

SA's not that attractive to telecom investors

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The recent problems revolve around the awarding of a R3.5m contract to Accent/CLC to evaluate the third cellular 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.

Information Technology

Telecoms regulation: 1

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Information Technology

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, Labrus Lesibu and Maepa remain on board. New to the council are a lawyer, Tshidi Maymente-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 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.

Marna Boshoff

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“We’re ready to walk through walls (Even when there’s nothing there)

Jim Nowick

We didn’t become one of the world’s largest IT services companies without changing the rules when it comes to delivering beyond expectations. Indeed, just last year, billions of people saw this philosophy in action when we took France ’98 to more fans around the world than any other sporting event in history, several months ahead of schedule.

It’s helped us to score just as many goals locally. Take, for example, our partnership with Sage Life. We promised to take them to the top 25% of the world’s most efficient insurance companies. Then, to keep us focused on Sage’s growth, we arrange a fee directly tied to their premiums. The same commitment to delivering measurable business value has contributed...
Satra set to block free (ab7) phone service

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 Långgren 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.”

Långgren 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.

Pinkie Moholo, 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 telephone service in SA without a licence. The current holders of telephone 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 continuously under threat from outside competition, notably callback operators, which were banned by Satra in 1997 but continue to thrive in this country.

However, Lotta Svennungård, 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

International delegates dumbstruck that enlightened SA could bar innovation

Reports by Lesley Stones (227)

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 Benn 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 telephone 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,” he implores 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.”
Getting plugged into

Jay Naidoo goes on safari to connect a continent

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

From this rich coastal plain, dotted with olive trees, Carthage waged a losing 316-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 northernmost tip at Bizerte, 60km north of Tunis, to its southern extremity at Cape Agulhas. The aim: promote the connection of Africa to the wired world of the 21st century—telecommunications, Internet, telemedicine, distance education and satellite and cellular telephony.

A not-so-secret secret of South African journalism is that reporters are constantly beseeched 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: CNN can fairly ask whether the millions of corporate sponsors are paying for the rally or whether 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 the 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 Naroobi, I had dozed two pairs of pants, six shirts, a towel and a bandana to fight off temperatures better suited to dead bees 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 16 million telephones fit into the future? It doesn’t. Our vision of an African Renaissance will be stillborn unless telecommunications reality is changed," Mr Naidoo said before heading to Tunis.

Jay Naidoo’s rally reflects a complacency that the continent’s underdevelopment is a sign of potential. Investors interpret low African incomes as lack of purchasing power. African corruption as a constant peril and poor African infrastructure as a guarantee that work 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. It 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
The notion that Africa’s image suffers from a biased Western mindset 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 larceny 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 horrors, 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 low-grade rebellions in Africa I count wars or rebellions in 10 countries involving armies from 10 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, running 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 threatens us. 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 scarce 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

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 Saladin, the Sudanese information and culture minister; and Elshaf 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 telecommunications 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 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 63.8 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 teleshops.

There are no restrictions on Sudan on the foreign ownership of telecommunications services.
An ambitious mission

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 Beedar desert, driving from the border town of Dongola in the north to the capital Khartoum in the southeast.

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 were 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 Daughlsh and Indian national Navneet Kapila, a holder of the Guinness Book of Records title for traversing 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 glaring 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 Bushara, 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 the fact that our convoy passed only two other vehicles.

Communications Minister Jay Naidoo is on a continent-long rally to promote telecommunications in Africa. Sharon Chetty writes about their journey.

Minister Jay Naidoo on his tour of Africa. (DIGITAL IMAGE)

in six hours. Despite the obviously daunting task of having to drive in 40 degree C heat, the only mishaps that day were a malfunctioning sunroof and a blowout on one of the escort cars.

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 population 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.

Bushara 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 centredominated by Muslims and the south by Christians.

The southerners have challenged the north's dominance and the country has experienced inter-ethnic conflict for almost 40 years.

Now that there is a ceasefire with the southern rebels, Bushara 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 backing 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 Nito 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
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 1986 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.

Zoona Mothibi, Telkom corporate communications executive, confirmed that the matter had been referred to Satra after WBS alleged that Telkom was unnecessarily delaying the process.

"Telkom has refused 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.
Government plans Internet access for all  

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".

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.

Nangs 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 building 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.
Rally sparks interest in Africa being ‘wired’

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 band-quat this evening will complete the project.

But much work remains to be done. Earlier during the journey, Gideon Makwatoe, 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 Mabuthe, a local manager of the company. “Wherever there is a chance to put infrastructure in, we see it as a good business opportunity.”

A meeting between Makwatoe, 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 non-core units

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 out-sourcing policy which refers to the sale of non-core 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 pre-qualification. 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 and the temporary exclusivity period is intended to ensure we have the financial means to meet these obligations."
Troops in Lesotho begin to withdraw

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.

The size of the Southern African Development Community (SADC) peacekeeping 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, a spokesman for the prime minister, told reporters 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 the fall of the government in May 1996.

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 recon
Post Office nab criminals

The post office says powerful syndicates are colluding with its workers to defraud it but security has improved.

Communications general manager Sindile Madolo said investigations in regard to mail theft in the past financial year, have resulted in over 346 employees being found guilty and their services were terminated. More than 167 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 abused with all sorts of rumors, 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 openness and set an example to all other organizations 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 flexible 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 99 people to the list compiled earlier by the Security and Investigation unit.

The recommendation was to order those affected to repay 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 seriously.

A final group was identified to consist of persons responsible for the processing of fraudulent documents.

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 division called security and investigations to co-ordinate all security measures relating to mail violations."
Satpra promises to level field for new entrant

By Shadrack Mashalaba

THE South African Telecommunications Regulatory Authority (Satpra) 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 Cellexpox Africa '99 at Randburg's MTN Sundome, Satpra chairman Nape Maepa said the commission under the Competition Act was a valuable ally to Satpra in the fair regulation of the telecommunications industry.

"Satpra will be looking closely at monitoring issues of fair competition in our industry as a new entrant begins business," he said.

"Cellexpox '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 R3.4B "N

Budget boost for city’s poor

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, Saleen Mower, 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 yet ambulance drivers are offered lower wages than they would make working in McDonald's."

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 Mitchell's Plain, and on Monday the council will launch the Cape Town Housing Company.
- A cleaner city: The budget shifts more resources to cleaning 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 large 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.

"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 out operating budget of R2.7 billion and using it to change the way we do business," Mower said.

Cape Town mayor Nomaindia Mbeko 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 Rynven.

"This is what local government is all about - making our neighbourhoods safer, giving children access to books and providing clean water and houses," Mower added after swinging the vote.
Millions lost in
govt fraud scam

Post Office bosses suspended

By MAPULA SIBANDA

THE Department of Posts and Telecommunications 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 Obellhozer.

Tashe is said to have resigned after he was served with the notice.

Efforts to contact him and Obellhozer 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 Nandco 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 Mayabella — 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

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 Sandise 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 investigations.

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.

Nandco this week committed the department to rooting out corruption and other crimes in its ranks.
A forensic audit into the SA Post Office, led by finance minister Tito Mboweni, will be conducted in the wake of allegations of fraud.

Meanwhile, a senior Post Office official, who has been suspended, was arrested alongside his brother over financial irregularities.

The Post Office has also been involved in a scandal involving the alleged misuse of public funds for the purchase of luxury cars and the suspension of employees.

The audit follows a forensic audit of the mail delivery system, which was suspended last year due to fraud and corruption.

The audit will be conducted in the wake of allegations of fraud, and will be led by a team of forensic experts. The results will be presented to the Finance Committee for consideration.

The Post Office has been struggling financially for years, and has been unable to pay its employees for several months. The audit is expected to shed light on the extent of the financial mismanagement and corruption within the organisation.
Rhon emergency radio network by October
Non-liberalised telecoms market threatens growth of IT industry.
So much for Post Office’s anti-crime ad campaign

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 rand.

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 rand.

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 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 R52 million rand, a contractor 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 40 other tenders.

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," said Koos Krooper 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 earlier this month after senior managers in head office were linked to fraud.

Five managers involved in scams, including tax evasion and defrauding the Eskom 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 board of sweeping corruption reached the shores of the Eastern Cape with the suspension of their Regional General Manager, Gooden Ngumi.

Ngumi is being investigated for allegations of abusing the tender system and misappropriating more than R900,000.

Sources told City Press how drama ensued when forensic auditors had to be escorted by police as union members - seen to be siding with Ngumi - refused to let them enter Post Office premises.

Workers have even rejected calls from head office to allow Western Cape General Manager, Leon Dippemar, to act on behalf of Ngumi during his suspension.
Post Office ‘now on track to break even’

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 cashflow management.

Naidoo said that with a relatively new board and chairman, Max Massela, 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 another 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 underserved 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

MARI HLOPOE

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 Nadoo, 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,” Nadoo said. “However, in New Zealand-Royal Mail and Canada Post we have two proposals which will definitely meet our ob-

jectives of turning Sapo into a world-class operator.”

The government would announce its final choice at the end of next month.

PricewaterhouseCoopers and Ebony Financial Services were the government’s transaction advisors.

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,” Nadoo 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**

**INDUSTRY HANGERS-ON GET THE CASH FLOW MESSAGE**

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 R5bn, five-year programme 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, extendable 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 Marcon, which recently acquired telephone manufacturer Temsa, and Reunert through its holdings in African Cables and Sitec. Secondary players, Di-data’s Plessey, Grintek and Specom, also benefited.

Things started to turn sour late in 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 R3.6bn 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 Telokom 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 1998, costs per line rose 16.7% — twice the rate of revenue growth. Over 70% of new lines were in remote and economically unhealthy 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 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 falling 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 unsecured 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 Telstrat/Telkom duo is a strong possibility and could involve capex of R6bn-R8bn, says BMI-TechKnowledge analyst Andre Wilks. A third cellular provider would add about R3bn capex. But, says Wilks, benefits are likely to be limited to the likes of Alcatel/Altech Telecommunications and Sitec. 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 antenna cable contracts. “We are working hard on exports,” says Altron financial director Geoff Rochussen. Whether this will be fast enough to offset lower Telkom demand remains to be seen.

Specom 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 treasuring more carefully in electronics and IT shares for now.

**SPOT THE LOSER**

Change in the cost of a three-minute local call over 200km

Greece, Italy, Belgium, Germany

Change in the cost of a three-minute national call over 200km

Australia, SA, UK, Sweden, France, Canada, Italy, Belgium, Netherlands, Germany

Change in the cost of an international rates

SA, UK, Canada, Belgium, France, Italy, Australia, Sweden, Netherlands, Germany, US

FINANCIAL MAIL MAY 28, 1999

55
New Image as Change Sweeps Through 1949 Post Office
Signs of the times as Khayelitsha streets are named

Cutting confusion: A new street sign posts the corner of Bongela Drive and Tshwane Street in Khayelitsha.

Picture: Kim Ludbrook
Government 'to block Eskom cell bid'

**CT (DR) 10/6/99**

**EMPOWERING Nape Maepa, Satsa's chairman**

**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, masters 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 duties of Transnet, Eskom and Denel to create the second fixed line network.

Andile Nkulu, 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.
An early Spring City Board of Education meeting that item in the agenda, the only item to be addressed, was the decision to approve an $18.5 million bond issue for the reconstruction of the school system. The meeting was held to discuss the school system's financial needs and the possibility of securing additional funding through a bond issue.

The bond issue would allow the school system to fund the construction of new facilities, the renovation of existing buildings, and the purchase of new educational materials. The meeting was attended by a large number of parents, teachers, and community members who expressed their support for the bond issue.

The vote to approve the bond issue was unanimous, and the meeting adjourned after the approval was announced. The school system staff was directed to proceed with the preparation of the necessary documents for the bond issue.
NATIONAL

Robyn Chalmers
and ECN

THE launch yesterday of a $600m submarine 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 as 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 southwestern African submarine cable is a 15 000km fibreoptics 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, of in line-man's terms, that is capacity equal to 4.85 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 submarine cable system is expected to bring down the cost of telecommunications.

The project is scheduled to be fully operational in 2001. It will operate for 80 years and is built to withstand the rigours of bad weather and vandalism. 
SA signs undersea cable accord

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.

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 it was expected 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

South Africa’s passion for the internet seems to be ebbing 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 the 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 1 268 000. 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 569 000.

Summaries of all Media Africa surveys can be found at http://www.mediaafrika.co.za
Union attacks
Telkom bidders

Reene Grawitzky (224d) (2b7)

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 Sebeboho Kuti 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.

Kuti 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. Kuti 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 calling 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.

Safco president, Mphatso Hlonipane, 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 Deiter, 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

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 76% 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 Sandile Nkasana confirmed that a list price on the Johannesburg Stock Exchange remained on the cards, but said the decision on the size and timing of the listing lay with government.

Nkasana 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 non-core 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.

Nkasana said changes for utility

Noninfrastructure properties, and its light engineering and electronics workshops.

Hiring 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 restructur- ing the business and eliminating those areas considered noncore. This will (ad- versely) affect our results in the short term,” Nkasana 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 490 000 and exceeding the 3-million line benchmark 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 37 000 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 slammed 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
TELECOMMUNICATIONS

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 Gullifish, 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 Telecommunications Union (ITU), says recent improvements constitute a renaissance Africa last year registered its highest annual growth rate in main telephone lines since 1986. 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:

- 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 nonexistent) 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. No 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

<table>
<thead>
<tr>
<th>Country</th>
<th>Main telephone lines per 100 inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>10.79</td>
</tr>
<tr>
<td>North Africa</td>
<td>10.79</td>
</tr>
<tr>
<td>Africa</td>
<td>2.60</td>
</tr>
<tr>
<td>Sub-Saharan</td>
<td>0.52</td>
</tr>
</tbody>
</table>

Source: BMI-TechKnowledge

Telecommunications Regulatory Authority (Satra) councillor Alison Gilwald 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 Trollop, 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, Gambia and Senegal registered the highest telephone growth in 1997. The incumbent operators in these countries represent three of the five latest African privatisations.
President Bush's economic aid package has met with a mixed response from the public and the media. The president has described the package as a necessary measure to stimulate the economy. However, critics have argued that the package does not address the underlying issues of the economy. Congress is expected to vote on the package this week.
Sara due to get advice.
Phones for all — first phase before December

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 telecommunication 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 R10bn of this and the rest came from MTN, Vodacom and other smaller operators.

The agency service manager Mate Leloalo 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 Faile 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 2,8mn lines towards community service, 1,7mn 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 Kokana said clarity on the agency’s role on the 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.

Kokana said the committee needed to closely monitor the universal service implementation.
Lawyers say competition already provided for

Telkom’s call for new laws ‘redundant’

RENIE BONDORCHI

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 promulgating 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 R32 billion network expansion and modernisation project with borrowings and its own funds. Telkom has paid R1.9 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.
Africa connects to democracy
As a way of disseminating news without fear of government censorship, the Internet has no rival – but first you must have access. Warplane reports
separation
degrees of
just 19
Weeb
Satra rules
Telkom threat out of bounds

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.

Tshediso Maymenale-Heshate, 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 than 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. Maymenale-Heshate 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 unfairly 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 and 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 findings: “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

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 fulfill orders for an additional 550 lines which Omnilink needed to meet customer demand.

Satra councillor Tshidi Maimela-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.

Maimela-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 18/9/99
Postal subsidies to end

Nabera contract faces termination if it cannot provide loan by next week

GOVERNMENT plans to accelerate its privatization process by ending postal subsidies within 18 months and putting wide-ranging resources in place to save Akabor, its South African branch.

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 Akabor would be converted from a joint venture to provide an unconditional R125m loan for exploration by next week. A new tender process will be launched in such an eventuality.

Akabor's board faces a resolute and forensic investigation into management of funds and other irregularities. Public Enterprises Minister Jeff Radebe said four key Akabor board members, including its chair, Nana Giosa, had been 'relieved' of their responsibilities.

Government also agreed to conduct a forensic audit into the disappearance of R81m set aside for environmental rehabilitation, and board members' unauthorized use of Akabor's resources.

A industry source said government had finally realized that the mine's woes lay with an incompetent board.

Radebe disclosed speculation of a conflict of interest due to his wife, Sergeant Radebe being a chairman of the Nabera consortium in charge of the contract prior to his appointment as public enterprises minister.

Nabera's deputy chairman, Adonis Parenoz, bowed out of the contract to allow for a re-organization of the R125m loan. Universities and public enterprises minister

Nabera's chairman, Nana Giosa, had been 'relieved' of his duties. This was an indication of the board's resolve to guard against eyebrow raising.

Public enterprise director-general Sivi Gouws said urgent interim measures were being put in place to save Nabera.

Communications Minister, Mabuza Cebtmun announced crucial decisions taken by government on the future of the SA Post Office and Akabor yesterday.

Public Enterprises Minister Jeff Radebe and Post and Telecommunications Minister Mabuza Cebtmun announced crucial decisions taken by government on the future of the SA Post Office and Akabor yesterday.

Contract to be probePage 4

Postal addresses and 700 new postal retail outlets around the country.

Mabuza Cebtmun said Akabor would take place, training programmes would be established and a new vision of revenue explored. The post office board was engaged in talks on the appointment of a new CEO.

New Zealand Post International MD, Drew Veale, said the chief negotiator on the New Zealand side, said he was delighted that the contract talks were now complete.
Regulator cannot be allowed to limp along.
Telkom favoured by high court (9-7)

NASHI SUKAZI

Johannesburg - The Pretoria High Court yesterday dismissed with costs the application by six valid-added network services (Vans) operators for a temporary interdict to prevent Telkom from terminating services.

The court said that 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 of 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 declare to provide written confirmation that those 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," said 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 asking 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."
Rural link-up gets disconnected

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 Evelth

The Universal Service Agency (USA)'s ambitious plans to roll out hundreds of rural telecentres to non-electric areas to telephone and the Internet has virtually run aground in the face of political turf battles, internal turf, corruption, legislation and technical hitches. The agency has barely managed to deliver 10% of the telecentres promised by targets set for itself two years ago. At least 10% of those not functioning because they have no telephone line up, while a further third of those set up are mere shodowns of the original models.

USA acting head Bille Khumalo confirms that only 34 centres have been set up so far for the 10 of these "mini-centres" that offer only a few of the services currently envisioned, and that the full 48 full telecentres were set up largely by the Council International Development Research Council.

The figures stand in stark contrast to the promise of former USA head and South African National Civic Organisation president Msindisi Hoogwame.

Launching the USA Telecentre Project to reach international facilities in November 1997, Hoogwame promised to roll out 48 to 62 telecentres by March 1999. Therefore, the USA was expected to set up between 108 and 170 centres by now.

By new this plan should have produced between 355 and 470 telecentres countrywide. Although not quite as many, the USA has set itself the goal of reaching 100 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. University researcher Peter Benjamin estimates that this "universal access" goal would require a further 15,000 "phonepoints" around the country, but he questions whether telecentres are the best way to do this.

"The current, Telkom, Voiso, MTN and a range of smaller telecommunications service providers have paid a whopping $26 million into the Universal Service Fund set up to finance USA projects so that, today, every other voice service is supported beyond its cost to the consumer, while the USA's 35-member staff has consumed about $5 million a year in operational costs from a separate budget since its formation in March 1997.

Khumalo says the USA's biggest challenge was partly due to a lack of cooperation 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" brings 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 politicians allege that the two managers failed to approve two key 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."

While all this, the petition alleges that the two managers collectively authorised payment advances to employees and reimbursed trips at the expense of the USA, and received double salaries. The petition follows the decision of one senior manager to sue two of the USA's nine provincial and federal managers.

Khumalo says the manager was simply implementing a department decision that the telecentres were too expensive, at an average monthly salary of 70 000. He said four of the telecentres are now fighting against their dismissals in the Commission for Conciliation, Mediation and Arbitration.

Nevertheless, Khumalo says he had ordered an investigation into the so-called "turf war" allegations.

The USA approached Minister of Posts, Telecommunications and Broadcasting for Msindisi Hoogwame this week to intervene. But Khumalo says the government has not given a commitment. He also says that, in any event, the situation is currently better than it was earlier in the year.

The National Audit of Early Childhood Development Provisioning

A call for submission of tenders for nine (9) Provincial Contracts

As part of its Programme for Reconstruction and Development, the European Union (EU) is committed to a Project titled the "Technical Support Project to the South African Department of Education." This Project is focused on developing capacity and improving policy in programme delivery at national and provincial levels.

The Early Childhood Development (ECD) Directorate of the National Department of Education in conjunction with the above-named Project, is embarking on a nationwide audit of ECD human and physical resources, services, participants and providers to allow for more informed and responsive policy formulation and planning. Nine agencies/consortia will be awarded "provincial contracts" to select, train, collect and return data under the coordination of the national agencies/consortium and the Audit Research and Publications Committee.

Followling the open consultative process which took place during August, the proposals contained in the expressions of interest received during October and discussions held with various interested. As a result of these discussions, the following guidelines have been established:

1. The five-week nationwide audit of ECD "sites" will be held in May 2000
2. An ECD "site" is defined as an early childhood education and care centre or group of early childhood education and care centres
3. Provincial agencies/consortia, under the coordination of the national agencies/consortium and the Audit Research and Publications Committee, will be contracted to:
   a. Identify two core research (who will be trained by the National Agency/Consortium)
   b. Collect data on selected indicators on the management of the agency by communicating directly with the minister and by ignoring
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 Masela announced on Friday.

This included an annual loss of R158 million from former homeland post offices and excluded an exceptional provision for medical aid, Masela said.

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, Masela 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.

Big improvements due in the post

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 R750 million 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 Masela said the organisation reported an operating loss of R224 million 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.

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Africa ready to be wired

THANOSIWE 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 Matepe-Cassabon said the significance of the revitalised project was to develop telecommunication skills and to help countries which lacked the infrastructure to grow.

Jan Murga, a candidate from Kenya, was voted as the union's new secretary-general.

A flagship 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?

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 cellular phone call! Depending on who was using the third cellular licence bidders are likely to do much better as a result of their licences. The fact that the big three telephone companies own them is of little consequence. The only thing in the way is that the cellular licences are for 15 years, which means that the big three companies will have to pay back the licence fee in 15 years. For the next six years, the licences will be issued on a concessional basis.

And the big three companies are going to bid in the concessions for the first time. This is because they are becoming good at bidding for licences. As a result, the big three companies are likely to bid for the licences that are going to be available in the next six years.

Bringing telecommunication to the masses: Universal telecommunications access may come from cellular networks rather than from telephone networks. PHOTOGRAPH: NICHOLAS HUTTON

If his goats die he goes hungry ....

VAETAD assists farmers in Mozambique, Tanzania & Somaliland who depend on livestock for their survival.

Abdulrahman Ahmed of the National Mission of the Islamic Council of Kenya says that the services which could be used to mitigate the impact of drought are those which are not available in the area. The mission has been working with the local authorities to ensure that the services are available.

Dr. A. N. Chellman, the mission's head, says that the services which are available are those which are not available in the area. The mission has been working with the local authorities to ensure that the services are available.

Advocates for the Islamic Council of Kenya say that the services which could be used to mitigate the impact of drought are those which are not available in the area. The mission has been working with the local authorities to ensure that the services are available.

If you need assistance with any of these services, please contact the mission.

If you need assistance with any of these services, please contact the mission.

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