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GENERAL NOTICE

NOTICE 624 OF 2005

I, Dr Ivy Matsepe Casaburri, Minister of Communications, hereby publish the following questions and answers in terms of clause 1.4.6 of Gazette Number 27166 of General Notice 20 published on the 11th January 2005.

QUESTIONS AND ANSWERS TO THE MINISTER FOR UNDER SERVICED AREA LICENCE (USAL'S) INVITATION TO APPLY (ITA)

QUESTIONS	ANSWERS
1. Can a successful applicant use any technology of their choice to provide telecommunication services?	Yes, USAL's can use any type of technology of their choice. (Refer to Section 40A (3) and Section 54 of the Act)
2. What services can you provide with a USAL'S licence?	Section 40A of the Telecommunication Act 103 states that an under serviced licensee shall provide any telecommunication services, including voice over internet protocol services, fixed mobile services and public pay phones.
3. What financial assistance is the DOC providing with regard to the licence?	The DOC does not give any financial assistance, however there is a subsidy from the Universal Service Fund for applicants who will be successful in their applications. Section 66 of the Act states that the money in the Universal Service Fund shall be utilized exclusively for the payment of subsidies, to assist small businesses and cooperatives to acquire and construct infrastructure to provide telecommunication services.
4. Is the government going to protect USAL's against major operators in designated areas?	USAL's will be competing with other existing operators. The government does not provide protection for USAL's.
5. Can USAL's operate outside the designated areas?	USAL's will not be allowed to operate outside designated areas. (Refer to clause 3.1 Government Gazette No.27166)
6. Who can apply for an under serviced area licence?	Any interested person and groups of persons as outlined in the Gazette (Refer to clause 1.1 Government Gazette No. 27166)

7. Can applicants from other areas apply for a licence outside their areas?	There is nothing preventing applicants from other areas to apply for a licence in another area.
8. Can you use a consultant who has done work for another applicant?	<p>Consultants are only limited to one applicant in the licensing process, no consultant shall advise more than one applicant irrespective of the district.</p> <p>(Refer to clause 21.6 Gazette No.27166 of the ITA published 11 January 2005)</p>
9. Can the closing date for applications be extended?	<p>The extension of the closing date is determined by the circumstances that may arise during or towards the closing date. The closing date for the submission of the applications has been extended until the 22nd April 2005.</p> <p>The ITA states that “ In case of an amendment to the invitation the deadline available specified for the submission of applications may be extended by the Minister, if necessary”</p> <p>(Refer to clause 11.3 Gazette No.27166 published 11 January 2005)</p>
10. Can the civil servants apply for under serviced area licence?	<p>Civil servants can apply for USAL’s license except employees in the Ministry and Department of Communications, the Regulatory Authority, Universal Service Agency and members of Senior Management Service of Government Departments (except anybody below the level of Director).</p> <p>(Refer to clause 3 (3.3) Gazette No. 27166)</p>
11. Is the money from the Universal Service a loan or a subsidy?	<p>The money from the Universal Service is a subsidy and not a loan.</p> <p>The Act states that the money in the Universal Service Fund shall be utilized exclusively for the payment of subsidies (i.e. the fifteen million rand which will</p>

	<p>be divided into three years for successful licensees to roll out the infrastructure). This will be paid annually only on satisfactory roll-out of such infrastructure</p> <p>(Refer to section 66 (1) of the Telecommunications Act 103 of 1996).</p>
12. What is the maximum percentage of shareholding that can be held by a person..	<p>A person can acquire any percentage in a shareholding of a licence, including being a majority shareholder (controlling interest) in the first licence. However if a person wants to acquire shareholding in the second and subsequent licences he or she is limited a maximum of 24.99% (minority interest).</p> <p>(Refer to Section 52 Regulations on Ownership and Control)</p>
13. Can shareholders of existing operators apply for another licence?	<p>Shareholders of an existing operator can only apply for minority shares in another licence.</p>
14. What are the community obligations for the licensed providers?	<p>It is to meet or exceed the Rollout obligations in each of the Rollout plans in the licence.</p> <p>The Authority may impose universal service obligations on the licensee from time to time.</p>
15. Can the licence be used as a security to secure funds?	<p>The ITA states, “ the licensee shall not at any time or under any circumstances use the licence as a form of security to secure additional or initial funding”.</p> <p>(Refer to clause 14.2 Annexure B Gazette No 27166 published 11 January 2005.)</p>
16. Will the community be given a chance to state their views/ opinions after the licence is issued?	<p>No, the community will not be given a chance. However if there are complaints the community can approach the Regulatory Authority before the licence is issued or during Public hearings held to consider the granting of the licence</p>

17. How long is it going to take to issue the licence after the closing date?	ICASA will publish a Timetable for hearings (process) towards issuing of licence, which will be available to the Public.
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