

# **CONSULTATION DOCUMENT ON THE INTRODUCTION OF A NEW LICENCE CATEGORY OF CLOSED USER GROUP NETWORKS UNDER THE CURRENT CONVERGED LICENSING FRAMEWORK**

## **1. INTRODUCTION**

This document proposes an introduction of a new license category of Closed User Group (CUG) networks under the Converged Licensing Framework (CLF) to cater for organizations and institutions to self provide communication services such as banks, colleges, hospitals, non-government organizations, and companies.

The new licence category requires eligible organizations and institutions to expand their CUG networks in the under-served areas. The under-served areas as per Universal Communications Service Access Fund Act mean designated geographical areas by the Fund where there is reduced availability of communications services. The new licence category proposes an incentive scheme of low annual fees of USD 100.00 per Very Small Aperture Terminal (VSAT) operating in the under-served areas.

This licence category encourages the eligible organizations and institutions to use public licensed network facilities for the deployment of the CUG networks in the non-under-served areas; that is, urban areas.

The licence category will enable deployment of the CUG networks, which shall not operate on commercial basis, and they shall not be connected to the public networks for commercial operations. The CUG networks herewith, are referred to the networks, which are built by radio communications network facilities such as Very Small Aperture Terminals (VSAT). The VSAT is one of the suitable technologies for the deployment of the CUG networks in the under-served areas. The CUG networks operating without the radio communications equipment are outside scope of the new licence category. These networks include the Tanzania Railway Corporation, TANESCO, SONGAS and all Private Automatic Branch Exchanges (PABX) operating by offices in the country.

The document is presented for discussion by stakeholders in accordance with the duty and functions conferred on the Authority by sector legislation. The sector legislation includes the Tanzania Communications Regulatory Authority No. 12 of 2003 and the Tanzania Communications (Licensing) Regulations, 2005.

**The Tanzania Communications Regulatory Authority (TCRA) welcomes and invites the stakeholders and the general public to provide written inputs and comments on the introduction of the new license category for the CUG networks and the incentive scheme on VSAT deployed in the underserved areas.**

## **2. OBJECTIVE**

The main purpose of this consultation document is to allow the stakeholders to participate fully in this review process and get industry consensus to further improve the converged licensing framework in order to enhance provision of communication services in the underserved areas.

## **3. BACKGROUND**

In 2000, the former Tanzania Communications Commission (TCC) prepared and issued private dedicated data communications network and service licenses under the Tanzania Communications Act No. 18 of 1993.

These licenses include terms and conditions of one-time registration fees of USD 5,000.00, annual fees of USD 500.00 per VSAT station, and duration of 5 years.

The old licensing framework did not provide incentive schemes to dedicated data communications network operators with the VSAT stations operating in the under-served areas.

Presently, some of the private dedicated data communications network and service providers are operating VSAT stations in the under-served areas in the country, where presently the business returns is not economically viable to sustain the current fees.

The incentive scheme is currently being proposed aiming at encouraging the private dedicated operators to expand their services and operations in the under-served areas in the country.

## **4. THE CURRENT LICENCE CATEGORIES AND FEES UNDER THE CONVERGED LICENSING FRAMEWORK**

The current licence categories are based on the Convergence of Information and Communications Technologies. These categories are Network Facility, Network Services, Application Services, and Content Services. The Network Service Licence category carries among other types of services the Closed User Group Network (CUG) network. Currently, the CUG network services in the Network Service Licence category include the following licensing terms and conditions:

- Application fees of USD 1,000.00,
- Initial licence fees of USD 50,000.00,
- Annual fee per VSAT station of USD 1,000.00,
- Duration of the licence of 10 years, and
- Type of the licence of class.

The above licensing terms and conditions are being challenged by under-served area situation for the services delivered by the operators of the CUG networks that they are on the higher side. Hence, the licensing terms and conditions need to be reviewed in order to match with the actual situation of the CUG network services.

The current CLF is yet to include the VSAT stations operating in the under-served areas. It thus needs to be reviewed to include the incentive scheme of low fees for the CUG network operators with the VSAT stations operating in the under-served areas for the purpose of intentionally encouraging service roll-out to these particularly areas. The VSAT station operations in the under-served areas play a significant role in promoting the universal service provision in the country.

**TCRA invites comments on the review of the current licence categories and fees particularly the proposed Closed User Group Network licence.**

**5. THE NEW LICENCE CATEGORIES AND FEES FOR THE CLOSED USER GROUP NETWORK LICENCE**

The new licence category for the CUG networks includes the following market segments: international, national, regional, and district. Each market segment accommodates profit and non-profit organizations. The conditions and terms of the CUG network licence category are shown in the table below:

**CLOSED USER GROUP NETWORK SERVICES**

<b>Market Segment</b>	<b>Type of Service</b>	<b>Application Fee (US \$)</b>	<b>Initial Licence Fee (US \$)</b>	<b>Annual fee (US \$)</b>	<b>Duration Of Licence in years</b>
International: profit organizations	Closed user group network services	<b>100</b>	<b>10,000</b>	• 500 per VSAT station for profit organizations	5
International: non-profit organizations		<b>50</b>	<b>3000</b>		
National: profit organizations		<b>50</b>	<b>5,000</b>	• 200 per VSAT station for non-profit organizations	
National: non-profit organizations		<b>50</b>	<b>2000</b>		
Regional: profit organizations		<b>20</b>	<b>2000</b>	• 100 per VSAT station operating in the under-served areas	
Regional: non-profit organizations		<b>20</b>	<b>1000</b>		
District: profit organizations		<b>10</b>	<b>1000</b>		
District: non-profit organizations		<b>10</b>	<b>500</b>		

In addition, the new licence category introduces an incentive scheme of low annual fees of USD 100.00 per VSAT station operating in the under-served areas for promoting the universal service provision in the country.

**TCRA invites views and comments on the creation of the new license category to accommodate the terms and conditions of the CUG network services and introduction of the incentive scheme of low annual fees of USD 100.00 per VSAT station operating in the under-served areas.**

## **6. CONSULTATION PERIOD**

The consultation period will run until Monday 3<sup>rd</sup> September, 2007. Comments should be sent to TCRA before noon on Monday 3<sup>rd</sup> September, 2007.

## **7. CONTACT**

All comments and other enquiries should be sent to following address:

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