

**REGULATION OF THE MINISTER OF COMMUNICATION AND INFORMATION
TECHNOLOGY**

NUMBER: 07/PER/M.KOMINFO/2/2006

ON THE TERMS OF

**THE USE OF 2.1 GHz RADIO FREQUENCY BAND FOR THE PROVISION OF
MOBILE CELLULAR NETWORK**

WITH THE GRACE OF GOD ALMIGHTY

THE MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY

Considering : a. Whereas it has been decided that 2.1 GHz radio frequency band has been allocated for the provision of mobile cellular network;

b. Whereas, in connection with the premise in point a above, it is deemed necessary to issue a Regulation of the Minister of Communication and Information Technology setting out the terms of the use of 2.1 GHz Radio Frequency Band for the provision of mobile cellular network.

In view of : 1. Law of the Republic of Indonesia Number 20 of 1997 on Non-Tax State Revenue (Supplement Number 3687 to the State Gazette of the Republic of Indonesia Number 43 of 1997);

2. Law of the Republic of Indonesia Number 36 of 1999 on Telecommunication (Supplement Number 3881 to the State Gazette of the Republic of Indonesia Number 154 of 1999);
3. Government Regulation of the Republic of Indonesia Number 52 of 2000 on the Provision of Telecommunication Services (Supplement Number 3980 to the State Gazette of the Republic of Indonesia Number 107 of 2000);
4. Government Regulation of the Republic of Indonesia Number 53 of 2000 on the Use of Radio Frequency Spectrum and Satellite Orbit (Supplement Number 3981 to the State Gazette of the Republic of Indonesia Number 108 of 2000);
5. Government Regulation of the Republic of Indonesia Number 28 of 2005 on Type and Payment of Non-tax State Revenues, which is applicable to the Ministry of Communication and Information Technology (Supplement Number 4511 to the State Gazette of the Republic of Indonesia Number 57 of 2005);

6. Presidential Decree of the Republic of Indonesia Number 9 of 2005 on the Position, Duty, Function Organization, Work Procedure of State Ministry of the Republic of Indonesia;
7. Presidential Decree of the Republic of Indonesia Number 10 of 2005 on the Organization Unit and Duty of Echelon I within State Ministries of the Republic of Indonesia as amended with the Presidential Regulation of the Republic of Indonesia Number 15 of 2005;
8. Decree of the Minister of Communication Number KM.31 of 2003 on Indonesian Regulatory Authority of Telecommunication Sector together with the amendments thereto;
9. Regulation of the Minister of Communication and Information Technology Number 01/P/M.Kominfo/4/2005 on the Organization Structure and Work Procedure of the Ministry of Communication and Information Technology;

10. Regulation of the Minister of Communication and Information Technology Number 03/P/M.Kominfo/5/2005 on the Changes of Terms in Some Decrees/Regulations of the Minister of Transportation that govern Special Materials in the field of Post and Telecommunication;
11. Regulation of the Minister of Communication and Information Technology Number 17/PER/M.KOMINFO/10/2005 on the Licensing and Operating Procedure of the Use of Radio Frequency Spectrum;
12. Regulation of the Minister of Communication and Information Technology Number 19/PER/M.KOMINFO/10/2005 on the Implementing Guideline on Type and Payment of Non-tax State Revenues;
13. Regulation of the Minister of Communication and Information Technology Number 01/PER/M.KOMINFO/1/2006 on the Re-arrangement of 2.1 GHz Radio Frequency Band for the Provision of IMT-2000 Mobile Cellular Network;

14. Regulation of the Minister of Communication and Information Technology Number 02/PER/M.KOMINFO/1/2006 on the Selection of Operator of IMT-2000 Mobile Cellular Network at 2.1 GHz Radio Frequency Band;

15. Regulation of the Minister of Communication and Information Technology Number 04/PER/M.KOMINFO/1/2006 on the Tender Procedure of 2.1 GHz Radio Frequency Band for the provision of IMT-2000 Mobile Cellular Network.

DECIDES

To proclaim: REGULATION OF THE MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY ON TERMS OF THE USE OF IMT-2000 MOBILE CELLULAR NETWORK.

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Regulation, the following terms shall have the meanings as ascribed to them as follows:

1. Telecommunication shall mean each broadcasting, transmission or reception of each sign, picture, sound

and information in any form whatsoever through cable, optical, radio or other electromagnetic system.

2. Radio Frequency Band shall mean a part of radio frequency spectrum having certain width.
3. Allocation of a radio frequency band shall mean the entry of a radio frequency band in radio frequency allocation table for use by one or more of terrestrial radio communication agency, space radio communication agency, or astronomy radio agency under such terms and conditions. The term allocation shall also apply to further division of the frequency band for ++
4. The granting of radio frequency band or radio frequency channel shall mean the authority granted by the Minister to a radio station to use a radio frequency or radio frequency channel under certain terms and conditions.
5. The 2.1 GHz radio frequency band is the frequency band 1920-1980 MHz paired with 2110-2170 MHz for Frequency Division Duplex (FDD) mode, and the frequency band 1888-1920 MHz and 2010-2025 for Time Division Duplex (TDD) mode.
6. Up-front fee shall mean the cost for the use of radio frequency spectrum band per radio frequency band block

- that shall be paid 1 (one) time in advance, for a 10 (ten)-year license to use radio frequency spectrum band.
7. Roaming shall mean inter-system conveyance among mobile cellular network operators.
 8. Each block of FDD Radio Frequency Band is frequency band of 2 x 5 MHz in width.
 9. Letter of Notice shall mean the notice issued by the Director General with regard to the payment of performance bond.
 10. Minister shall mean the Minister in charge of telecommunication sector.
 11. Director General shall mean Director General of Post and Telecommunication.

CHAPTER II

2.1 GHz RADIO FREQUENCY BAND

Article 2

- (1) 21 GHz radio frequency band is allocated for the provision of IMT-2000 mobile cellular telecommunication in accordance with B1 frequency arrangement from Recommendation ITU-R.M. 1036-2.
- (2) The granting of radio frequency spectrum at 2.1 GHz radio frequency to any of IMT-2000 mobile cellular

network operators shall be made through tender mechanism.

- (3) The radio frequency spectrum on offer shall be 3 (three) radio frequency band blocks, each 2 x 5 MHz at 2.1 GHz Radio Frequency Band, namely 1940 - 1955 MHz paired with 2130-2145 MHz.
- (4) The maximum radio frequency spectrum that may be awarded to any single operator of telecommunication network at 2.1 GHz radio frequency band shall not exceed 2 x 10 MHz.

Article 3

The tender award shall serve as the basis for determining the licensing fees for the use of radio frequency spectrum band, which shall consist of up front fee and Radio Frequency Spectrum Fee (Biaya Hak Penggunaan/BHP).

Article 4

- (1) The use of 2.1 GHz radio frequency band of FDD Mode for the provision of mobile cellular network shall be subject to spectrum licensing fees as follows:
 - a. Up Front Fee
 - 1) For operator selected through bidding mechanism, the up front fee shall be 2 x final bidding price from each successful bidder.

- 2) For any operator of mobile cellular network at 2.1 GHz radio frequency band of FDD mode that has obtained mobile cellular network provision license, the up front fee shall be 2 x the lowest bidding price among the successful bidders.
 - b. Annual radio frequency spectrum fee in the amount of the lowest bidding price among successful bidders. This cost shall be applicable for 10 (ten) years as specified in the Appendix hereto.
- (2) In addition to the spectrum licensing fees as referred to in paragraph (1), the operators of mobile cellular network at 2.1 GHz frequency band of FDD mode shall have the following obligations:
- a. To pay telecommunication operation fee (*Biaya Hak Penyelenggaraan Telekomunikasi*);
 - b. To pay Universal Service Obligation contribution;
 - c. To provide a performance bond;
 - d. To provide roaming facilities for the existing mobile cellular network operators that have been given 2.1 GHz band allocation;
 - e. To utilize domestic industry;
 - f. To develop Indonesian human resources;

- g. To conduct research and development activities and make innovations;
 - h. To satisfy the requirement of minimal network provision/development;
 - i. To cause any and all radio stations used in the provision of mobile cellular network at 2.1 GHz frequency band to be registered with the Director General.
- (3) In case of any obligations other than those as referred to in paragraphs (1) and (2), the obligations may be applied to all users of 21 GHz radio frequency spectrum band.

Article 5

- (1) The up front fee as referred to in Article 4 paragraph (1) letter a shall be payable in respect of each block of radio frequency band of 2 x 5 MHz that has been allocated to mobile cellular network operator.
- (2) The rate of up front fee for each block of radio frequency band of 2 x 5 MHz as referred to in paragraph (1) above shall be specified in a separate Ministerial Decree.

- (3) The up front fee shall be payable 1 (one) time throughout 10 (ten)-year term of radio frequency spectrum license.
- (4) The up front fee as referred to in paragraphs (1) and (2) shall be paid within 30 (thirty) days upon receipt of written notice from the Minister.

Article 6

- (1) The radio frequency spectrum fee as referred to in Article 4 paragraph (1) letter b, shall be paid on annual basis for each block of 2 x 5 MHz radio frequency band allocated to mobile cellular network operator.
- (2) The rate of radio frequency spectrum fee for each block of 2 x 5 MHz radio frequency band shall be specified in a separate Ministerial Decree.
- (3) The radio frequency spectrum fee as referred to in paragraphs (1) and (2) shall be paid in advance each year within 30 (thirty) business days upon receipt of Demand for Payment of Radio frequency spectrum fee.

Article 7

The rate and payment method of Telecommunication Operation Fee as referred to in Article 4 paragraph (2) letter a shall be set out in a separate Ministerial Regulation.

Article 8

The rate and payment method of Universal Service Obligation (USO) contribution as referred to in Article 4 paragraph (2) letter b shall be set out in a separate Ministerial Regulation.

Article 9

- (1) The Performance Bond as referred to in Article 4 paragraph (2) letter c shall be deposited each year, together with the payment of Radio frequency spectrum fee.
- (2) The amount of the Performance Bond per block of radio frequency band shall be at Rp.20,000,000,000 (twenty billion Rupiah) or at 5% (five percent) of the total amount of the following year's Radio frequency spectrum fee invoice, whichever is higher.
- (3) The amount of the Performance Bond as referred to in paragraph (2) for each year shall be specified by the Director General.
- (4) The performance bond as referred to in paragraphs (1) and (2) shall be provided in advance each year within 30 (thirty) business days upon receipt of Notice.
- (5) The Performance Bond may be cashed in by the Director General in case that:

- a. the license holder has discontinued the provision of mobile cellular network at 2.1 GHz Radio Frequency Band;
- b. the license holder has failed to satisfy any of its obligations as provided for in Article 4;
- c. the license holder's license is revoked.

Article 10

An operator of existing mobile cellular network that has obtained allocation of 2.1 GHz radio frequency band of FDD Mode shall be obliged to provide inter-system conveyance (roaming) facilities for other operators of IMT-2000 mobile cellular network that have been given allocations of 2.1 GHz radio frequency band in reciprocal manner as specified in Article 4 paragraph (2) letter d for a period of 3 (three) years since the other mobile cellular network operator has obtained a IMT-2000 Mobile Cellular Network operation license.

Article 11

- (1) An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall expend funds and capital domestically and or for the purchase of domestic products as referred to in Article 4 paragraph (2) letter e under the following conditions:

- a. At least 30% of its capital expenditure per year;
and
 - b. at least 50% of its operating expenses per year.
- (2) The expenditure and financing as referred to in paragraph (1) shall not include monies spent on land acquisition, building construction, building lease, building maintenance and employee payrolls.

Article 12

An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall allocate budget for the development of Indonesian human resources as referred to in Article 4 paragraph (2) letter f, of at least 1% (one percent) of its gross revenue annually.

Article 13

An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall allocate budget for conducting research and development activities and for making innovations in the field of telecommunication as referred to in Article 4 paragraph (2) letter g, of at least 1% (one percent) of its gross revenue annually.

Article 14

An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall meet the following minimal

network deployment/development requirements as referred to in Article 4 paragraph (2) letter h:

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Minimum Number of Provinces	2	5	8	10	12	14

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Minimum percentage of population coverage for each province since the first development in the province	10%	20%	20%	30%	30%

Article 15

An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall register with the Director General any and all radio stations used in the provision of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode as required under Article 4 paragraph (2) letter I in accordance with the prevailing regulations.

Article 16

- (1) An operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode shall be obliged to implement Accounting Separation in respect of each obligation pertaining to certain percentage of its revenue or expenses.
- (2) The implementation of accounting separation as referred to in paragraph (1) shall be governed in a separate Ministerial Regulation.

CHAPTER III

ADJUSTMENT OF OPERATION LICENSE

Article 17

- (1) Any operator of mobile cellular network at 2.1 GHz radio frequency band of FDD Mode that has obtained mobile cellular network operation license prior the entry into force of this regulation shall be obliged to have its operation license adjusted.
- (2) The adjustment of operation license as referred to in paragraph (1) shall be made no later than 60 (sixty) calendar days as of the entry into force of this regulation.

CHAPTER IV

THE REVOCATION OF RADIO FREQUENCY BAND LICENSE

Article 18

A Radio Frequency Spectrum license may be revoked:

- a. At the request of the license holder;
- b. if the license holder has violated any statutory provisions governing the use of Radio Frequency Spectrum;
- c. if the license holder has assigned the license without prior consent from the Minister;
- d. if the license holder has violated any terms and conditions of the telecommunication provision license;
or
- e. if the license holder has failed to perform any of its obligations as referred to in Article 2 paragraphs (2) and (3).

CHAPTER V

MISCELLANEOUS PROVISIONS

Article 19

- (1) After December 31, 2007 any existing operators of mobile cellular network operating at 1.9 GHz (1905-1910 MHz paired with 1985-1990 MHz) radio frequency band shall have the same obligations as those imposed on the

operators of mobile cellular network as referred to in article 4.

- (2) The provision of telecommunication at 2.1 GHz frequency band of IMT-2000 TDD Mode (1880-1920 MHz and 2010-2025 MHz) shall be subject to the same obligations as those imposed on an operator of mobile cellular network as referred to in Article 4 paragraphs (1) and (2) except to the obligations as referred to in Article 4 paragraph (2) letters d and h.
- (3) The up front fee and Radio frequency spectrum fee that shall be paid by telecommunication operators as referred to in paragraph (2) shall be at 1/2 (one-half) of the up front fee and Radio frequency spectrum fee payable by operators of mobile cellular network at 2.1 GHz radio frequency band of FDD mode for each block.
- (4) Other telecommunication operators that do not operate mobile cellular network at 2.1 GHz radio frequency band (at 1920-1980 MHz band) may continue to operate at 2.1 GHz radio frequency band until December 31, 2007.
- (5) In case that any of the telecommunication operators as referred to in paragraph (4) intend to operate mobile cellular network at 2.1 GHz radio frequency band of FDD Mode before or after December 31, 2007, they shall

submit to the Minister an application for mobile cellular network operation license or radio frequency spectrum license and satisfy the obligations in accordance with the prevailing relevant regulations.

CHAPTER VI

CLOSING PROVISIONS

Article 20

This regulation shall enter into full force and effect as of the promulgation date.

Promulgated in Jakarta

On February 8, 2006-03-02

MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY

SOFYAN A. DJALIL

CC:

1. Coordinating Minister for Economics
2. Minister of Finance;
3. Minister of Law and Human Rights;
4. State Secretary;
5. Chairman of Indonesian Audit Board;
6. The Attorney General of the Republic of Indonesia;
7. Secretary General, Inspector General, Directors General and Departments Heads within the Ministry of Communication and Information Technology;
8. Bureau Heads and Center Heads within the Secretariat General of the Ministry of Communication and Information Technology;

APPENDIX TO : REGULATION OF THE MINISTER
OF COMMUNICATION AND
INFORMATION TECHNOLOGY

NUMBER : 07/PER.M.KOMINFO/2/2006
DATE : February 8, 2006-03-02

PAYMENT SCHEME OF
ANNUAL RADIO FREQUENCY SPECTRUM FEES AND
MULTIPLIER INDEX

PER BLOCK OF 2 X 5 MHz

Year of Payment	Up-front Fee Payment	BI Rate (%)	Multiplier Index	RADIO FREQUENCY SPECTRUM FEE	Total Payment
(1)	(2)	(3)	(4)	(5)	(6)
Year 1	2 X HP			20% X HL	2XHP+20%XHL
Year 2	0 X HP	R1	$I1 = (1+R1)$	40% X I1 X HL	40% X I1 X HL
Year 3	0 X HP	R2	$I2 = I1(1+R2)$	60% X I2 X HL	60% X I2 X HL
Year 4	0 X HP	R3	$I3 = I2(1+R3)$	100% X I3 X HL	130% X I3 X HL
Year 5	0 X HP	R4	$I4 = I3(1+R4)$	130% X I4 X HL	130% X I4 X HL
Year 6	0 X HP	R5	$I5 = I4(1+R5)$	130% X I5 X HL	130% X I5 X HL
Year 7	0 X HP	R6	$I6 = I5(1+R6)$	130% X I6 X HL	130% X I6 X HL
Year 8	0 X HP	R7	$I7 = I6(1+R7)$	130% X I7 X HL	130% X I7 X HL
Year 9	0 X HP	R8	$I8 = I7(1+R8)$	130% X I8 X HL	130% X I8 X HL
Year 10	0 X HP	R9	$I9 = I8(1+R9)$	130% X I9 X HL	130% X I9 X HL

Remarks:

- a. HP = Successful Bidder's Bid Price Per Block of 2 x 5 MHz
- b. HL = Bidding Result Per Block of 2 x 5 MHz
- c. Ri = simple average of BI rate issued by BI in the preceding year
- d. Multiplier Index is the index used for the purpose of making adjustments of Bidding Price annually. By successful bidder on the basis of the above provisions.

MINISTER OF COMMUNICATION AND INFORMATION TECHNOLOGY

SOFYAN A. DJALIL