



Independent Communications Authority of South Africa
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ECS/ECNS/00030/2012

**CONNECT FIRST TELECOMS (PTY) LTD
COMPLIANCE REPORT 2011/2012**

1. INTRODUCTION

The following report is intended to give an account of Connect First Telecoms (Pty) Ltd's ("Connect First Telecoms") compliance the period 2011/2012 financial year. Connect First Telecoms is required to comply with the Electronic Communications Act 36 of 2005, ("the Act") applicable regulations and licence terms and conditions.

2. BACKGROUND

On 15 January 2009, the Authority issued Connect First Telecoms with the following converted Licences:

- Individual Electronic Communications Network Services (I-ECNS) Licence with licence number 0254/IECS/JAN/09; and
- Individual Electronic Communications Services (I-ECS) Licence with licence number 0254/IECNS/JAN/09.

This Annual Compliance Report assesses Connect First Telecoms compliance with its Licence Terms and Conditions, General Licence Fees Regulations ("ALF"), the Universal Service and Access Fund Regulations and Form 1 Standard Terms and Conditions. Connect First Telecoms financial year end is **30 June**.

Below is an analysis of compliance with the above-mentioned regulations.

3. DISCUSSION

3.1. COMPLIANCE PROCEDURE MANUAL REGULATIONS, 2011; FORM 1 STANDARD TERMS AND CONDITIONS FOR ECS, ECNS AND BS

The Compliance Procedure Manual Regulation; which contains Form 1 "Standard Terms and Conditions for ECS, ECNS and BS" were published on 15 December 2011. The purpose of these Regulations is to assist the Authority to proactively monitor compliance and to ensure that information is obtained in a consistent format. These Regulations apply to all licensees issued with a licence in terms of chapter 3 and 9 of the Act and in terms of the Postal Services Act, 1998 (Act 124 of 1998).

General Licence Information

3.1.1 Organisation Status- Connect First Telecom provides internet services and computer technologies. Connect first operates nationally and started operation on 20 December 2010.

3.1.2 Ownership- Connect first Telecom - ownership is limited to local ownership and is 100%.

3.1.3 Shareholding- Connect First Telecom has two (2) shareholders; all of them are South African. The shareholding comprises of First Rand Investment and Holdings limited ("FRIHL"). HDI shareholding owns by First Rand Bank 13.86% according to the Licence.

3.1.4 Staff- Connect First Telecom does not employ staff –outsourced from FNB.

3.2. LICENCE TERMS AND CONDITIONS

Licence Requirement – Paragraph 2 of the Schedule to the issued Licences requires *"the licensee to provide national coverage of its electronic communications network services."*

3.2.1. Network Coverage

Geographical- they provide coverage nationally.

3.2.2. Network Type / Infrastructure

- Fixed-Neotel; and
- Fibre- Connect First Telecom uses dark fibre for their network.

3.2.3. Services offered

- Voice - provide Voice over IP (VOIP);
- VPN - Connect First Telecom also provides Virtual Path Network (VPN) Internet;
- ADSL; and
- Transmission network services.

3.3. GENERAL LICENSE FEES REGULATIONS, 2009; FORM 2

The General Licence Fees Regulations came into operation on the date of publication, being 01 April 2009.

- 3.3.1.** Regulatory Requirements – Regulation 5: provides that “Payments in respect of annual licence fees are due as prescribed in schedule 3.”
- 3.3.2.** Regulatory Requirements – Schedule 3 of Regulation 1 (4): states: “In respect of Annual Payments, such:
- (a) are due annually based on the licensee’s financial year;*
 - (b) are due and payable within 6 months from the end of the licensee’s financial year end.”*

Compliance Assessment

Connect First Telecom has made the payment in respect of annual licence fees.

3.4. UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011; FORM 2

The USAF Regulations were published on 10 February 2011 and came into operation on the same date.

- 3.4.1. Regulatory Requirements - Regulation 3 (1):** requires “*Every holder of a licence granted in terms of Chapter 3, 4 and/or 9 or converted in terms of Chapter 15 of the Act, must pay an annual contribution of 0.2% of its Annual Turnover to the Fund*”.
- 3.4.2. Regulatory Requirements - Regulation 4 (1) and 4 (4):** states that “*Payments in respect of contributions to the Fund:*
- (a) are payable within 6 months from the end of the licensee’s financial year end;*
 - (b) calculations for payments will be based on the licensee’s audited financial statement for the preceding financial year.*

Compliance Assessment

Connect First Telecom has made the payment in respect to USAF and have submitted its Audited Annual Financial Statements to the Authority.

4. CONCLUSION AND SUMMARY OF PERFORMANCE

4.1. Standard terms and conditions for ECS and ECNS

Connect First Telecoms has submitted its information as requested by the Authority.

4.2. Licence terms and Conditions

Connect First Telecoms has complied with this Licence term in that its Virtual Path Network (VPN) is accessible to all its customers who are spread throughout the country.

4.3. General License Fees Regulations, 2009

Connect First Telecom has complied with this Regulation in that they made payment within the stipulated period of six months.

4.4. Universal Services and Access fund Regulations, 2011

Connect First Telecoms has complied with this Regulation in that they made payment within the stipulated period of six months.