



Independent Communications Authority of South Africa

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ECS/ECNS/0362/MAY/09

**EQUANT SOUTH AFRICA (PTY) LTD
(T/A ORANGE BUSINESS SERVICES)
COMPLIANCE REPORT – 2011/2012**

1. INTRODUCTION

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

2. BACKGROUND

On 28 May 2009, the Authority issued Equant South Africa with the following converted Licences:

- Individual Electronic Communications Network Services (I-ECNS) Licence with licence number 0362/IECS/MAY/09; and
- Individual Electronic Communications Services (I-ECS) Licence with licence number 0362/IECNS/MAY/09.

This Annual Compliance Report assesses Equant South Africa's 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. Equant South Africa's financial year end is **31 December**. 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 AND ECNS.

The Compliance Procedure Manual Regulations 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- Equant South Africa is a virtual network operator and doesn't own any infrastructure of its own. Equant South Africa has its principal address in Johannesburg.

3.1.2 Ownership – Equant South Africa – Equant South Africa is 100% foreign owned and has no HDI shareholding.

3.1.3 Shareholding- Equant South Africa has one shareholder. It is 100% owned by France Telecom SA, a foreign company.

3.1.4 Staff- Equant South Africa has forty three (43) staff members. All their staff members are South African citizens. Equant South Africa's staff is composed of technical, non-technical, management and non-management. In terms of their submission, Equant South Africa does not have any internships. Of the forty three (43) staff members in the company, thirty three (33) are in the technical department and 99% are males. Of the above number, 62.5% are whites. In its management, the company has four (4) staff members, 75% of them are White males and 25% are Africans, Coloureds and Indians.

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

Equant South Africa is a virtual network operator (VPN) providing VPN services. It doesn't own any infrastructure of its own. The company leases an electronic communications infrastructure from Telkom and Neotel.

3.2.2. Network Type / Infrastructure

Equant South Africa is a virtual network operator. Equant South Africa states in its submission that it has four (4) PoPs installed in South Africa, two (2) in Johannesburg, one (1) in Cape Town and one (1) Durban. Equant South Africa states that its four (4) PoPs are interconnected

nationally and internationally. Equant South Africa states that its customer base is spread throughout South Africa and is connected to its four (4) PoPs by means of circuits provided to it by Telkom and Neotel.

3.2.3. Services Offered

Equant South Africa provides VPN to business customers.

3.3. GENERAL LICENSE FEES REGULATIONS, 2009

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

3.3.1. Regulatory Requirements – Regulation 5: requires licensees to
"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

01 January 2011 to 31 December 2011

Equant South Africa has complied with these Regulations in that it made a payment in respect of its licence fees within six (6) months of its financial year end as stipulated in the above Regulations.

3.4. UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011

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 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

01 January 2011 to 31 December 2011

Equant South Africa has complied with these Regulations in that it made a payment in respect of its contribution towards USAF within six (6) months of its financial year end as stipulated in the above Regulations.

4. CONCLUSION AND SUMMARY OF PERFORMANCE

4.1 . GENERAL LICENCE FEES REGULATIONS, 2009

Equant South Africa has complied with these Regulations in that it paid its licence fees within 6 months of its financial year end as required.

4.2 . UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011

Equant South Africa has complied with these Regulations in that it paid its USAF contributions paid within the timeframe stipulated in the regulations.

4.3 . NATIONAL COVERAGE – LICENCE TERMS AND CONDITIONS

Equant South Africa states it has four (4) PoPs in the country and that its virtual network is accessible to all its customers who are spread throughout the country.