



# Independent Communications Authority of South Africa

Pinmill Farm, 164 Katherine Street, Sandton

Private Bag X10002, Sandton, 2146

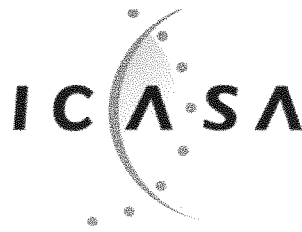
## COMPLIANCE REPORTS

### Executive Summary

LICENSEES	STANDARD TERMS AND CONDITIONS	LICENCE TERMS AND CONDITIONS	LICENCE OBLIGATIONS	GENERAL LICENSE FEES REGULATIONS, 2009; FORM 2	UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011; FORM 2
<b>1. Vodacom</b>	Vodacom has submitted its information as requested by the Authority.	Vodacom has submitted its information as requested by the Authority.	The Authority is currently reviewing the Licence obligations Regulations	Vodacom made a payment of R 164 343 292.00	Vodacom made a payment of R 88 844 056.13

<b>2. Neotel</b>	Neotel has submitted its information as requested by the Authority.	Neotel has submitted its information as requested by the Authority.	The Authority is currently reviewing the Licence obligations Regulations	Neotel recorded a gross loss of R 799 139 806.63	Neotel made a payment of R 2 474 438.22
<b>3. Sentechn Limited</b>	Sentechn Limited has submitted its information as requested by the Authority.	Sentechn Limited has submitted its information as requested by the Authority	Not applicable	Sentechn made a payment of R 2 183 753.55	Sentechn made a payment of R 46 662.00
<b>4. Broadband Infraco</b>	Broadband Infraco has submitted its information as requested by the Authority.	Broadband Infraco has submitted its information as requested by the Authority.	Not applicable	Broadband Infraco recorded a gross loss of R 20 916 903.05	Broadband Infraco made a payment of R 787 126.27
<b>5. Telemedia</b>	Telemedia has submitted its information as requested by the	Telemedia has submitted its information as requested by the	Not applicable	Telemedia made a payment of R 138 2521. 53	Telemedia made a payment of R 100 137. 76

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**CNL/0021/2012/INL/0021/2012**

**VODACOM (PTY) LTD**  
**ANNUAL COMPLIANCE REPORT 2011/2012**

## **1. INTRODUCTION**

The following report is intended to give an account of Vodacom (Pty) Ltd's ("Vodacom") compliance for the 2011/2012 financial year. Vodacom 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 Vodacom the following Licence:

- Individual Electronic Communications Network Services (I-ECNS) Licence with licence number 009/ECNS/JAN/09; and
- Individual Electronic Communications Services (I-ECS) Licence with licence number 009/ECNS/JAN/09;

This Annual Compliance Report assesses Vodacom's compliance with its licence terms and conditions, General Licence Fees Regulations ("ALF"), the Universal Service and Access Fund, Form 1 Standard Terms and Conditions. Vodacom financial year end is is **31 March**.

Below is an analysis of compliance with the abovementioned 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 Regulations; 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-** Vodacom commenced operations on 1 June 1994 as a profit company.

**3.1.2 Ownership-** Vodacom local ownership constitutes one hundred (100%). Vodacom's status in terms of HDI constitutes 6.25% and woman ownership is 3.20. Percentages of ownership in term of people with disabilities are unknown according to Vodacom's submission.

**3.1.3 Shareholding-** Vodacom Group (Pty) Ltd is the majority shareholder with 93.75% and its HDI constitutes 0.17%. Royal Bafokeng Holdings acquired 1.97% with its HDI constituting 100% and 52% of woman ownership. Both Yebo Yethu (Pty) Ltd and Yebo Yethu Employee Trust acquired 1.88% and 1.56% with its HDI constituting 95% respectively. Thebe Investments Corporation has a shareholding of 0.84% and its HDI constitute 90.62% and woman ownership is 40.80%.

**3.1.4 Staff-** Vodacom has employed four thousand one hundred and forty one (4 141) staff members. Vodacom has seven hundred and eighty eight (788) Africans in its technical division followed by seven hundred and thirty eight (738) whites. Males in technical division constitutes seventy (70%) percent and females constitutes thirty percent (30%). The composition in terms of race is as follows; one thousand five hundred and sixty three (1 563) are Africans who are a majority, followed by one thousand and ninety five (1 095) whites and the remainder are Indians and coloured. Vodacom has 75% males in management, and whites are a majority constituting four hundred and fifty seven (457).

## **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 communication network service.*"

### **3.2.1. Network Coverage**

**Geographical coverage** – in terms of Vodacom's submission, its operations are spread across South Africa. The geographic coverage is 83.60%.

**Population coverage**

Vodacom's population coverage is 99.70%.

### **3.2.2. Network Type / Infrastructure**

2G: GSM/GPRS

2G: GSM/EDGE

3G: UMTS/HSPA

### **3.2.3. Services offered**

Voice/Data

Data

## **3.3. LICENCE OBLIGATIONS**

### **3.3.1. Requirements of Schedule 2-5 of licence obligations**

- Schedule 2 of the MCTS licence requires Vodacom to roll a maximum of twenty two thousand (22 000) community service telephones within five (5) years after the commencement date of 1 June 1994.
- Schedule 4 of the MCTS licence requires Vodacom to provide free of charge, a minimum of 2 500 000 SIM card connection packages.
- Schedule 4 of the MCTS licence requires Vodacom to, within five (5) of the effective date, donate a total of one hundred and twenty five hundred thousand (125 000) terminal equipment.
- Schedule 5 of USAOs-3G MHz spectrum Obligations requires Vodacom to provide internet access to institutions of people with disabilities.

### **3.3.2. Community Service Telephone ("CSTS")**

According to Vodacom's submission, Vodacom has complied with Schedule 2 of USAOs within the first six years of its operation. Vodacom states that after consultations with the Authority, Vodacom was authorized to deploy additional CSTs in other under-serviced areas across the country. To this end, Vodacom currently has more than one hundred and eighteen thousand (118 000) active CTSs deployed across South Africa.

### **3.3.2. Provision of SIM Card Packages**

According to Vodacom's submission, the Implementation Plan for the 1800 MHz spectrum USAOs was never agreed nor approved by the Authority. As a result, with exception of the 2010 FIFA Soccer World Cup

donation, the 1800 MHz USAOs were not implemented. During FIFA World Cup, Vodacom donated twenty six thousand six hundred and sixty seven (26 667) handset to various safety and security organisations.

#### **3.3.4. Institutions for People with Disabilities and connectivity of public schools**

According to Vodacom's submission, no Implementation Plan was agreed or approved for implementation. As a result the USAOs were never implemented, because there was no comprehensive plan between Vodacom and ICASA. However, Vodacom has managed to connect approximately seven hundred and three (703) public schools in part which fulfilled the 3G USAOs.

### **3.4. GENERAL LICENCE FEES REGULATIONS, 2009**

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

**3.4.1. Regulatory Requirements – Regulation 5:** provides that *"Payments in respect of annual licence fees are due as prescribed in schedule 3."*

**3.4.2. 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 April 2011 to 31 March 2012*

Vodacom has submitted audited financial statements and made a payment within six months after its financial year end as per regulatory requirement, hence complied.

### **3.5. UNIVERSAL SERVICES AND ACCESS FUND REGULATIONS, 2011**

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



**3.5.1. 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"*.

**3.5.2. Regulatory Requirements - Regulation 4(2):** requires that *"Payments in respect of contributions to the Fund:*

*(a) are due annually based on the licensee's financial year;*

*(b) are payable within 6 months from the end of the licensee's financial year end.*

### **Compliance Assessment**

*01 April 2011 to 31 March 2012*

Vodacom has submitted audited financial statements and made a payment within six months after its financial year end as per regulatory requirement, hence complied.

## **4. CONCLUSION AND SUMMARY OF PERFORMANCE**

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

Vodacom has submitted the requested information.

### **4.2. General Licence Fees Regulations, 2009**

Vodacom has submitted the audited financial statements and made the payment within six (6) months.

### **4.3. Universal Service and Access Fund Regulations, 2008**

Vodacom has submitted the audited financial statements and made the payment within six (6) months.