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Independent Communications Authority of South Africa

## Attention:

Mr Peter Mailula – Project Manager (<u>PMailula@icasa.org.za</u>) Ms Fikile Hlongwane – Project Leader (<u>FHlongwane@icasa.org.za</u>)

Dear Sirs

## Comment on "Draft Regulations in Respect of the Limitations of Control and Equity Ownership by Historically Disadvantaged Groups and the Application of the ICT Sector Code".

Zomerlust Systems Design, Trading as "ZSD", is a small independently owned ISP. I started this business 23 years ago in 1997. I still own 100% of the business and I am white. We have 3 full time employees, including myself.

We specialize in serving SMME businesses and we have a loyal customer base of several hundred customers. Many of our customers have been with us for 10 years or more. We retain these customers through hard work and personal service. Through this we also provide an income for ourselves to support our families and a number extended dependents, like domestic employees.

We are a "B-BBEE Exempted Micro Enterprise" as our turnover does not exceed R10 Million per year. As such we are classified as a "Level Four" empowering supplier in terms of the DTI Codes of Practice. This requires a simple process. Our accountants verify our turnover and prepare a simple affidavit to this effect for us to sign. This is fortunate as we could not afford the overheads to participate in more complex process to score and certify our B-BBEE contribution.

We registered as a VANS service provider when that legislation was proclaimed. Later we converted our license to IECNS and IECS licenses. We later released our Individual ECS license and took out a Class ECNS license instead as we determined that our operations were covered by a class licence. We retained our IECNS license as we were advised that a Class one would not cover all of our existing and planned operations. Thus we currently hold the following licenses:

## 0300/IECNS/APR/09 0291/CECS/JUN2012

I have had a quick look at your draft document referenced above. I have been advised that it will require us to substantially restructure our ownership if we are obliged to comply. However our "Balance Sheet" will not accommodate issuing shares or selling a portion of the business. It would simply hold negligible value to anybody who holds a shareholding but does not work full time in the business. The only way we could cover the salary of an additional full time director would be to lay off our existing staff. All of these options are totally impractical.

If your draft regulations were to be implemented, and enforced as they currently stand, we would have no option other than to close down the business and stop trading.

We have survived as a Small Business for over 20 years. For the last week, we have been working full time, day night and weekend, to assist customers set up systems for working from home. However I have taken some time off from that urgent work to draft these comments as it would be very sad for Zomerlust Systems Design to survive the Covid-19 crisis just to be put out of business by Government Regulations.

Can you please amend the regulations to ensure that "B-BBEE Exempted Micro Enterprises" are exempt from these regulations.

Regards

Ian Forbes