



L E S O T H O
C O M M U N I C A T I O N S
A U T H O R I T Y

16 February 2020

FOR IMMEDIATE RELEASE

STATEMENT ON MEDIA REPORTS RELATING TO VODACOM LESOTHO

Lesotho Communications Authority (LCA) is aware of media reports relating to the affairs of Vodacom Lesotho alluding to strained relations between LCA and Vodacom Lesotho.

LCA provides clarity on the following issues which appeared in recent media reports:

1. Failure to pay licence fees on time

On 02 August 2019, Lesotho Communications Authority issued a penalty of M8.2 million against Vodacom Lesotho for failure to pay regulatory fees as they fell due and payable on or by 1 July 2019. The Lesotho Communications Authority (Licensing Classification and Fees) Rules 2018 prescribe on clear terms that the Authority shall impose penalties for non-payment of regulatory fees and prescribes how these penalties shall be imposed.

On 15 November 2019, Lesotho Communications Authority published a statement notifying the public of the issuance of a penalty against Vodacom Lesotho. The matter is still pending before the High Court.

Contact details: Public Affairs Office, Lesotho Communications Authority, Tel.: 2222 4301.
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2. Failure to meet Universal Service Fund obligations

LCA paid M900,000.00 to Vodacom Lesotho to provide internet in 30 high schools in 2016/17, 60 high schools in 2017/18 and 60 in 2018/19. After having received complaints from some schools that had not received internet as promised, LCA requested Vodacom Lesotho to provide complete reports in relation to the service.

The Communications Act requires anyone who receives funds from the Universal Service Fund to provide complete and accurate performance reports. The licence conditions of mobile network operators require them to issue timely and accurate billing to its customers. Vodacom Lesotho failed to provide correct, complete and accurate bills on time.

Despite several requests to provide complete and accurate information regarding the provision of internet to schools, Vodacom Lesotho has still failed to do so. The matter is still pending before LCA.

3. Failure to appoint independent auditor

The licence conditions of Vodacom Lesotho require them to submit annual financial statements accompanied by certification issued by independent auditors.

Section 97(2)(g) of the Lesotho Companies Act, 2011 prohibits a company from appointing a person related to an officer (director) of a company in a position to influence financial transactions or financial statements of a company as its auditor.

From as far back as 2015, Vodacom Lesotho directors and shareholders failed to appoint independent auditors as specified in Section 97(2)(g) in that the external auditor is a relative of the Chairman of the Board of Vodacom Lesotho. The explanation provided by Vodacom Lesotho revealed a deliberate intention to undermine compliance with the laws of Lesotho. In the light of the seriousness of the matter, LCA has requested Vodacom

Lesotho to provide written reasons within 90 days why its Unified Licence cannot be revoked. The LCA is still waiting for submissions from Vodacom Lesotho.

4. Failure to comply with tariff conditions

Vodacom Lesotho submitted a notification of Vodacom Summa Campaign to LCA together with the business rules to be applied during the campaign. LCA conducted a compliance audit and found that Vodacom Lesotho had failed to comply with their own declared business rules. The matter is still before the Authority.

5. Alleged irregular acquisition of 20% shareholding of Sekhametsi in Vodacom Lesotho

LCA is not aware of and has not issued any notice relating to alleged irregular acquisition of 20% shareholding by Sekhametsi in Vodacom Lesotho and distances itself from such allegations.

In regulating the communications sector, LCA always resolves issues of compliance in a fair, equitable and transparent manner.

LCA reassures the public that all measures taken by LCA are designed to uphold compliance and stability within the communications sector to protect all affected parties including consumers, employees and investors in accordance with its mandate under Communications Act, 2012.

Lesotho Communications Authority (LCA) is an independent statutory body, established in June 2000, with the mandate of regulating the communications sector in Lesotho comprising telecommunications, broadcasting, postal services and related matters.

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