

The United Republic of Tanzania  
Tanzania Communications Regulatory Authority



Tanzania Communications Regulatory Authority

**2011**

**Annual Report**

For the year ended **30th June, 2011**

Creating a level playing field

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## Annual Report

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## Office of the Controller and Auditor General, The National Audit Office, United Republic of Tanzania

**(Established under Article 143 of the Constitution of the URT).**

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and further elaborated under Sect.10 (1) of the Public Audit Act No.11 of 2008.

### **Vision**

To be a centre of excellence in public sector auditing.

### **Mission**

To provide efficient audit services in order to enhance accountability and value for money in the collection and use of public resources.

In providing quality services, NAO is guided by the following Core Values:

- Objectivity:** We are an impartial organization, offering services to our clients in an objective, and unbiased manner;
- Excellence:** We are professionals providing high quality audit services based on best practices;
- Integrity:** We observe and maintain high standards of ethical behavior and the rule of law;
- People focus:** We focus on stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
- Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and

### **Best resource**

**utilization:** We are an organization that values and uses public resources entrusted to it in efficient, economic and effective manner.

### **We do this by: -**

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with adequate working tools and facilities that promote independence.

**This report is intended to be used by Tanzania Communications Regulatory Authority (TCRA). However, upon adoption of this report by the Board, the report becomes a matter of public record and its distribution may not be limited.**

## LIST OF ACRONYMS/ ABBREVIATIONS

Financial Statements means the following statements, notes and supporting schedules of the Tanzania Communications Regulatory Authority for the year ended 30th June, 2011.

- The Statement of financial position
- Statement of comprehensive income
- Statement Cash flow
- Statement of changes in equity
- Notes to the financial Statements

<b>CAG</b>	Controller and Auditor General
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>ISA</b>	International Standards on Auditing
<b>NAOT</b>	National Audit Office Tanzania
<b>PAA</b>	Public Audit Act, 2008
<b>PPA</b>	Public Procurement Act, 2004
<b>PPR</b>	Public Procurement Regulations
<b>TCRA</b>	Tanzania Communications Regulatory Authority
<b>URT</b>	United Republic of Tanzania
<b>VAT</b>	Value Added Tax

## COMPANY INFORMATION

### CHIEF OFFICERS

Prof. J. Nkoma	Director General
Dr. R. Mfungahema	Director of Consumers and Industry Affairs
Dr. J. Kilongola	Director of Information and Communications Technologies
Mr. A. Kabungo	Director of Corporate Resources Management
Mr. H. Gunze	Director of Broadcasting Affairs
Mrs. R. Makuburi	Director of Postal Affairs
Mrs. E. Nzagi	Director of Legal Services
Mr. W. Maro	Ag. Deputy Director of Finance
Mr. B. Shoo	Systems Manager

### INDEPENDENT AUDITORS

The Controller and Auditor General, National Audit Office

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P.O. Box 9080  
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Dar es Salaam

### BANKERS

Stanbic Bank  
Corporate Branch  
P.O.Box 72647  
Dar es Salaam

### REGISTERED OFFICE

Mwasiliano Tower,  
20 Sam Nujoma Road  
P. O.Box 474  
14414 Dar es Salaam  
Tel: +255 22 2412011  
Fax: +255 22 2412010  
Website: [www.tcra.org](http://www.tcra.org)

## Members of the Board of Directors



Judge B. Chipeta (Rtd)  
Board Chairman



Prof. John S. Nkoma  
Director General



Hon. Peter Serukamba (MP)  
Board member



Dr. Vuai Lila  
Board member



Pro. B. Luhanga (MP)  
Board member



Dr. J. Anatory  
Board member

# Members of the Management Team



Prof. John S. Nkoma  
Director General



Mr. Alinanuswe A. Kabungo  
Director of Corporate  
Resources Management



Dr. Joseph S. Kilongola  
Director of ICT



Mr. Habbi N. Gunze  
Director of Broadcasting  
Affairs - Management



Dr. Raynold C. Mfungahema  
Director of Consumer and  
Industry Affairs



Mrs. Rehema Makuburi  
Director of Postal Affairs  
Management



Mrs. Elizabeth Nzagi  
Director of  
Legal Services

THE UNITED REPUBLIC OF TANZANIA  
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

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P. O. Box 474  
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**Ref: No. TCRA/C/O.20/21**  
Hon Prof. Makame M. Mbarawa (MP),  
Minister for Communications, Science and Technology,  
**DAR ES SALAAM**

27th April, 2012

Honourable Minister,

**RE: ANNUAL REPORT OF THE TANZANIA COMMUNICATIONS REGULATORY AUTHORITY  
FOR THE YEAR ENDED ON 30TH JUNE 2011**

In pursuance of the provisions of Section 53(1) of the Tanzania Communications Regulatory Authority Act No.12 of 2003, I have the honour to submit the Annual Report of the Tanzania Communications Regulatory Authority for the year ended on 30th June 2011. I apologize for not submitting this report on time. This was due to reasons beyond our control.

Hon. Minister, this report provides for the activities performed by the Authority during the financial year 2010/11. I am delighted to report that during the year under review the Authority did successfully implemented the planned activities.

Hon. Minister, you will recall that this year was the last one in the implementation of our first Strategic Plan 2006/07 to 2010/11. In deed we are happy to say that we implemented our Strategic Plan very successful as reflected in this report.

Hon Minister, the year under review has witnessed unprecedented growth in in telecommunication sector in terms of subscriber base and network expansion. The subscriber base grew from 19,592,795 in the previous year to 22,251,964 in this year. On broadcasting sector one notable achievement was finalization of Digital Broadcasting Rules, 2010 and a template for Service Level Agreement between Multiplex Operator and Content Services Providers. These were important milestones towards meeting the deadline for digital migration in December, 2012. I am also delighted to report that during the year under review the postal sector continued to grow in terms of number of new courier operators entering the market.

Hon. Minister; with regard to Financial Performance the, Authority continued to improve its financial management. Overall, as it would be noted in the income statement the total income increased by 24.55% as compared to the previous year.

All the achievements mentioned are partly contributed by good training and development policies that considers investment in training and development key for building a learning organization.

Finally I would like to take this opportunity on behalf of the Board, Management and Staff, to convey our sincere gratitude to the government and particularly your Ministry for the support and guidance extended to the Authority throughout the year. Without your support we could not be able to implement our obligations as provided for in the Tanzania Communications Regulatory Authority Act No. 12 of 2003, sector legislation and policies. In addition, we thank the Ministry for Information, Culture and Sports for the support extended to the Authority particularly on matters relating to content issues during the entire period of our operations. We also thank Members of the Infrastructure and Public Organization Accounting Committees (POAC) of the Parliament for their cordial cooperation accorded to the Authority during the period under review.

We look forward to your continued support and guidance in the future.

Judge Buxton Chipeta  
**CHAIRMAN OF THE BOARD**



## **1.0 Background information**

### **1.1 Introduction**

We have completed the audit of the financial statements of Tanzania Communications Regulatory Authority (TCRA) for the year ended 30th June, 2011. Audit findings arising from the examination of the accounting records, appraisal of the Authority's operations activities as well as an evaluation of the internal control systems which require management attention and action are set out in the audit management letter which has been issued separately to the management of Tanzania Communications Regulatory Authority.

### **1.2 Brief History Of Tanzania Communication Regulatory Authority**

The Tanzania Communications Regulatory Authority (TCRA), established by the TCRA Act No. 12 of 2003 is an independent authority for the Postal, Broadcasting and Electronic Communications industries in the United Republic of Tanzania merged the former Tanzania Communications Commission and the Tanzania Broadcasting Commission. Its role includes licensing and regulating the postal services, broadcasting services and electronic Communications sector in the United Republic of Tanzania.

The TCRA became operational on 1st November, 2003 and has effectively taken over the functions of the two defunct commissions. Specifically the Authority is responsible for enhancing the welfare of Tanzanians through:

- Promotion of effective competition and economic efficiency
- Protecting the interests of consumers
- Promoting the availability of regulated services
- Licensing and enforcing licence conditions of broadcasting, postal and Telecommunications operators
- Establishing standards for regulated goods and services
- Regulating rates and charges (tariffs)
- Managing the radio frequency spectrum
- Monitoring the performance of the regulated sectors
- Monitoring the implementation of ICT applications.

### **1.3 Audit Mandate**

The Controller and Auditor General is the statutory auditor of Tanzania Communications Regulatory Authority (TCRA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania, amplified in section 30(1) of the Public Audit Act No.1 of 2008.

However, in accordance to section 33(1) of the Public Audit Act (PAA), the Controller and Auditor General authorized Reliable Consultants to carry out the audit of TCRA for the year 2010/2011.

## **I.4 Financing**

The Authority's main source of income is regulatory fees arise from licensing and regulating the postal services, broadcasting services and electronic Communications services

## **I.5 Management Structure**

The overall management of the Authority is vested in the Board of Directors whose Chairman and Vice Chairman are appointed by the President with other members of the Board appointed by the Minister for Infrastructure Development. The Ministry of Infrastructure Development is the parent ministry.

The day to day running of the Authority is under the charge of the Director General.

## **I.6 Operational Objectives**

The TCRA is charged with the overall responsibility of regulating the Communications and broadcasting sectors aiming to improve the availability of the info Communications services to the public as well as allow new players into the market operating in the United Republic of Tanzania.

The functions of the Authority are to:

- Issue, renew and cancel licenses
- Establish standards for regulated goods and services
- Establish standards for the terms and conditions of supply of the regulated goods and services
- Regulate rates and charges
- Facilitate the resolutions of complaints and disputes
- Disseminate information about matters relevant to the functions of the Authority
- Monitor the performance of the regulated sectors in relation to:-
  - a. Levels of investment
  - b. Availability, quality and standards of service
  - c. The cost of services and
  - d. The efficiency of production and distribution of services.

## **I.7 Audit Objectives**

### **I.7.1 Opinion**

The overall purpose of the audit engagement is to express an opinion whether proper books of account were maintained, and the financial statements of TCRA present fairly the state of affairs in accordance with IFRSs.

## **1.7.2 Management Audit Report**

The second objective of the audit is to issue a management letter to the Board of Directors of TCRA highlighting significant shortcomings that came to our notice as a result of our audit and make appropriate recommendations for improvement.

## **1.8 Audit Scope**

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and records are free from material misstatement.

The audit was carried out on a test check basis, therefore, the audit findings are confined to the extent that records, documents and information requested for the purpose of the audit were made available to us.

As auditors we are not required to search specifically for fraud, therefore, our audit cannot be relied upon to disclose all such matters, however, we wish to assure that our audit was planned in a way that we would have a reasonable expectation of detecting material misstatements/irregularities.

The responsibility for prevention and detection of irregularities of fraud rests with the management who are responsible for the maintenance of an adequate system of internal control.

The audit was carried out during September/October, 2011 and an audit exit meetings with the Authority's management were held on 10th November, 2011.

At the exit meeting certain audit issues which had been raised were cleared and those issues which were not cleared have been brought to the attention of the Board of Directors. The management concurred generally with the observations and recommendations.

## **1.9 Audit Methodology**

In the performance of the audit we conducted compliance tests, substantive analysis and other substantive procedures on the financial statements and records. The tests carried out were specified in the audit programmes designed for the audit. Vouching of income and expenditure was carried out on a sample basis, to supporting documents and records.

Interviews and discussions were carried out. We reviewed the Authority's internal control structure, periodical financial statements, progress reports, statements of reconciliations and as well as legal documents. We carried out physical checks/verifications of the existence of tangible assets. Accounting entries were traced to source documents and the completeness of the accounting information was evaluated. Verifications of assets and liabilities were carried out and confirmations of balances were also carried out.

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2011**

### **I. THE BASIS FOR THE REPORT**

In compliance with the Public Authority Act, 1992 and the Tanzania Financial Reporting Standard No. 1 on Directors' Report, the Directors submit their report and audited financial statements of Tanzania Communications Regulatory Authority, for the year ended 30th June, 2011.

### **2. CORPORATE OUTLOOK**

#### **VISION**

To be a world-class Communications Regulator creating a level playing field among Communication Services Providers and promoting environmentally friendly, accessible and affordable services to consumers.

#### **MISSION**

To develop an effective and efficient communications regulatory framework, promote efficiency among the Communications Services Providers and protect consumer interests with an objective of contributing socio-economic and technological development in the United Republic of Tanzania.

#### **STRATEGIC GOAL**

To enhance the welfare of Tanzanians through effective and efficient regulatory frame work that ensures universal access to communications.

### **3. PRINCIPAL ACTIVITIES**

The principal functions and responsibilities of the authority as stipulated in the Tanzania Communications Act No. 12 of 2003 are to regulate the Communications sector, specifically:

- Establishing a level playing field in order to promote effective competition and economic efficiency;
- Protecting the interests of consumers;
- Promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
- Licensing and enforcing licence conditions of broadcasting, postal and Telecommunications operators;
- Establishing and enforcing standards for regulated goods and services;
- Regulating rates and charges (tariffs);
- Management of the radio frequency spectrum;
- Monitoring the performance of the regulated sectors;
- Managing Telecommunications Numbering System.

#### 4. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Authority, all of whom are Tanzanians, who have served during the year under review, are:-

Name	Status	Date Appointed
Judge Buxton Chipeta	Chairman	15th June, 2008
Prof. John S. Nkoma	Member	1st July, 2009
Mr. Baruary E. Luhanga	Member	2nd April, 2009
Dr. Vuai Iddi Lila	Member	2nd April, 2009
Hon. Peter J. Serukamba (MP)*	Member	1st February, 2007
Dr. Justinian Anatory	Member	2nd April, 2009
Mrs. Elizabeth M. Nzagi	Secretary	

\* Retired as Board member on 31st March, 2011.

Members of the Board were appointed for a period of three years and are required to hold at least four meetings during the year. During the year under review, the Board held four ordinary meetings and four extra-ordinary meetings. Issues discussed and deliberated during those meetings included among others the following:-

- a) Setting policy directions; strategies, and guidance;
- b) Making corporate decisions;
- c) Operational decisions;
- d) Review of management performance and operations.

#### 5. DIRECTORS' REMUNERATION

The Directors' remuneration for services rendered as directors of the Authority for the year was TZS. 500,000 per sitting paid as sitting allowance to each Director. In addition, each Director was paid TZS. 5,000,000 lump sum as directors' fees for the year 2010/2011.

#### 6. CORPORATE GOVERNANCE

The Board of Directors consists of seven (7) directors including the Director General. The Board takes overall responsibility for the Authority, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to the Director General who is assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Authority's operational activities, acting as a medium of Communications and coordination between various business links and dependants.

The Authority is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability. Effective from March, 2011, the Board of Directors of TCRA has an Audit Committee, as a sub-committee of the Board, to ensure and uphold a high standard of corporate governance. The Committee is made up of five members; three from members of the Board of Directors, and two non-Board members (independent). At least one member has financial background and at least one member has technical operational expertise of TCRA's activities. During the year, membership was as follows:-

## 7. AUDIT COMMITTEE

Name	Position	Date Appointed
Eng. Baruary E Luhanga	Chairman	2nd June, 2011
Prof. John S. Nkoma	Member	2nd June, 2011
Mr. Elaudom W. Mahenge	Member	2nd June, 2011

All members of the Audit Committee are Tanzanians. The member's tenure of office runs concurrently with that of the Board of Directors. The Committee reports to Board of Directors. The Committee is required to meet on quarterly basis during the year. During the period under review, the newly established audit committee did not conduct any business; however, the Finance and Audit Committee conducted two (2) meetings. Matters discussed include:-

- a) Quarterly internal audit reports;
- b) External auditors' reports and financial statements Risk assessment;
- c) Risk assessment;
- d) Annual budgets review

## 8. CAPITAL STRUCTURE

The Authority's capital structure for the year under review is shown in the statement of financial position attached to this report. The source of TCRA funding is mainly through regulatory fees and other secondary revenue source such as investment income, rental income etc. Authority's financing has remained to be stable during the year.

## 9. MANAGEMENT

The Management of the Authority is under the Director General and is organized in the following Directorates:-

- Director General's Office;
- Consumer and Industry Affairs;
- Information Communication Technology;
- Corporate Resource Management;
- Broadcasting Affairs;
- Legal Services;
- Postal Affairs;

Four support service units report directly to the Director General. These units are:

- System Management – administratively reports to the Director General; functionally reports to the Audit Committee;
- Procurement Management - in line with Public Procurement Act;
- Zonal Coordination – for coordinating zonal activities;
- Corporate Communication; – for publicizing Authority activities to stakeholders and the general public.

## 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Authority has Risk Management Policy, which was duly approved by the Board. Every individual within the Authority is required to appreciate risks inherent at his/her place of work. Risk assessment responsibility rests with Systems Management Unit. Effective internal control is maintained through ensuring that there is segregation of duties and enhancing oversight systems. The Board's Audit Committee is in charge of the overall risk management.

## 11. SOLVENCY

The Directors have reviewed the current financial position of the Authority and the short term borrowings. On the basis of this review, the Directors are of the opinion that since its establishment the Authority has never sought financing through leverage or sources other than those specified in the enabling legislation. This shows that the Authority is a going concern. The solvency and annual operating results are as shown in the financial statements attached to this report.

## 12. RELATIONSHIPS WITH STAKEHOLDERS

The Authority's operations cut across several stakeholders' interests. The Authority enjoys good and cooperative support from almost all stakeholders. Key to this relationship has been prompt and informed thorough Communications system.

## **13. EMPLOYEES' WELFARE**

### **13.1 Management and Employees' Relationship**

There were continued good relation between employees and management for the year 2010/2011. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade union.

### **13.2 Training Facilities**

In order for the Authority to effectively discharge its functions, it is necessary for it to have a cadre of highly trained and skilled workforce and to update their training in various categories of skills involving the Authority's duties and obligations as stipulated in the TCRA Act No. 12 of 2003. Training programs have been developed to ensure employees are adequately trained at all levels.

### **13.3 Medical Assistance**

The Authority meets fully the cost of medical consultation and treatment for all employees and their immediate family dependants.

Implementation of the Authority's policy on medical care continued smoothly in 2010/2011. To ensure that services are provided efficiently, the Authority invited tenders from authorized health service providers. Through competitive selection M/s AAR Health Services was awarded the tender to provide the services. In addition, the Authority continued to implement the Chronic Ailments policy through which preventive and curative services are provided to employees and their dependants against diseases such as, cancer, tuberculosis,

### **13.4 Financial Assistance to Staff**

This is available to all employees depending on the merit of each case as assessed by management as well as the provisions in the Staff and Financial Regulations of the Authority and Government Standing Orders.

### **13.5 Persons with Disabilities**

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Authority continues and appropriate training is arranged. It is the policy of the Authority that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.



### **13.6 Gender Policy**

The Authority is an equal opportunity employer which strives to build a broad-based organization with balance in both gender and ethnicity to reflect the composition of the Tanzanian population. In achieving this objective, whenever processing recruitment to fill vacant posts in its establishment, the Authority provides equal opportunities to all people including women. During the year 2010/2011 the Authority had 139 employees of which 97 were male and 42 were female.

### **14. STATEMENT OF COMPLIANCE**

The Authority complied with laws, rules and regulations relating to regulation of the communications sector, labour, environmental, and all other laws in the country which affects the Authority during the year.

### **15. HIV/AIDS AWARENESS PROGRAMME**

The Authority has an HIV/AIDS awareness programme in operation. The Authority encourages her employees to undergo regular voluntary HIV tests and for those in need of medical assistance. Such assistance is provided free of charge by the Authority.

### **16. RELATED PARTY TRANSACTIONS**

All related party transactions and balances are disclosed in these financial statements.

### **17. CORPORATE SOCIAL RESPONSIBILITY**

In implementing Social Corporate Responsibility Policy, TCRA has committed itself to communications sector development, education, health and economic empowerment. In 2010/2011 the Authority donated in implementation of a number of social and economic development initiatives throughout the country. This included construction of schools and health centers, supply of computers and ICTs gear to schools, establishment of community telecentres and others.

TCRA upholds good Corporate Social Responsibility Practices by working with the community to identify their needs and assist them in support of their efforts.

### **18. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Under Section 51 of the TCRA Act No. 12 of 2003 requires the Board of Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its comprehensive income for that year. It also requires the Board of Directors to ensure that the Authority maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. The Board of Directors are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud,

error and other irregularities. The Board of Directors accept responsibility for the preparation and presentation of financial statements that are free from material misstatement whether due to fraud error. Nothing has come to the attention of the Board to indicate that the Authority will not remain a going concern for the foreseeable future.

## 19. AUDIT MANDATE

The Controller and Auditor General is the statutory auditor of Tanzania Communications Regulatory Authority (TCRA) by virtue of Article 143 of the Constitution of the United Republic of Tanzania, amplified in section 30(1) of the Public Audit Act No. 11 of 2008. However, in accordance to section 33(1) the Controller and Auditor General authorized Reliable Consultants to carry out the audit of Tanzania Communications Regulatory Authority for the year 2010/2011. The Board of Directors through the Audit Committee approves the remuneration of the external auditors.

## BY ORDER OF THE BOARD



**CHAIRPERSON**



**DIRECTOR**

**DATE: 27th February, 2011**

## **3.0 OPERATIONAL REVIEW BY THE DIRECTOR GENERAL**

### **3.1 INTRODUCTION**

**3.1.1** The operating year 2010/11 was the eighth year since establishment of the TCRA and the fifth and last year of the implementation of our first Strategic Plan 2006/07 to 2010/11. Through our reflection we were able to assess ourselves in terms of challenges and successes of implementation of the Strategic Plan. Generally we were satisfied as we achieved most of our plans. Some of the achievement includes completion of State of Art Office building “Mawasiliano Towers” where the Authority is currently operating from. The completion of the office building has helped our Dar es Salaam officer to work under one roof. Further, the project has reduced our operating cost especially cost of conveyance of documents between headquarters and others centers in the city as well as time taken in decision making due to reduction in the distance. In addition the new office has helped to increase revenue from the remaining rented office space.

**3.1.2** In pursuance of the Authority’s duties and responsibilities as stipulated in the TCRA Act 2003 and the key objectives set out in the Strategic Plan, the Authority formulated and implemented an Action Plan and Budget that addressed all regulatory and operational issues. As we may recall during the previous five years we were preoccupied with implementation of migration process from analogue to digital. Through the existing Converged Licensed framework we were able to issue three Multiplex Operators licenses in October, 2010. This was an important milestone towards digital migration before switch over date in December, 2012.

**3.1.3** Spectrum Management – demand for frequency resources continued to be a major issue in the industry. All these are the result of impact of Converged Licensing Frame work and we believe the regulatory climate in the country which has been attracting more investors into the market. As the frequencies for GSM and the CDMA technologies all been assigned to operators, our hopes are left to possible solutions to be arrived at by the forthcoming World Radiocommunication Conference (WRC-2012 to be held in Geneva in February 2012. Our officers will actively participate in studies organized under the auspices of the International Telecommunication Union and Regional African groupings in search of alternative solution to the high demand for the spectrum.

**3.1.4** On telecommunications sector, year 2010/11 saw unprecedented growth in both networks expansion and subscriber base. Vodacom, Celtel and later Zain emerged clearly as the market leaders in subscriber in terms of the subscriber numbers as shown in table I.

**Table I: Fixed and Mobile Subscribers as at 30th June 2011**

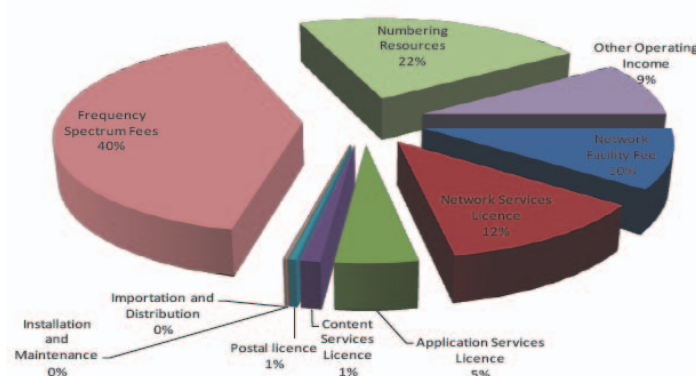
YEAR	MOBILE CELLULAR (CELTEL, MIC(T) LTD, VODACOM & ZANTEL)	FIXED LINES (TTCL & ZANTEL)	TOTAL
2004/2005	2,963,737	154,420	3,118,157
2005/2006	5,076,310	52,720	5,229,030
2006/2007	6,720,072	169,135	6,889,207
2007/2008	10,268,673	159,370	10,428,043
2008/2009	14,723,175	179,849	14,903,024
2009/2010	19,424,264	168,531	19,592,795
2010/2011	22,076,715	175,249	22,251,964

**3.1.5** Broadcasting is one of the areas that have been attracting a good number of investors. This resulted in scarcity of spectrum in the FM Band particularly in Dar-es-Salaam where the majority of stations are based. In view of this the Authority issues no more licences to FM Band radio broadcasting operators in Dar-Es-Salaam. The call by the ITU on member states to migrate from analogue to digital broadcasting ushers in hopes that a solution on spectrum scarcity is about to be sought as digital broadcasting is more efficient than analogue. This will provide more frequencies to be assigned to potential investors. Recognising this fact TCRA took a very active role in preparation of input into the ITU's Regional Radiocommunication Conference (RRC-06) held in May/June 2006 in Geneva.

**3.1.6** The year under review was a very progressive one in respect to the Postal sector with a number of new courier operators entering the market. Increase in the number of operators has further enhanced competition resulting in improvement of the quality of service as well as reduction in tariffs for conveyance of postal articles.

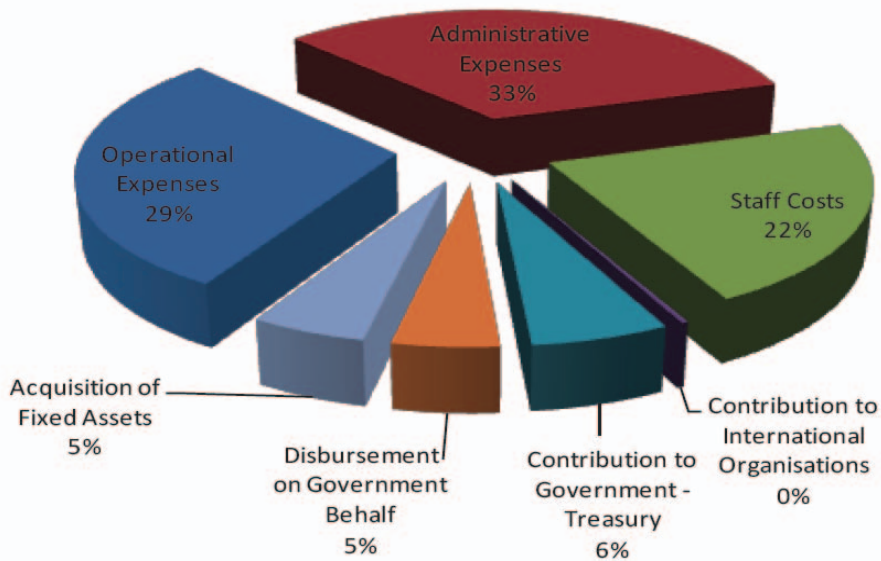
**3.1.7 Financial Performance:** During the year 2010/11 the Authority continued to improve its financial management. Overall, as it would be noted in the income statement the total income increased by 24.55% as compared to the previous year. Figure I shows the main sources of income during the year 2010/11 were Radio Frequency Spectrum User Fees, Numbering Resource Fees, Network Services Licence fees, Network Facility Licence fees, Application Services Licence fees, Content Services Licence fees and Other Income.

**Figure I: Main sources of income for the year 2010/11**



During the same period expenditure increased by 37.22% as compared to the previous year. The increase in expenditure was due to increase in the number of activities performed as well as increase in the number of staff. Items with higher expenditure as shown in figure 2 include Administrative Expenses, Operational Expenses Staff costs, Contribution to the Government, Acquisition of Assets and Disbursement on Behalf of the Government. The impact of such expenditure is signified by the improvement in performance of the Authority as compared to the previous year as shown herein.

**Figure 2: Expenditures for the year 2010/11**



### 3.1.8 Organisation Development:

The Authority reviewed its Financial and Staff regulations in order to update to suit the current development. On the other hand the new organisation structure which was approved in 2009 continued to be tested and areas that needed further improvement were identified for future reviews. In addition the Authority continued to improve the strength of its workforce by recruiting new employees in line with the organisation structure and expansion of its activities.

### 3.1.9 Concluding remarks:

To conclude, I take this opportunity to commend the Chairperson of the TCRA Board Judge (Rtd) Buxton Chipeta, and all Board Directors for their dedicated service and commitment to the Authority throughout the period under review. Their contribution towards development of the TCRA is highly appreciated and will continue to be valued in the foreseeable future.

Prof. John S. Nkoma  
**Director General**

## **4.0 ICT DEVELOPMENTS AND STANDARDS**

### **A. STANDARDIZATION**

#### **4.1 Standardisation of Communications Equipment**

##### **a) Communications Equipment Type Approval**

Type Approval is a legal requirement that involve a process where submission is done to the regulator to check if acquired electronic communication equipment conforms to appropriate standard.

The categories of equipment dealt with, include Customer Premises Equipment (CPE), Switching Equipment or Systems, Mobile Terminals and Short - Range Devices. In the financial year 2010/11 the Authority received and processed 60 applications for type approval. Out of which 59 were for Terminal equipment and 1 for network equipment.

##### **b) Online Type Approval System (OTAS) Project**

During the period under review, the automation of the Type Approval system was completed. A live demonstration of the system was made to the Authority's senior officers and Management. The demonstration involved illustration of processes, steps, system webpage and contents. During the demonstration it was observed that the Authority's Internet facilities and systems need to be reviewed in order to enjoy other benefits such as proficiency operation of the OTAS.

##### **c) Type Approval Laboratory**

The Authority signed a contract with M/S Sintesis Foundation and Slovenian Institute of Quality and Metrology for the feasibility study on establishment of Communication Equipment Type Approval Laboratory (TAL) in the Country. The study was finalised and the report was approved. The Authority is planning to implement the project on phase basis as recommended by the consultants, starting with phase one.

Phase one has been split into two sub phases IA and IB. Phase IA will include the immediate implementation of TAL for Mobile user equipment and DVB-T/T2 receivers (STB) and transmitters. The room was identified in the 3rd floor of Mawasiliano Towers and it is aimed for setting up of the temporary Lab that will cover the mobile and broadcasting areas. The manning levels for the TAL were also identified and planning for capacity building was being made. Phase two will include the construction works of the new TAL building and redeployment of phase IA equipment into the new building.

#### **4.2 Numbering and Routing Activities**

Numbering as used in communications are limited national resources that must be managed fairly in the long-term best interests of the country.

## (i) Applications for Numbering Resources

During year 2010/11 the Authority received a total of 112 applications for numbering resources. Among them 112 applications were processed and 92 certificates were issued.

## (ii) Review of the use of VAS Short Codes

Number range for VAS short codes was opened to cater for Wireless Application Service Providers (WASPs) as well as incumbent mobile operators as a result of high market demand for the service applications.

The number range for VAS Codes is 15 XYY; where X is the service category and YY is the service provider identity ranging from 00 to 99 for a total 100 service providers per category.

The Authority has been receiving requests from Network Operators and financial institutions for a real time menu based information services.

To necessitate these WASP applications, during the year under review, the new USSD service category was opened for the following services;

- |       |         |                            |
|-------|---------|----------------------------|
| (i)   | *147*YY | For Virtual Services       |
| (ii)  | *148*YY | For Free Services          |
| (iii) | *149*YY | For General Services       |
| (iv)  | *150*YY | For e commerce application |

## 4.3 Internet – Related Activities

### 4.3.1 dot-tzccTLD Management

During the period under review tzNIC accredited 14 Registrars as part of its efforts to decentralize the .tz registry services throughout the country and as part of the implementation of Registry – Registrar – Registrant operational model. The total number of accredited registrars has reached 20.

The Tanzania Network Information centre (tzNIC) started public awareness campaigns on the use of Tanzania domain names and domain registrations by reducing the domain name registration fee. To complement the campaigns tzNIC modernized its registry services by establishing services payment by means of M-PESA and ZAP tz NIC managed to register a total of 1532 domain names thus making the total number of domain names to be 4224.

During the year 2010-11 the Tanzania Network Information centre (tzNIC) concluded the discussion of its 5 year (2011/12-2015/16) strategic plan after deliberation and discussions with the stake holders.

### **4.3.2 Internet Exchange Points (IXPs) Implementation Project**

#### **a) Tanzania Internet Exchange Points**

Dar es Salaam and Arusha Internet Exchange Points progressed well with gradual increase of peering members. During the period under review, Dar es Salaam and Arusha had 25 and 6 peering members respectively with a maximum recorded traffic of 13.9 Mbps and 500 Kbps respectively.

Installation of servers for Dodoma and Mwanza Internet Exchange Points were finalized but failed to kick off. From various discussions it was established that their main concern is technology to be deployed. To resolve this one of the proposed solution being considered is the possibility of interconnecting the IXP in Mwanza and TIX in Dar es Salaam through the National broadband Backbone.

#### **b) East Africa Internet Exchange Point (EAIX)**

M/s SimbaNET (T) Ltd who was contracted by EACO to implement direct connectivity between Tanzania's Internet Exchange Point (TIXP), Kenya's Internet Exchange Point (KIXP) and Uganda's Internet Exchange Point (UIXP) to form a virtual EAIXP using satellite technology, submitted to EACO Congress his intention to withdraw from the project due to implication caused by landing of Fibre Optic Submarine Cables in the region.

During its 17th meeting held in Kampala, the EACO Congress directed the IXPs Task force to review the matter and submit alternative options in order to successfully achieve the initial objective of localizing traffic by connecting the EACO countries. The Task force is still working on the alternative solution to the project.

## **4.4 ICT Access and Knowledge**

### **4.4.1 Commemoration of the World Telecommunication and Information Society Day**

The Tanzania Communications Regulatory Authority (TCRA) on behalf of ICT stake holders convened a two-day Workshop as part of the commemoration of the World Telecommunication and Information Society Day (WTISD). The theme for this year as has been adopted by ITU council is "Better life in rural communities with ICTs". The workshops were held at Mlimani City Conference Hall Dar es salaam, 12-13 May 2011.

In the two day workshop the topics discussed included conformity and Interoperability -the ITU's initiatives, new development of policies and regulatory matters, effective strategies and initiatives to combat handset theft, maintaining electronic communications equipment standards; need for Type Approval Laboratories, modernizing rural life by implementing sustainable telecentres, the importance and availability of rural energy in improving life in Communities with ICTs; exploiting the opportunities from REA, reaching out rural areas using ICTs; initiative by Tanzania Telecentre network (TTN) in



facilitating rural connectivity, Accessing helpline services and audio visual materials for rural health education and prevention using ICTs. The workshop attracted 205 participants from ICT stakeholders in Tanzania. The resource persons were drawn from ITU (Ethiopia & Switzerland), GSMA (Ireland), Synthesio Foundation (Slovenia), SIQ (Slovenia), BIID (Bangladesh) and Tanzania (TCRA, REA, UCAF, TTN & TAYOA).

Besides two days of workshops there was an outreach programme that was conducted in all six TCRA Zonal Offices selected villages (Mangaka Village in Nanyumbu District in Masasi Mtwara, Kindimba Juu in Mbinga district Ruvuma, Orkosmet in Simanjiro Manyara, Micheweni in Pemba, Zanzibar, Mjiro Chini in Kondoa Dodoma and Somanda village in Bariadi Shinyanga. The presentation included the guidelines on establishing a sustainable telecentre and how to plan and establish a community radio.

#### **4.4.2 Organizing Communications Sectoral Event**

A workshop with the theme “Towards a Secure and Sustainable Communication Sector” was held from 19-20 July 2010 in TCRA Conference Rooms. The workshop was attended by more than 170 delegates from various sectors within Tanzania and beyond. The objective of the two-day workshop was to act as a platform to share and discuss with stakeholders essential aspects and developments in the country’s dynamic communication sector. It was intended for the participants to learn various aspects and work related to Cyber-security, National Computer Emergency Response Coordination including implementation.

#### **4.4.3 AfNOG/AfriNIC Trainings and Meetings**

The event was co-hosted by the Tanzanian Communications Regulatory Authority (TCRA) and the.tz registry (tzNIC) in collaboration with AfNOG and AfriNIC.

The training were held from 29th May – 6 June 2011 in six classrooms and included Internet Services, Network Infrastructure, Network Monitoring and Management, Advanced routing techniques, Computer Emergency Response Team (CERT) and IPv6 (Internet Protocol Version 6). The instructors for the workshops were an international team with experience in large networks and teaching about network operations. The training provided a big boost for the country IP Technologies and was attended by 156 participants out of which 57 were Tanzanian.

The AfNOG and AfriNIC Meetings provided forums for discussion and dissemination of technical information related to backbone/enterprise networking technologies and operational practice. The participants were able to contribute towards the Internet policies, discussion that governs the distribution and management of Internet Resources.

The meeting was sponsored by the Internet Society (ISOC), the Tanzanian Ministry of Communications, Science & Technology (MCST), Tanzania Revenue Authority (TRA) the National Micro-finance Bank (NMB), CRDB Bank, Simbanet, WIA and Zantel. The meeting attracted over 200 participants from 51 countries worldwide, 39 being from Africa.

## 4.5 Public Safety Issues

### 4.5.1 Call Centre for Police Emergency Numbers 111/112

The configuration and installation of the 112 emergency call centre was completed. All telephone operators are directly connected to the call centre and the general public freely access police emergency services.

The user acceptance testing has already been done and the identified shortcomings were being rectified by the contractor. However, the Tanzania Police Force (TPF) is facing critical administrative and technical challenges in smooth running of the call centre in terms of competent personnel, stable power supply and cooling system.

## B: SPECTRUM MANAGEMENT

### 4.6.1 Introduction

The radio frequency spectrum is a limited natural resource that can be used to increase the efficiency and productivity of a nation's workforce consequently enhance the quality of life. Spectrum is used to provide a wide variety of radio- communication services including; TV broadcasting and sound, radio navigation, aeronautical, maritime radio, satellite, radio location and amateur radio. In addition, the spectrum- based services have become important inputs to a range of socio- economic activities such as security, education, health, defense, transportation etc.

During the financial year 2010/11 the Authority in its function of managing the radio frequency spectrum through; spectrum planning, allocating, assigning and monitoring handled a number of important activities:

### 4.6.2 Participation in SADC Frequency Allocation Plan

The purpose of Southern Africa Development Community (SADC) Frequency Allocation Plan (FAP) is to create a framework for harmonization across SADC on the use of the radio frequency spectrum.

The Authority participated in the spectrum validation work which involved four frequency guide lines documents to be submitted to the CRASA General meeting for consideration and approval. The Guidelines was forwarded to SADC Ministers for consideration and adoption in the region. Documents discussed were:-

- Framework on Harmonization of Allocation of Frequencies for the Short Range Devices
- Framework on Harmonization of Allocation of Frequencies for the Public Protection and Disaster Relief
- SADC Harmonized Radio Frequency Channeling arrangements
- The SADC Country Names Appearing in Article 5 of the ITU Radio Regulations

### **4.6.3 SMS4DC**

During this period, The Authority procured Spectrum Management Software for Developing Countries (SMS4DC) from ITU and coordinated training which was delivered by ITU experts to TCRA engineers. The installation and configuration of this software at TCRA Headquarters was completed and process to install the same in the Zonal Offices was in progress. Operator's data verification and entry are being carried regularly by Spectrum Management, Broadcasting and zone Engineers.

### **4.6.4 WRC-12 Country, Regional and Global Preparations**

The World Radio Conference 2012, WRC12, will take place in Geneva from 23rd January to 17th February 2012. The Conference shall discuss 28 agenda items which have a significant bearing on spectrum utilization in the Africa community, East Africa Community (EAC) and Southern Africa Development Community (SADC) as well as the world as a whole. The basis of the work of the Conference shall be proposals, based on the Second Conference Preparatory Meeting report, from Administrations and Regional Groups. In the case of Africa, the regional group submission shall be made via the African Telecommunications Union (ATU).

### **4.6.5 ITU- R Conference Preparatory Meeting (CPM) and Information Meetings**

The Authority actively participated in the above conference discussions for preparation of the final CPM report to assist those administrations of ITU Member countries who will be involved in the preparations for the conference and deliberations at WRC-12; and for following up of other global regional positions of the WRC-12 agenda.

### **4.6.6 Regional Meeting preparations**

During the period under review the Authority participated actively in the regional preparatory meetings for the East Africa Communications Organization (EACO) WRC 12, SADC and African Telecommunication Union (ATU) WRC 12.

### **4.6.7 Review of Radio Frequency Bands to Address Spectrum Demand**

One of the characteristics of the radio frequency spectrum resource which calls for its regulation is its scarcity. In the bid to address the spectrum demand, the Authority reviewed the band plans and conditions for applying for 2.3 GHz and 2.5 GHz bands. The two referred bands will be assigned to licensees with the National or Regional Network Facility License. The licensees with the National Network Facility license will be assigned 30 MHz band and 20 MHz band to those with Regional Network License. Licensees with Network Application licensees will not be assigned the referred bands. Further the 2.5 GHz band will accommodate five (5) National Network Facility licensees and two (2) regional licensees while the 2.3 GHz band will accommodate 2 National Network Facility Licensee and one regional licensee.

#### 4.6.8 Quality of Service Measurement

The Authority conducted the Quality of Service measurement exercise for cellular mobile communications service providers. The exercise covered Airtel, Vodacom, Tigo and Zantel cellular networks. The exercise was initiated in order to observe the compliance of mobile communication operators to statutory regulating quality of service, namely the Tanzania Communications (Quality of Service) Regulations 2005.

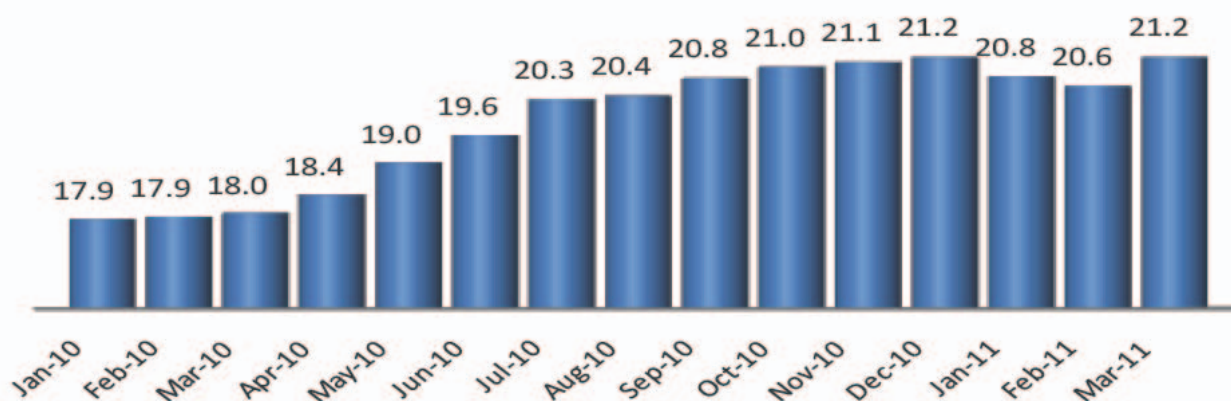
The key Performance indicators considered during this exercise includes:

- i. Network Accessibility:** Ratio of the number of successful GSM network access attempts to the total number of the network access attempts.
- ii. Service Accessibility:** Ratio of the number of successful call attempts (after successful network access) to the total number of call attempts.
- iii. Call Completion Rate:** means the ratio of the number of completed calls to number of call attempts.
- iv. Call Drop:** Means a call where connection succeeds (i.e the network is accessed and set up is successful but is disconnected due to abnormal call release).
- v. Call Block Rate:** This is a ratio of the number of blocked calls at those times where there is no free channel to serve a call attempt to the total number of call attempts.
- vi. Received Signal Level:** Indication of the down link signal strength received by the mobile; measured in dBm
- vii. Call Setup Time:** Time between the start of a call setup attempt (after successful network access) and indication of call setup success.
- viii. System Response:** Time between the start of a call attempt and indication of successful network access.
- ix. Call Setup Success Rate:** This is the ratio of established calls to attempts. Established calls in call setup means; attempt is made, the traffic channel is allocated and the call is routed to the outwards path of the concern Mobile Switch Centre.

## 5.0 CONSUMER AND INDUSTRY AFFAIRS

### 5.1 Collection and Analysis of Market Data

During the year under review telecommunications market data continued to be collected, organized, analyzed and populated in TCRA website. The quarterly analysis show that the uptake of telecommunication services dropped from 21.2million subscribers in December, 2010 to about 20.8 subscribers in January and February, 2011, which is a decline of about 2%. However, in March, 2011 subscription increased to reach 21.2 million users. Figure 3 shows the trend of subscription on monthly basis from January, 2010 to March, 2011.



The decrease in the subscription in the fourth quarter, 2010/2011 may probably be explained by the existence of fierce competition among telecoms operators leading to significant decrease in tariffs for both off-net and on-net calls. The average tariff for off-net calls decreased by about 48.7% from TZS 349 per minute in the first quarter (July-September, 2010) to TZS 179 per minute in the second quarter (October-December 2010). Likewise, the average tariff for on-net calls dropped from TZS 124 to TZS 63 per minute during the same period.

The decrease in tariffs, particularly tariffs for off-net calls may probably have lead to some of the consumers who owned multi SIM-Cards to take advantage of cheap on-net call to relinquish some of their SIM-Cards and hence the drop in total subscription.

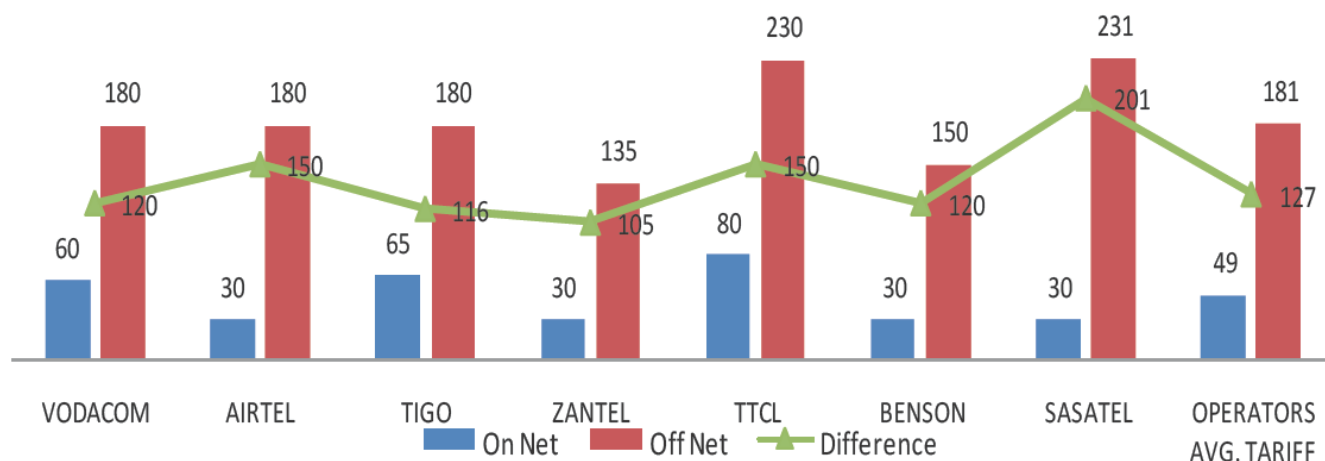
### 5.2 Tariff Regulations

The Authority continued to monitor tariffs for regulated services. As a result of increasing competition some operators continued to cut down their tariffs. As indicated in figure 4, the average On Net tariff is TZS 49 per minute and the average Off Net tariffs is TZS 181 per minute. On average, the difference between On Net and Off Net tariffs is TZS 32 per minute.

### 5.3 Publication and Sharing of Communication Information

Data on telecom subscriptions, internet users, traffic and tariffs were collected and published in the TCRA website and shared with ITU by filling in questionnaires. The data were also shared with the Revolutionary Government of Zanzibar and many other institutions and individual researchers.

**Figure 4: Difference Between On Net and Off Net Tariffs per Minute in Tanzania (March, 2011)**



### 5.4 Data Collection and Reporting Framework (DATAFRAME)

The Authority started to establish Data Collection Framework (DATAFRAME) which intended to establish a clear system to produce, acquire and handle data and information from Communications Service Providers (CSPs). The framework gives guidelines in production of standard and unified data and information among CSPs. The DATA FRAME is therefore focused on data items of the core indicators from supply side of communication sector.

### 5.5 Assessment of Competition in Tanzania Telecommunication Market

PricewaterhouseCoopers LLP (UK) who was the consultant assigned to assess Competition in Tanzania Telecommunications Market completed the assignment and submitted draft final report to TCRA on 29th June, 2011. The findings and recommendation of the study were also presented to the Industry stakeholder’s workshop on 30th June, 2011 for comments before issuing the final report.

The consultant identified and defined nine telecommunications markets of which four (4) were for retail and five (5) were for whole sale market. The summary of findings of the assessment is as presented in the table 2.

**Table: 2 Summary Findings of Market definition and SMP Remedies**

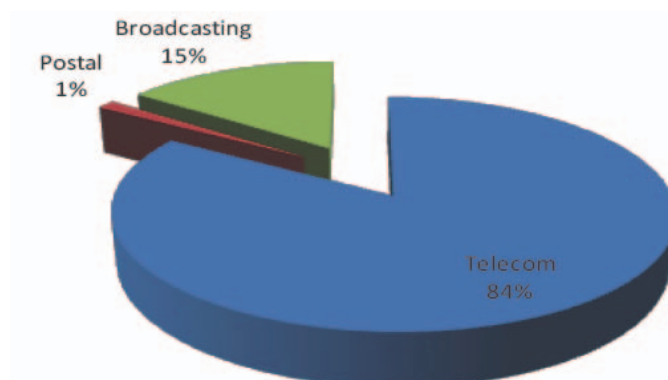
No	Market	SMP operator(s)	Remedies
<b>Retail markets</b>			
1	Call origination (includes mobile and fixed)	None	Address issues such as the predominance of multi sim card use and difference between on-net and off-net prices through wholesale market intervention (termination).
2	Fixed access	TTCL	May require safeguard cap to protect some sub-markets (e.G. Residential users).
3	Retail Internet access	NONE	There is sufficient competition with different types of infrastructure hence no remedies needed.
4	Retail leased lines	TTCL	No regulation needed or appropriate at this level. Competition issues should be resolved at wholesale level.
<b>Wholesale market</b>			
5	Fixed termination	All terminating fixed voice operators	Move towards cost-based, symmetrical charges.
6	Mobile termination	All terminating mobile voice operators	Move towards cost-based, symmetrical charges.
7	Wholesale broadband internet access	None	With self supply and infrastructure competition across platforms, this market is competitive hence no remedies needed.
8	Wholesale leased lines and transmission	Nictbb	Safeguards to ensure that the Nictbb provides access on fair and non-discriminatory terms and conditions.
9	International connectivity (sub-sea cables)	None	There are signs of increased competition among these providers as prices have decreased considerably, and further new entry is expected

## 5.7 Consumer Protection Issues

The Authority realized an increase in the number complaints during the year as a result of increased consumer awareness in various districts in the zones. However the increase was attributed to increased competition with new products ranging from mobile money, lotteries as well as SIM card registration exercise. The Authority increased complaints lodging modalities in which complainants were able to submit their complaints both at the head office and six zonal offices. Also online feedback and complaint forms were available in Authority's website. Further more dedicated emails for complaint namely; complaints@tcra.go.tz for English and malalamiko@tcra.go.tz for Kiswahili were freely downloadable in the TCRA website.

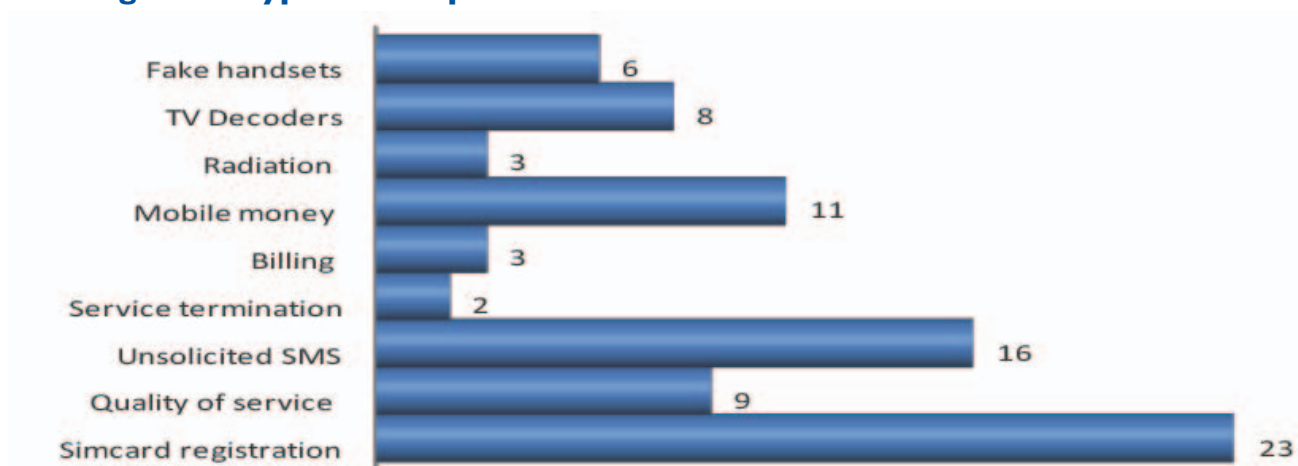
Consumer education continued to be provided during Nane Nane events, ICT week, Public Service Week and World Postal Day events where face to face consumer education programmes were carried out. During these events leaflets and other publicity materials were distributed.

**Figure: 5 The breakdown of complaints received by sector as well as complaints distribution by type**



Source: TCRA

**Figure 6: Type of Complaints 2010/2011**



Source: TCRA



## **6.0 BROADCASTING AFFAIRS**

The broadcasting regulatory function include regulating, supervising and monitoring of broadcasting activities in Tanzania Mainland; the conduct of broadcasting as well as that of dealers in broadcasting equipment and maintaining the register of persons licensed as broadcasters, dealers in broadcasting apparatus or operators of broadcasting stations.

### **6.1 Content Applications**

During the year 2010/11 the Authority received and processed a total of thirty eight (38) applications and among them sixteen (16) qualified applicants were granted with the licenses.

### **6.2 Broadcasting Services**

One of the duties of the Department of Broadcasting Affairs is to regulate, supervise and monitor broadcasting activities in the country. In 2010/11 some of the activities performed relating to regulation of broadcasting services include:

#### **6.2.1 Processing of License for New Broadcasting Applicants**

During the period under review, the Authority processed thirty eight (38) applications and granted Construction Permits to seventeen (17) applicants.

Further, the Authority granted new content licences to sixteen (16) content service providers. They are Pride FM of Mtwara, Hot FM of Iringa, FADECO Community Radio of Karagwe, Kifimbo FM Radio, Radio Huruma of Tanga, Radio Vision FM of Bukoba, Nuru FM Radio of Iringa, Muheza Cable Television of Tanga, Tunduma Cable Tele vision of Mbeya, Safari Radio of Mtwara, Radio Ushindi FM Stereo of Mbeya, HHC Radio Station of Mwanza, Jogoo FM Radio of Songea, Feisal Cable TV of Dodoma, Radio Ebony FM of Iringa and Easy Television Ltd.

#### **6.2.2 Inspection and Monitoring**

During the period under review, the Authority conducted inspection of the thirty six (36) broad casting stations countywide. The inspections were carried out to establish compliance to technical and professional ethics.

#### **6.2.3 Compliance to Broadcasting Regulations**

During the period under review, the Content Committee (CC) held its extraordinary meeting on 11/11/2010 to deliberate on broadcasting standards and ethics and hear complaints against breach of regulations by content service providers. The Committee received and deliberated on 8 complaints of radio and TV stations which were alleged to have breached Content Services Regulations 2005. All 8 stations were found guilty and were served with a strong warning.

### 6.3 Digital Broadcasting

During the period under review, the Authority and the National Technical Committee on Digital broadcasting (NTC-DB) finalized the digital broadcasting regulations, 2010. In addition the Authority held a meeting with -NTC to finalize Digital Broadcasting rules, 2010 and a template for Service Level Agreement between Multiplex Operator and Content Services Provider.

Furthermore the Authority convened a meeting of NTC-DB on 22nd December, 2010 to discuss the broadcasting technical standards, interoperability of Set Top Boxes, simulcast arrangements and communication strategy for public awareness campaign. The meeting which was also attended by MUX operators was very useful in sharing experiences among the signal distributors and charting out future strategies to implement Digital Broadcasting.

The Authority made a presentation to the Minister of Communication Science and Technology on progress made so far on migration from analogue to digital broad casting.

The Authority was involved in meetings responsible for preparing cabinet paper for Digital Broadcasting Migration at the Ministry of Communications Science and Technology. During the period under review three meetings were held on preparation of cabinet paper at the Ministry.

The Authority also participated at the 6th meeting of Congress of the East African Communications Organizations (EACO) Broadcasting Technical Task Force (BTTF) on digital terrestrial television broadcasting in Arusha, Tanzania from 02nd to 05th May, 2011. The task force meeting attracted participants from Kenya, Burundi, Rwanda, Burundi and Uganda. The meeting was addressing issues tasked to BTTF by the 17th EACO Congress. Also the meeting deliberated on challenges facing the migration to digital broadcasting in member countries.

Finally the Authority also participated on the meeting of Steering Committee for Digital Broadcasting (SCDB). The meeting was convened by the Chairman of SCDB Dr. Florence M. Turuka the Permanent Secretary of the Ministry Communication Science and Technology at the Ministry on 19th May, 2011. Among other issues, the SCDB meeting agreed that the launch of Public Awareness Campaign be officiated by His Excellency, President Jakaya Mrisho Kikwete.

### 6.4 Content Committee

During the period under review, the Content Committee reviewed the final draft of Content Regulations that were to be presented to the Ministry for further procedures. The Authority delegation did a benchmark visit to Morocco's High Authority for Audio visual Communication (HACA) on content monitoring. The objective of the benchmark visit was to enhance the knowledge in content monitoring activities to the Authority by learning

HACA's experience in television and FM Radio content monitoring and the way the content monitoring units work at HACA.

## **6.5 Policy Documents**

During the period under review, the SADC Council of the Ministers held its meeting in Zambia on 22nd November, 2010 and agreed to adopt DVB-T2 standards for digital broadcasting in the SADC region. Angola was undecided on the standards to adopt. The National Technical Committee on Digital Broadcasting had an opportunity to inspect the multiplex head-end of Star Media (Tanzania) Limited for the purpose of establishing conformity to broadcasting standards and STB specialisations.

## 7.0 POSTAL AFFAIRS

The Postal Affairs regulatory function include regulation of the universal postal services, promotion of competition among postal service providers, monitoring compliance with performance standards and code of conduct in respect of postal service licenses and spearheading and coordinate the new Addressing System and Postcode project.

In 2010/11 the Authority undertook the following activities in the bid to promote development of postal services and improve the quality of services in order to achieve the universal access goal;

### 7.1 Licensing of New Postal Operators

The TCRA has designated (by license) the Tanzania Posts Corporation as the Public Postal License to provide postal services at a specified quality, throughout Tanzania at affordable and uniform prices. However, considering the TPC alone cannot meet the demand of consumers of postal services, the government through TCRA has allowed competition in the non-reserved service area (i.e. letter over 500gms and parcels over 10kgs) through licensing of courier operators.

The following courier operators licensed during the year 2010/11:-

- (i) H & N Courier Express Company – East Africa Courier;
- (ii) SAMJS General Company (T) Ltd – East Africa Courier;
- (iii) PCB Witna & Company – East Africa Courier;
- (iv) Said Mohamed & Brothers (Nyehunge Express) – Intercity Courier;
- (v) BN Metro (EA) Limited – Intercity Courier;
- (vi) Sun & Courier Services – Intercity Courier.

The license categories are in harmony with other East African partners states.

A total of 57 postal companies with valid licenses for the year 2010/11 are summarized in table 3.

**Table 3: Status of the Licensed Operators in 2010/11**

S/No	Licence Category	No. of Licensees
1	Public Postal Operator	1
2	International Courier	4
3	East Africa Courier	7
4	Domestic Courier)	7
5	Intracity Courier	3
6	Intercity Courier	34

## 7.2 Enforcement of Postal Operating Licenses

During the year under review, monitoring of postal operating companies was carried out through inspection.

### 7.2.1 The Postal Inspection Regions During the year 2010/11

In the First quarter the inspection of courier operators conducted in Mwanza and Shinyanga regions. Second quarter; Inspection was conducted in Dar es Salaam region. Third Quarter; The inspection conducted in Kagera and Mara regions. The inspection exercise established that operators including Tanzania Posts Corporation were doing well in terms of speed of mails and parcels delivery. It was noted that there are few cases of illegal operators in Mwanza and Shinyanga who were identified during the inspection exercise. The authority has taken some measures which include licensing the illegal operators legalize their businesses. The increase of the number of courier operators in the country during the year is the result of License enforcement exercise taken.

## 7.5 Establishment of New National Postal Address System and Post Code

The aim of establishment of the new address system and Post Code is to facilitate delivery of mails and other postal articles to addressees at their physical addresses (door – to door delivery). The new system is expected to contribute other socio-economic development activities including enhancing revenue collection, expedite provision of rescue services, security, financial Institutions, research and provision of utility services. In 20010/11 the following activity related to Postcodes Project were carried out:-

- (i) Allocation of postcode to delivery areas, postal offices, postal major customers and landmarks.
- (ii) Addressing Manual: The Postcode technical team comprising key stakeholders met on 27 September 2010 to review the manual for street naming and house numbering taking into account the Electronic and postal Communications Act, 2010. The addressing manual intended to provide logic and order in the assigning of street names and address in order to guide the responsible person and other users to ensure consistency in address assignment.
- (iii) Meeting with National Identification Authority (NIDA): the meeting between Postcode Project Secretariat and NIDA's Management discussed the relevance and dependence of the two project the National Postcode and National Identity projects. Agreed the two projects to cooperate for the purposes of efficient and utilization of resources. The actual Implementation of the postcode started in Dodoma region by fixing street signs to be followed by house numbers.

- (iv) Training, workshop and awareness campaign conducted in 2010/11:-
- (a) Workshop to key Ministry and Municipal Council leaders in Zanzibar;
  - (b) Training TPC staff in Arusha, Moshi, Tanga and Manyara regions;
  - (c) Three batches of training for implementers “Member of the street naming and house numbering committee” were conducted in Dodoma, Kibaha and Zanzibar.

## **7.6 Establishment of Communications Museum**

The establishment of Communications Museum aims to enhance knowledge for the general public through education, research and consultancy in the communication field. TCRA will preserve the movable cultural and natural heritage for the use by present communities and future generation and provide general background of the communication industry hence help to bridge the current generation with the past in terms of communication.

In 2010/11 conducted the following activities related to communications museum:-

1. The Authority signed a Contract with the National Museum of Tanzania to undertake appropriate research work that will lead to collection of archive materials for broadcasting, postal and telecommunications for the envisaged TCRA’s communications museum;
2. A team of officials from TCRA and Consultant visited Germany and Switzerland Museum for the purpose of benchmarking and learn the experience of the best practice of establishment of the communication museum;
3. A team of official from TCRA, TTCL and Consultant visited Mwanza, Shinyanga, Tabora, Kilimanjaro, Tanga, Morogoro, Iringa, Mbeya, Ruvuma and Lindi for identification and collection of archival articles for the communications museum and some of the articles were shipped to TCRA headquarters.

## **7.7 Research on the Assessment of Market Demand of Postal Services in Tanzania**

In order to carry out its regulatory tasks and duties effectively, the Authority need sound knowledge and understanding of the development in the postal communication industry. TCRA commissioned Electro Business Limited (EBL), a consulting firm, to carry out a market research of postal services in Tanzania. The consultant presented its final report on the study of “Assessment of Market Demand of Postal Services in Tanzania” to the TCRA Management and approved. The research established the base line information on postal

services in Tanzania; and the market shares of postal service providers in terms of sales turn over, customer base, and products provided.

## 7.8 Major Meetings and Decisions

In 2010/11 the Authority participated in various meetings at national, regional and international levels such as UPU Council of Administration, 10th PAPU secretariat Management Board, SAPRA Executive Committees, POST-EXPO 2010 conference, POC meeting and POC work Groups, and Conference of Commonwealth Postal Administration. Some of major conferences and meetings attended by the TCRA in collaboration with other stakeholders to represent Tanzania in the financial year 2010/11 were:-

1. 29th Ordinary session of Administrative Council of PAPU and Technical and Administrative committees meeting;
2. Tanzania as a Chair of the PAPU Credentials Committees responsible among others the financial affairs of the Union, Tanzania is a Secretary of PAPU Secretariat management Board participated effectively in the deliberations on Union's budget for 2010/2011 financial year, strategies for recovering the outstanding Mandatory contribution to the Union;
3. 3rd Conference of African Ministers in charge of ICT;
4. Steering Committee of ICT Ministers of Africa comprising of 10 member countries of African Union and responsible for monitoring the activities between the conferences in which Tanzania was nominated to chair . Tanzania had an opportunity to review the status of implementation among others projects and work programs as adopted during the 2nd meeting in Cairo Egypt 2006.

## 7.9 State of the Postal Industry

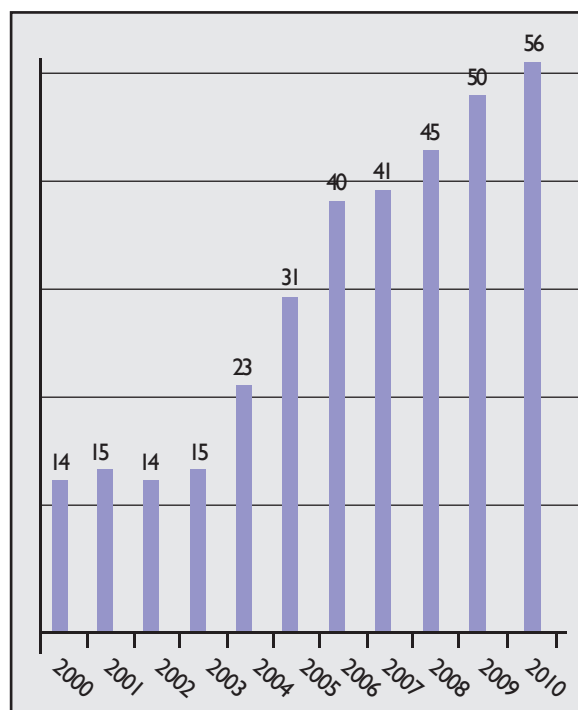
It is encouraging that the courier/express market is steadily growing in Tanzania in terms of network expansion and number of operators as indicated in table 4.

**Table 4: Number of Licensed Operators between 2000 and 2010**

S/No	Year	Number of Licenced Operators
1	2000	12
2	2001	15
3	2002	14
4	2003	15
5	2004	23
6	2005	31
7	2006	40
8	2007	41
9	2008	45
10	2009	50
11	2010	56

Growth of the Courier Sub Sector by Pictorial Chart from 2000 to 2010 is shown in figure 6.

**Figure 6: Growth of the Courier Sub Sector by Pictorial Chart 2000 to 2010**





## 8.0 LEGAL SERVICES

The Legal Services of the Authority provides legal service and advice on all legal matters. During the year under review the Legal Service performed various legal related activities including follow up of court proceedings and representing the Authority in Courts of law, preparation of contracts for provision of goods and services to the Authority, issuance of notices of Board and Management meetings, compilation of Board and Management papers, taking and keeping records of the Board and Management meetings, preparation of matters arising from Board and Management meetings, coordination and drafting/reviewing communications legislations (rules, regulations, policies etc) processing and issuance of licenses and enforcement of license conditions.

### 8.1 Board Meetings

Four ordinary meetings of the Board were convened in accordance with the Law. In addition two (2) Special meetings were convened and held on 14th April 2011 and 2nd June, 2011, respectively. Among others the Board reviewed the performance of the Authority and approved confirmation, appointment and promotion of various officers of the Authority to various positions. On top, the Board also approved:-

- (i) The Budget of the Authority for the year 2011/2012;
- (ii) Grant of National Network Facilities Licence to HTT Infranco Limited;
- (iii) Submission of Draft Regulations to be issued under the Electronic and Postal Communications Act, to the Ministry of Communications, Science and Technology;
- (iv) Issuance of Regional Network Facilities License to M/S Simbanet (T) Limited;
- (v) Grant of National Network Facilities, Network Services and Application Services Licenses to M/S Augere;
- (vi) Grant of License to M/S BNH Communications Solutions and
- (vii) The TCRA Strategic Plan 2011/16.

### 8.2 Litigation

During the period under review the Authority followed up cases involving TCRA, among them being appeals of cases decided by TCRA to the Fair Competition Tribunal.

### 8.3 Contracts

During the period under review, the following contracts were prepared and signed with suppliers/contractors as follows:-

- (a) Contract with M/S Karen General Supplies, for supply of Diaries for the year 2011;
- (b) Contract with M/S Jensen Tanzania Limited, for supply of Calendars for the year 2011
- (c) Contract with M/S Sintesio Foundation for Consultancy Services for Feasibility Study on the Establishment of Electronic Communication Equipment Type Approval Laboratory in Tanzania;
- (d) Contract with M/S PriceWaterhouse Coopers for Consultancy Services for Assessment of Competition in Telecommunication Market in Tanzania;
- (e) Contract with M/S MIC Civil Works and Supplies for Repair and maintenance of TCRA Director General's residential building;
- (f) Contract with M/S Frontline Management for Provision of Event Management Services;
- (g) Contract with M/S Ardhi University for evaluation of assets;
- (h) Contract with M/S Dr. Francis Sichoma for Consultancy services for Survey on penetration of Digital Broadcasting in Tanzania;
- (i) Contract with M/S Tanzania Bureau of Standards for establishment of Quality management system;
- (j) Contract with M/S SSTL Group for Supply of Hardware and Upgrade of Romes software for Frequency Monitoring Stations;
- (k) Contract with M/S Electric Plan (T) Limited for supply of 33KVA Circuit Breakers and 380LM HT of Cable with Terminal kit;
- (l) Contract with Ms Basic File Investment for supply of Staff Uniforms;
- (m) Contract with Azania Bank Limited for lease of Banking offices and space for their Headquarters;
- (n) Lease agreement with Century Properties Limited for the Mbeya Zone Office; and ;
- (o) Addendum to the agreement for repair of residential building between TCRA and MIC Civil Works and Supplies.

## 8.4 Review of Legislation

The Authority participated in the preparation of the amendment of section 26 of the Electronic and Postal Communications Act, 2010 which was passed by the parliament and later on signed by the President on 28th July, 2010.

In addition the Tanzania Communications Regulations, 2005 were reviewed for purposes of preparing new Regulations to be issued under the Electronic and Postal Communications Act. New areas of the EPOCA, like the SIM Card registration, Central Equipment Identification Register (CEIR), etc were looked into with a view to establishing the respective, appropriate Regulations. The regulations were approved by the Minister on 29th November, 2011 and published by the Government Gazette Number 49 and Government Notice Number 416 on 9th December, 2011.

## 8.5 Licensing and Enforcement

### 8.5.1 Licensing of Operators

During the year under review licences under the Converged Licensing Framework were issued as follows:

**Table 5: Licenses Issued Under Converged Licensing Framework, 2009/10**

S/No.	Name of Licensee	Type of Licence	Date Licence Issued
(a) Licences under the Converged Licensing Framework:			
1.	One and One Internet service Solutions	National Application Service	6th August 2010
2.	Starfish Mobile East Africa Ltd National	Application Services	6th August 2010
3.	ODC Centre	National Application Services	6th August 2010
4.	Spice net Tanzania Ltd	International and National Application Services	6th August 2010
5.	Basic Transmission Limited	National Network Facilities (Multiplex)	23rd September 2010
6.	Kifimbo Radio Station	Community Non Commercial Content Services	16th August, 2010
7.	Fadeco Community Radio Station	Community Non Commercial Content Services	16th August 2010
8.	Generations FM Radio	District Commercial Content Services	23rd September 2010

S/No.	Name of Licensee	Type of Licence	Date Licence Issued
(a) Licences under the Converged Licensing Framework:			
9.	Pride FM Radio	District Commercial Content Services	23rd September 2010
10.	Baraka FM Radio	District Commercial	23rd September 2010
11.	Hot FM Radio	Content Services District Commercial Content Services	23rd September 2010
12	Easy Television Limited	Subscription Content services	26 November 2010
13	Xoroto Limited	National Application Services	17 December 2010
14	Aptus Solutions Limited	Regional Application Services	17 December 2010
15	JKBRS International Company Limited	National Application Services	17 December 2010
16	Cellulant Tanzania Limited	National Application Services	17 December 2010
17	Cable Television Network	Regional Network Facilities, Regional Network Services, National Application Services Subscription Content services	17 December 2010
18	National Micro Finance Bank Limited	National Application Services	29 December 2010
19	Mobiwire Tanzania Limited	National Application Services	29 December 2010
20	Radio Huruma	Content Services	29 December 2010
21	Radio Vision FM	Content Services	29 December 2010
22	Nuru FM Radio	Content Services	29 December 2010
23	Tunduma Cable Television	Content Services	29 December 2010
24	Muheza Cable Television	Content Services	29 December 2010
25	Safari Radio Limited	Content Services	31 January 2011
26	M/S Simbanet (T) limited	Regional Network facilities License	27 January 2011
27	M/S Augere	National Network Facilities, Network services and Application services	27 January 2011
28	M/S BNH Communications Solutions	Application Services	24 February, 2011
29	Tanzania Solid Limited	National Application services	14 February, 2011
30	HHC Radio Station	Content Service	1st June, 2011
31	Faisal Cable Network	Content Service	1st June, 2011
32	Simbanet Tanzania Ltd	National Network Facilities	21st April, 2011

**(b) Licences for Installation and Maintenance of Electronic communication equipment**

1	Maktech & Tel. Co. Ltd	Installation & Maintenance CLASS A	12th August, 2010
2	Infosys IPS (T) Limited	Installation & Maintenance CLASS A	13th August, 2010
3	IHS (T) LTD	Installation & Maintenance	13th August, 2010
4	Netsol Computers limited	Installation & Maintenance CLASS A	23rd September, 2010
5	Kivuko General Enterprises	Installation & Maintenance CLASS A	23rd September, 2010
6	M. E. COMPANY LIMITED	Installation & Maintenance CLASS B	24th September, 2010
7	T-TECH Limited	Installation & Maintenance	22 September 2010
8	Jali Communications	Installation & Maintenance	26 October 2010
9	Sputin technic Limited	Installation & Maintenance	26 October 2010
10	Otonde Group of Company (T) Ltd	Installation & Maintenance	26 October 2010
11	Perntels Co. Limited	Installation & Maintenance	26 October 2010
12	Misiga Communications Limited	Installation & Maintenance	24 November 2010
13	Raddy Fiber Solutions	Installation & Maintenance	7 June, 2011
14	Optilan Tanzania limited	Installation & Maintenance	7 June, 2011
15	Ultimate Communications limited	Installation & Maintenance	7 June, 2011
16	Techno Image limited	Installation & Maintenance	30 June, 2011
17	Ultimate Security Tanzania Limited	Installation & Maintenance	30 June, 2011
18	MFI Office Solutions Limited	Installation & Maintenance	20 May, 2011
19	Northern Engineering Works Limited	Installation & Maintenance	18 February, 2011
20	Motrin Traders	Installation & Maintenance	26 February, 2011
21	BM Telecoms and Networks Co. Ltd	Installation & Maintenance	7 March 2011
22	Swica Holdings (T) Ltd	Installation & Maintenance	18 February, 2011
23	Nokia Siemens Network (T) Limited	Installation & Maintenance	16 March 2011

**(c) Licenses for Importation and Distribution of Electronic Communication Equipment**

<b>I</b>	<b>Name of Licensee</b>	<b>Type of Licence</b>	<b>Date Licence Issued</b>
2	AGLEX Company Limited	Importation and Distribution	26 October 2010
3	STG Tanzania	Importation and Distribution	26 October 2010
4	On Line Telecom limited	Importation and Distribution	26 October 2010
5	Delta Africa Limited	Importation and Distribution	16 October 2010
6	Ultimate Security Tanzania Limited	Importation and Distribution	30 June 2011
7	Techno Image limited	Importation and Distribution	30 June 2011
8	B-2 Phone Supper Dealers Agents Company Limited	Importation and Distribution	7 June 2011
9	Optilan Tanzania limited	Importation and Distribution	7 June 2011
10	Ultimate Communications Limited	Importation and Distribution	7 June 2011
11	Sunblast Cable Television Limited	Importation and Distribution	9 May 2011
12	MFI Office Solutions Limited	Importation and Distribution	20 May 2011
13	Expert Mobile Limited	Importation and Distribution	20 May 2011
14	Star Media Tanzania Limited	Importation and Distribution	9 May 2011
15	Nana Mobile Phones	Importation and Distribution	9 May 2011
16	Simastell	Importation and Distribution	9 May 2011
17	Redington Tanzania Limited	Importation and Distribution	9 May 2011
18	Siro Tell	Importation and Distribution	20 May 2011
19	Xpress Telecom (T) Limited	Importation and Distribution	20 May 2011
20	Nokia Siemens Network Tanzania Limited	Importation and Distribution	19 April 2011
21	BM Telecoms and Networks Co. Ltd	Importation and Distribution	3 March 2011
22	Swica Holdings (T) Ltd	Importation and Distribution	18 February 2011
23	Nokia Siemens Network (T) Limited	Importation and Distribution	16 March 2011
24	Royal Appliances & Mobile	Importation and Distribution	22 February 2011
25	Motrin Traders	Importation and Distribution	26 February 2011
26	Mart Network (T) Limited	Importation and Distribution	22 February 2011

<b>(d) V-SAT licences</b>			
1	Schlumberger Seaco Inc	V-SAT licence	1st Sept, 2010
2	Citibank Tanzania Limited	Inmarsat Fleet F-77 Station	15th Sept. 2010
3	CRDB Bank PLC	Inmarsat C Station	23rd Sept. 2010
4	KLM Royal Dutch Airlines	V-SAT license	27th August, 2010
5	Schlumberger Seaco Inc	Inmarsat Fleet F-77 Station	26 October 2010
6	Seacom Tanzania Limited	Inmarsat C Station	26 October 2010
7	Diamond Trust Bank	V-SAT licence	26 October 2010
8	Atlas Copco (T) Limited	V-SAT licence	25 November 2010
9	Capital Drilling (T) Limited	V-SAT licence	25 November 2010
10	Nyota Tanzania Limited	V-SAT licence	25 November 2010
11	Ecobank Tanzania Limited	Cross Boarder V-SAT licence	7 June 2011
12	Vulcan Inc	Cross Boarder Portable V-SAT licence	20 May 2011
13	National Bank of Commerce (1997) Limited	Cross Boarder V-SAT licence	30 April, 2011
14	eCards Solutions Limited	Cross Boarder V-SAT licence	18 February, 2011

### 8.5.2 Technical & Business Plans Presentation

During the year under review, the following business plans presentation were made before the Authority in order to seek go ahead for rollout.

- (a) On 19th August 2010 Xoroto Limited and Mobiwire Tanzania Limited presented their business and technical plans for Application Services. Mobiwire intended to provide Mobile survey services using push SMS, Mobile health services using SMS and breading news alerts services. Xoroto Limited intended to provide messaging services on health issues for information on issues such as ARV, TB and Malaria to patients.
- (b) On 31st August, 2010 – National Micro Finance Bank (NMB) and BNH Communications Solutions presented their business and technical plans for Network Facilities, Network Services and Application Services Licenses.

NMB intended to provide messaging services and mobile banking whereas BNH which intended to provide internet services, data, VoIP and Internet Protocol TV (IPTV).

- (c) On 22nd September, 2010 JKBRIS presented their business and technical plans for providing National Application Services for providing internet services, VoIP and vehicle tracking services. The applicant intended to provide mobile security services, tracking system for mobile phones, vehicles, personal computers, home security devices, assets management and fleet monitoring systems.
- (d) On 13 October, 2010 Problem Solved Ltd presented their technical and business plans for providing National Application Services. The applicant intended to provide SMS social network to allow people to meet, chat and make new friends.
- (e) On 4 November, 2010, Augere Tanzania Ltd presented their technical and business plans for providing National Network Facilities, Network services and Application Services.
- (f) (3) On 10 December, 2010 TANESCO and Tanzania Solid Ltd presented their technical and business plans for providing National Network Facilities and National Application Services, respectively. TANESCO intended to provide fiber optic cable while Tanzania Solid Ltd planned to provide Internet services.
- (g) On 24th March, 2011 HTT Infranco Limited and Jupiter Solutions Ltd presented their technical and business plans for Network Facility Services and Application Services Licences respectively. HTT Infranco Limited intended to provide infrastructure for towers and sites for mobile network operators and data network providers for co-location and infrastructure sharing. The business proposal involves investing, owning, managing, operating, and leasing towers.
- (h) Jupiter Solutions Ltd intended to provide service for storing mobile subscriber's business contacts. The applicant has developed a software system known as Phone Book Manager for storing contact addresses information of mobile phone subscribers. This will enable subscriber with an easy way of retrieving contact addresses on demand when their mobile phones are lost, damaged or stolen.
- (i) On 2nd March, 2011 TALKTEL Communications Ltd presented their technical and business plans for National Network Facilities, National Network Services and National Application Services. The applicant intended to provide Standard products and services provided by any cellular mobile network operator plus innovative products.
- (j) On 9th February, 2011 Viva Communications Ltd and University Computing Centre presented their technical and business plans for Application Service Licence and Regional Network Facility & Network Services respectively. The applicant was targeting mobile subscribers through establishing a solid



partnership with mobile operators. Their marketing strategy being staying up to date with local interest and need for different seasons and time periods.

- (k) On 20th January, 2011 Netone Limited presented their technical and business plans for application Service Licence. The applicant intended to provide wireless broadband internet access, VoIP, web hosting and network solutions including system design and support in Mwanza Region.
- (l) On 20th April, 2011 Qscom Tanzania Limited and Comcast Limited presented their technical and business plans for National Application Services Licences. Qscom Tanzania Limited intended to provide internet services by purchasing bandwidth in bundles and sell to customers. The targeted clients were Universities and Higher learning Institutions, bus stands, airport, sports centre, shopping malls and supermarkets, Government Institutions and hotels .

Comcast Limited intended to provide SMS content services to subscribers in the cellular industry at a lowest cost as well as providing internet services and Internet banking.

- (m) On 12th May, 2011 Datacom Consulting Group presented their technical and business plans for National Network Facilities and National Network Services. The applicant intended to provide affordable and easily accessible wireless broadband services to consumers.
- (n) On 18th May, 2011 Dar 411 Mobile presented their technical and business plans for National Application Services Licence. The applicant was intending to provide different services by means of interactive messages e.g. SEMA – a portal that enables the user to communicate in a form of sms and online to their group's business clients, customers, organisation/society or club members, friends, family. One message will be broadcasted to a group. Other services were WAP an online directory service that offers information about Tanzania cab accessed via mobile phone or computer with internet access ([www.411.co.tz](http://www.411.co.tz)), tangazo, marketing of the products are also among of the services.
- (o) On 15th June, 2011 Simbanet Tanzania Limited and Sifatech Limited presented their technical and business plans for Content by subscription Licence. Simbanet Tanzania Limited intended to provide content service for different programmes.

Sifatech Limited intended to establish a sms centre to deal with sms aggregator i.e to give support to mobile phone operators to concentrate on their core business and leave VAS to them.

- (p) On 7th June, 2011 three presentations were made by Ktel Tanzania Ltd, Push 2 Talk and Selcom Broadband. Ktel Tanzania Ltd on technical and business plans for Exclusive International Gateway.

Push 2 Talk intended to provide a group messaging application, direct one-to-one and one-to-many voice communications service that is accessible via the internet and operated on a computer or mobile phone. The service was purely application using the established GSM networks and existing internet infrastructure in Tanzania.

Selcom Broadband intended to provide internet connectivity using WiFi as last mile solution to residential and SME, with a second network that gives dedicated bandwidth to large customers. The applicant had funds from USAID to connect 643 Primary schools in Mtwara and had signed Agreement with USAID. They were working on revamping the provision of internet services at 26 Post Offices across the country and establishment of Wifi Hotspots at all Post Offices Nationally. In partnership with MOCT they had developed Public Private Partnership called Epopote (Elimu popote) PPP is focusing in prodding Internet and Computing in Higher Education in Tanzania.

The Authority considered some of the presentations of merits.

## 8.6 Consultation with the Minister

As required under section 6 (3) of the Tanzania Communications Regulatory Authority Act, the Minister for Communication, Science and Technology was consulted on the licensing of the following applicants:-

- (a) Xoroto Limited - National Application services;
- (b) Opti Communications Tanzania Ltd – National Network Facilities
- (c) Afrecom Communications (EA) Ltd – National Application Services
- (d) Cellulant Tanzania Limited – National Application Service
- (e) NMB Limited – National Application services;
- (f) JKBRIS International - National Application services
- (g) Aptus Tanzania Limited – Regional Application Services
- (h) Mobiwire Tanzania Limited- National Application services
- (i) BNH Communication Solution; and
- (j) Tanzania Solid Company
- (k) University Computing Centre Ltd;
- (m) Tanzania Telecommunication Company Ltd;
- (n) Zanzibar Telecom Limited;
- (o) Six Telecom Ltd;
- (p) Satcom Network Africa Ltd;
- (q) Afsat Communications Tanzania Ltd;
- (r) Startel Tanzania Ltd;
- (s) Africa Online Tanzania Limited;
- (t) Cats-Net Limited;
- (u) Alldean Satellite Networks Tanzania Limited; and
- (v) Jua Limited.

In addition the Minister was also consulted in respect of the cancellation of one of the National Application services Licensee for failing to continue to provide services.

## 8.7 Addenda to Licenses

During the period under review, addenda were issued for licences of the following Licensees:-

### (a) MyCell Company Limited

On 2nd August, 2010, another Addendum for modification of roll out plan for National Network Facilities, National Network Services and National Application services was issued.

### (b) Smile Communications Tanzania Limited

On 3rd September, 2010, an Addendum for modification of roll out plan for International and National Network Facilities, International and National Network Services and International and National application Services licenses was issued.

### (c) Celtel Tanzania Limited

Change of name from Celtel Tanzania Limited to Airtel Tanzania Limited.

### (d) Rural Netco Limited

Addendum for modification of roll out plans for National Network Facilities licence.

## 8.8 Enforcement

In order to enforce licensing conditions, during the period under review compliance Orders were issued and appropriate action taken to various operators for noncompliance such as failure to roll out services and pay fees, Illegal operations, relocation of booster stations to areas not designated in the Construction Permit and many others.

## **9.0 CORPORATE RESOURCES MANAGEMENT**

### **9.1.0 Human Resources Management and Administrative Services**

The Authority implemented the approved activities under the Annual Action Plan and Budget. Specifically the Directorate implemented activities in the areas of human resources development and management, recruitment and selection, administration services, preparation of financial statements for audit, revenue collection and budgetary control.

#### **9.1.1 Recruitment and Selection**

During the period under review, the Authority approved 7 appointments of staff to fill vacant posts that were advertised internally. The vacant posts were; Deputy Director, Legal Service; Manager, Eastern Zone; Principal Frequency Management Engineer II, Principal Telecommunication Engineer II, Broadcasting Affairs Officer III, Senior Accountant I and Senior Accountant II. Also the Authority advertised internally the vacant position of Director of Corporate Resources Management following the early retirement of the incumbent of the position. Also the position of Principal Research Officer II was advertised externally. These two positions were expected to be filled in the next financial year.

#### **9.1.2 Training and Development**

During the period under review the Authority continued to implement the approved training program. A total number of eighty five (85) employees participated in short term training programs in various fields relevant to TCRA functions and four (4) employees were continuing with the long term training programs in the fields of Finance and Communications Engineering.

#### **9.1.3 Employee Relations**

##### **(a) Retirements**

On 19th August, 2010 the Director of Corporate Resources Management opted for early retirement in order to contest for a parliamentary seat.

##### **(b) Disciplinary matters**

One employee, a newly appointed Senior Personal Secretary for the Lake Zone Office was terminated from employment in the period under review on the ground of misconduct.

##### **(c) Family Day and Staff Seminars**

During the year under review, the Authority conducted seminars on Labour Laws, HIV and AIDS in all its offices across the country with the aim to impart knowledge to the employee on those issues which they face in their daily life. The seminars were followed by get together for the families of members of staff and stake holders of the sectors regulated by the Authority. These events helped to bring together the families of employees and helped to improve working and social relationships among employees, management and their families.

#### **9.1.4 Obituary**

During the period under review TCRA lost two employees namely Mr. Arcado Magerege (Frequency Management Engineer) who passed away while on treatment in India on 23rd May, 2011. He was laid to rest at his village at Ujiji in Kigoma on 26th May, 2011. Another employee is Eng. Johnson Kibacha who passed away on 7th June, 2011 on a car accident in Manyara. He was laid to rest on 9th June, 2011 at Mamba village in Same district.

#### **9.1.5 Review of Staff and Financial Regulations**

During the period under review, the Authority reviewed its Staff and Financial Regulations to keep abreast with institutional and regulatory changes. The revised regulations were approved by the Board in April 2011 and became operational with effect from 1st July, 2011.

#### **9.1.6 Library and Information Technology Services**

In order to improve the working environment and tools, the Authority procured computers, servers, printers and related hardware. In addition the Authority implemented the projects of Document Management, Human Resource Management System and installation of WAN/VPN for provision of broadband internet services.

#### **9.1.7 Improvement of Management Information System**

During the period under review the Authority supervised the implementation of document management system (DMS), Integrated Payroll and Human Resource Management System (HRMS), WAN and VPN and procurement of servers, desktop, laptop computers and printers.

### **9.2 Finance and Accounts**

#### **9.2.1 Income Earned**

During the financial year 2010/11 the Authority had budgeted to earn a total of Shs 43,089,915,100.00 being revenue from various sources including License Fees, Radio Frequency License Fees, Royalty, Numbering Resources Fees, Installation and Maintenance Fees, Importation and Distribution of ICTs equipment, etc. Actual revenue earned was Shs 51,707,632,386.00 thus providing for 20 percent above the approved revenue. The increase in revenue was due to increase in the number of licenses issued under the converged licensing framework which turned to be very popular following awareness programme conducted by the Authority.

#### **9.2.2 Capital Investment and Expenditure**

The Authority had planned to invest Shs 8,326,153,300.00 into implementation of development projects. The planned projects include completion of TCRA Headquarters building, Type Approval Laboratory, Office Accommodation for Zonal offices, procurement of Radio Frequency Monitoring Equipment, office furniture & fittings, computers and equipment. Actual expenditure until end of the financial year was Shs 1,971,667,053.00. At the year end, capital commitments amounted to Shs 3,471,080,000.00.

***The Financial Statement for the period is shown on pages 53 to 75.***

**To: Chairman of the Board,  
P. O. Box 2774  
DAR ES SALAAM**

## **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TANZANIA COMMUNICATIONS REGULATORY AUTHORITY FOR THE YEAR ENDED 30TH JUNE, 2011**

I have audited the accompanying financial statements of Tanzania Communications Regulatory Authority, which comprise the Statement of Financial Position as at 30th June, 2011, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes set out on pages 57 to 76 of this report.

### **Directors' Responsibility for the Financial Statements**

The Board of Directors of Tanzania Communications Regulatory Authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Responsibilities of the Controller and Auditor General**

My responsibility as an auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA), International Standards of Supreme Audit Institutions (ISSAIs) and such other audit procedures I considered necessary in the circumstances. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Tanzania Communications Regulatory Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tanzania Communications Regulatory Authority internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, section 10(2) of the PAA of 2008 require me to satisfy myself that the accounts have been prepared in accordance with appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and

expenditures of public monies have been properly authorized.

Furthermore, section 44(2) of the Public Procurement Act No. 21 of 2004 and Regulation 31 of the Public Procurement (Goods, Works, Non-Consultant Services and Disposal of Public Assets by Tender) Regulations, 2005 require me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.


I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Unqualified Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Communications Regulatory Authority as at 30th June, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the TCRA Act No. 12 of 2003.

### **Report on Compliance with the Procurement Legislation**

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Tanzania Communications Regulatory Authority has generally complied with the Public Procurement Act, 2004 and its related Regulations of 2005.



Ludovick S. L. Utouh

**CONTROLLER AND AUDITOR GENERAL**

Office of the Controller and Auditor General,  
National Audit Office,  
**Dar es Salaam, Tanzania**

3rd March, 2012

	Notes	30.06.2011 TZS.	30.06.2010 TZS.
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipment	3	37,413,263,623	39,559,979,648
Investment Property	4	10,866,328,560	10,045,182,264
Intangible Assets	5	-	-
Fixed Assets Stock held as Capital Assets Pending Capitalisation	6	101,511,007	57,733,478
		<b>48,381,103,190</b>	<b>49,662,895,390</b>
<b>Current Assets</b>			
Trade and Other Receivables	7	17,343,079,410	17,854,913,166
Cash and Cash Equivalentents	8	36,894,626,437	22,942,501,500
		54,237,705,847	40,797,414,666
<b>TOTAL ASSETS</b>		<b>102,618,809,037</b>	<b>90,460,310,056</b>
<b>EQUITY</b>			
Capital and Reserves			
Capital Investment Fund	9	18,508,157,344	18,508,157,344
Universal Communications Access Fund	10	209,641,000	509,641,000
Special Fund	11	51,248,573,653	51,248,573,653
Revaluation Reserve	12	1,570,329,127	1,776,974,392
Accumulated Surplus	13	29,169,117,782	14,594,632,748
<b>TOTAL EQUITY</b>		<b>100,705,818,906</b>	<b>86,637,979,137</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	1,912,990,131	3,822,330,919
<b>TOTAL LIABILITIES</b>		<b>1,912,990,131</b>	<b>3,822,330,919</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>102,618,809,037</b>	<b>90,460,310,056</b>

NOTES 1 TO 29 FORM PART OF THE FINANCIAL STATEMENTS



CHAIRPERSON



DIRECTOR

27th February, 2012  
DATE



	Notes	2010/2011 TZS.	2009/2010 TZS.
<b>REVENUE</b>			
Regulatory Fees	15	47,045,564,003	39,527,117,440
Other Income	16	4,662,068,383	1,989,661,224
		<u>51,707,632,386</u>	<u>41,516,778,664</u>
<b>LESS: EXPENSES</b>			
Operational Expenses	17	11,481,429,023	7,987,009,628
Administrative Expenses	18	12,846,253,173	6,318,363,790
Staff Cost	19	8,685,004,061	7,105,392,707
Contributions to International Organization	20	115,630,600	101,316,700
Disbursement on Behalf of the Government	21	4,176,457,760	5,674,048,139
Directors Fees		35,000,000	26,250,000
<b>TOTAL EXPENSES</b>		<u>37,339,792,617</u>	<u>27,212,380,964</u>
<b>SURPLUS FOR THE PERIOD</b>		<u>14,367,839,769</u>	<u>14,304,397,700</u>

NOTES 1 TO 29 FORM PART OF THE FINANCIAL STATEMENTS



CHAIRPERSON



DIRECTOR

27th February, 2012  
DATE

30.06.2011  
TZS.

30.06.2010  
TZS.

**CASH FLOWS FROM OPERATING ACTIVITIES**

Surplus for the Period	14,367,839,769	14,304,397,000
<b>Adjustments for Non Cash Items:</b>		
Depreciation	3,219,596,288	2,357,006,000
Loss from Disposal of Assets	12,491,502	340,709,000
Adjustment in Respect of Fixed Assets Stock		
Written Off Against Content Monitoring Exp.A/c	21,371,463	-
Amortization - Intangible Assets	-	26,844,000
	<hr/>	<hr/>
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL ITEMS	17,621,299,022	17,028,956,000
(Increase)/Decrease in Trade and Other Receivables	511,833,756	(4,787,855,000)
Increase/(Decrease) in Trade and Other Payables	(1,909,340,788)	1,632,148,000
<b>Net Cash Flows from Operating Activities (A)</b>	<hr/> <b>16,223,791,990</b>	<hr/> <b>13,873,249,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of Investment Property	(57,414,074)	-
Acquisition of Property, Plant and Equipment	(1,849,103,987)	(7,825,093,000)
Acquisition of Fixed Assets Stocks	(65,148,992)	-
<b>Net Cash Flows from Investing Activities (B)</b>	<hr/> <b>(1,971,667,053)</b>	<hr/> <b>(7,825,093,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funds Transfer to Universal Communications Access Fund	(300,000,000)	(950,000,000)
<b>Net Cash Flows from Investing Activities (C)</b>	<hr/> <b>(300,000,000)</b>	<hr/> <b>(950,000,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	13,952,124,937	5,098,156,000
Cash and Cash Equivalents at Beginning of the Period	22,942,501,500	17,844,345,500
<b>Cash and cash equivalents at the End of the period</b>	<hr/> <b>36,894,626,437</b>	<hr/> <b>22,942,501,500</b>

**NOTES 1 TO 29 FORM PART OF THE FINANCIAL STATEMENTS**



**CHAIRPERSON**



**DIRECTOR**

27th February, 2012  
**DATE**

Attributable to Equity Holders of the Authority

	CAPITAL INVESTMENT FUND	UNIVERSAL COMMUNICATIONS ACCESS FUND	SPECIAL FUND	REVALUATION RESERVE	ACCUMULATED SURPLUS	TOTAL
	TZS	TZS.	TZS.	TZS.	TZS.	TZS.
<b>As at 1st July, 2009</b>	18,508,157,344	1,459,641,000	51,248,573,653	2,067,209,256	184	73,283,581,437
Payment to Universal Communications Access Fund	-	(950,000,000)	-	-	-	(950,000,000)
Amortization of Revaluation Reserve	-	-	-	(290,234,864)	290,234,864	-
Surplus for the Year	-	-	-	-	14,304,397,700	14,304,397,700
<b>As at 30th June, 2010</b>	18,508,157,344	509,641,000	51,248,573,653	1,776,974,392	14,594,632,748	86,637,979,137
Amortization of Revaluation Reserve	-	-	-	(206,645,265)	206,645,265	-
Payment to Universal Fund	-	(300,000,000)	-	-	-	(300,000,000)
Surplus for the Year	-	-	-	-	14,367,839,769	14,367,839,769
<b>As at 30th June, 2011</b>	18,508,157,344	209,641,000	51,248,573,653	1,570,329,127	29,169,117,782	100,705,818,906

NOTES 1 TO 29 FORM PART OF THESE ACCOUNTS



CHAIRPERSON



DIRECTOR

27th February, 2012  
DATE

## **NOTE 1: GENERAL INFORMATION**

TCRA is a public institution established for purposes of promoting and regulating the Communications industry in the United Republic of Tanzania.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:-

### **(a) Basis of Preparation of the Financial Statements**

The financial statements of TCRA have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of fixed assets at fair value through income statement. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (i). The Authority has applied IAS 1 (Revised) from 1st January, 2009 but no impacts in the Authority's accounts.

### **(b) Regulatory Fees**

Regulatory fees are recognized upon the provision of regulatory services and represent amounts billed excluding Value Added Tax and other applicable levies. Specifically, the fees are accounted on accrual basis and recognized when it is probable that the economic benefit associated with the transaction will flow to the Authority.

### **(c) Other Income**

Other income earned by the Authority is recognized on cash basis.

### **(d) Interest**

Interest payable and receivable are recognized on the accruals basis.

### **(e) Grants**

Grants related to assets, including non-monetary grants (capital grants) are presented in the balance sheet at fair value over the periods necessary to match them with the related costs where as grants related to income (revenue grants) are recognized as other income during the period in which they arise.

**(f) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method and comprises the purchase price plus costs of importation and delivery. Net realizable value represents the estimated selling price less estimated distribution costs.

**(g) Property, Plant and Equipment**

Land, buildings, frequency monitoring equipment, motor vehicles, office furniture, fittings and fixtures, motor cycles and computer accessories are shown at fair value based on periodic valuation by external independent valuers less subsequent depreciation for land, buildings, frequency monitoring equipment, motor vehicles, office furniture, fittings and fixtures, motor cycles and computer accessories. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to the income statements during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land, buildings, frequency monitoring equipment, motor vehicles, office furniture, fittings and fixtures, motorcycles and computer accessories are credited to other reserves in the Authority's equity. Decreases that off-set previous increases of the same asset are charged against other reserves directly in equity, all other decrease are charged to the income statement.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

**(h) Depreciation**

Land is not depreciated. Depreciation on other assets is calculated using straight line method to allow their costs or revalued amounts to their residual values over their expected useful lives.

<b>The depreciation rates used are:-</b>	<b>Annual Rate</b>
Buildings	3.0%
Frequency Monitoring Equipment	20.0%
Motor Vehicles	20.0%
Computers and Accessories	33.3%
Office Equipment	10.0%
Office Furniture, Fittings and Fixtures	10.0%
Motor Cycles	10.0%

**(i) Intangible Assets**

Generally, costs associated with maintaining computer software programmes are recognised an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Authority and has a probable benefit accruing to the Authority beyond one year, are recognized as an intangible asset, improve and added to the original cost of the software.

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives like cost of software upgrade is recognized as a capital asset, hence capitalized forming part of intangible assets. Computer software development costs recognized as assets are amortized using the straight line method over their useful lives, estimated at four years. However, during the year there were no costs associated with developing computer software programme.

**(j) Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made by the Authority under operating leases are charged to the income statement on the straight line basis over the term of lease. Payments made to acquire leasehold land are treated as prepaid operating leases and are amortized on the straight line basis over the term of lease.

Assets acquired under finance leases and hire purchase agreements are capitalized at the dates of the agreements. The interest element of each installment is charged to the income statement at the time each installment falls due.

**(k) Foreign Currencies**

Assets and liabilities which are denominated in foreign currencies are translated into Tanzanian shillings at the rates of exchange ruling on the balance sheet date. Transactions during the year, which are expressed in foreign currencies are translated at the rates of exchange ruling on the dates of the transactions. Other exchange gains and losses are dealt with in the income statement.

## **(l) Financial Instruments**

Financial assets and liabilities are recognized on the Authority's Statement of Financial Position when the Authority has become a party to the contractual provisions of the instrument.

### **Trade Receivable**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables.

### **Trade Payables**

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position end date.

## **(m) Provision for Liabilities and Charges**

Provisions are recognized when the Authority has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

**(n) Impairment**

At each Statement of Financial Position end date, the Authority reviews the carrying amounts of its financial assets, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

**(o) Retirement Benefits Obligations**

**(i) Pension Obligations**

The Authority makes statutory contributions to the National Social Security Fund (NSSF), Zanzibar Social Security Fund (ZSSF), Public Service Pensions Fund (PSPF) and Parastatal Pensions Fund (PPF). The Authority's obligations in respect of these contributions are 10% of the employees' gross emoluments in respect of NSSF members and 15% of the employees' emoluments in respect of PPF, ZSSF and PSPF members. The Authority's contributions in respect of these retirement benefits obligations are charged to the income statement in the year to which they relate.

**(ii) Other Entitlements**

The estimated monetary liability for employees' accrued entitlements at the Statement of Financial Position end date is recognized as accrued expenses.

**(iii) Post-retirement Medical Aid Benefits and Retirement Gratuities**

The Authority has a contracted employee gratuity arrangement, which provides for lump sum payments to its staff employed on contract terms upon their termination of employment or completion of contract period of three to five years, based on 25% of the monthly basic salary, and this benefit qualifies as a defined benefit plan.

**(p) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position end date. Cash and cash equivalents includes all the short term deposits reflected in the Statement of Financial Position and for purpose of the Cash Flow Statement.



**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

<b>PARTICULARS</b>	<b>Land</b>	<b>Buildings</b>	<b>Monitoring Equipment</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Equipment</b>	<b>Computer &amp; Printers</b>	<b>Total</b>
	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>	<b>TZS.</b>
<b>Cost</b>								
Transfer to Investment Property	-	(1,176,100,000)	-	-	-	-	-	(1,176,100,000)
Opening Balance	1,100,000,000	32,680,463,194	6,364,555,646	2,011,500,000	530,998,790	470,097,692	400,201,382	43,557,816,704
	0		6					
Additions	145,000,000	170,429,406	311,065,635	871,767,712	203,937,077	2,645,000	144,259,157	1,849,103,987
Disposals	-	-	-	-	11,655,004	3,700,000	-	15,355,004
<b>Closing Balance</b>	<b>1,245,000,000</b>	<b>31,674,792,601</b>	<b>6,675,621,280</b>	<b>2,883,267,712</b>	<b>723,280,863</b>	<b>469,042,692</b>	<b>544,460,539</b>	<b>44,215,465,688</b>
<b>Accumulated Depreciation</b>								
Opening Balance	-	598,566,948	2,340,705,617	804,600,000	40,201,797	77,698,762	136,063,933	3,997,837,057
Disposals	-	-	-	-	(2,366,002)	(497,500)	-	(2,863,502)
Transfer to Investment Property	-	(70,566,000)	-	-	-	-	-	(70,566,000)
Charge for the Year	-	946,835,190	1,237,767,869	416,829,462	64,035,392	46,884,780	165,441,817	2,877,794,510
<b>Closing Balance</b>	<b>-</b>	<b>1,474,836,138</b>	<b>3,578,473,486</b>	<b>1,221,429,462</b>	<b>101,871,187</b>	<b>124,086,042</b>	<b>301,505,750</b>	<b>6,802,202,064</b>
<b>NET BOOKVALUE</b>								
As at 30.06.2011	1,245,000,000	30,199,956,463	3,097,147,794	1,661,838,250	621,409,676	344,956,650	242,954,789	37,413,263,623
As at 30.06.2010	1,100,000,000	32,081,896,246	4,023,850,029	1,206,900,000	490,796,993	392,398,930	264,137,449	39,559,979,648

### Depreciation Charge on Buildings

	2011 TZS.	2010 TZS.
Mwasiliano Towers – Own Use	909,878,190	454,086,948
Other Office Buildings	36,957,000	72,240,000
	<u>946,835,190</u>	<u>526,326,948</u>

### Accumulated Depreciation on Buildings

Mwasiliano Towers/Investment Property – Own Use	1,363,965,138	454,086,948
Other Office Buildings	110,871,000	144,480,000
	<u>1,474,836,138</u>	<u>598,566,948</u>

### NOTE 4: INVESTMENT PROPERTY

Investment property is the assets held by an entity for earning income by way of dividends, interest and rentals, for capital appreciation or for other benefits to the investing entity.

As at 30th June, 2011, investment property included the portion of Mwasiliano Towers which is sublet to tenants for office use.

	Mwasiliano Towers	Mwasiliano House	Mikocheni Office Building	Total
<b>Occupancy ratio</b>				
<b>for Commercial use Cost</b>	<b>25%</b>	<b>100%</b>		<b>100%</b>
Balance at 1 July, 2010	10,198,154,583	-	-	10,198,154,583
Additions During the Year	57,414,074	-	-	57,414,074
Transfer from Property				
Plant and Equipments	-	842,100,000	334,000,000	1,176,100,000
<b>Balance at 30 June, 2011</b>				
<b>Depreciation</b>	<b>10,255,568,657</b>	<b>842,100,000</b>	<b>334,000,000</b>	<b>11,431,668,657</b>
Balance at 1st July, 2010	152,972,319	-	-	152,972,319
Charge for the Year	306,518,778	25,263,000	10,020,000	341,801,778
Transfer from PPE	-	50,526,000	20,040,000	70,566,000
<b>Balance at 30th June, 2011</b>	<b>459,491,097</b>	<b>75,789,000</b>	<b>30,060,000</b>	<b>565,340,097</b>
<b>Carrying Amount of</b>				
<b>Investment Properties</b>	<b>9,796,077,560</b>	<b>766,311,000</b>	<b>303,940,000</b>	<b>10,866,328,560</b>

Investment Property portion of Mawasiliano Towers considered on the basis of own use and the space rented out as at 30th June, 2011 is apportioned as follows:-

**(a) Carrying Amount of Mawasiliano Towers**

	2010/2011 TZS.	2009/2010 TZS.
<b>Cost</b>		
Balance as at 1st July	40,470,617,777	40,470,617,777
Additions During the Year	227,843,480	-
Carrying Value as at 30th June	40,698,461,257	40,470,617,777
<b>Accumulated Depreciation</b>		
Balance as at 1st July, 2010	607,059,267	-
Charge for the Year	1,216,396,968	607,059,267
Balance as at 30th June, 2011	1,823,456,235	607,059,267
<b>Net Balance as at 30th June 2011</b>	<b>38,875,005,022</b>	<b>39,863,558,510</b>

**(b) Investment Property Portion of Mawasiliano Towers**

Carrying amount of Mawasiliano Towers is distributed between own use and rented out space as follows:-

	Square Metres TZS.	30.06.2011 Net Book Value TZS.	30.06.2010 Net Book Value TZS.
Total areas of occupancy in square metres	<b>9,175</b>	<b>38,875,005,022</b>	39,863,558,510
Own Use	<b>6,863</b>	<b>29,078,927,462</b>	29,818,376,246
Investment Property: Sublet for Office Use	<b>2,312</b>	<b>9,796,077,555</b>	10,045,182,264

Area of occupancy between office use and investment property for years 2010/2011 and 2009/2010 were the same. However, our post balance sheet review revealed that an additional area of 485m<sup>2</sup> has been leased out to Azania Bank Limited and lease contracts have already been signed by both parties concerned.

## NOTE 5: INTANGIBLE ASSETS

Intangible asset is an identifiable non-monetary assets, without physical substance, held for use in the production or supply of goods or services.

The amortization period and method should be reviewed at each financial year end and any change to be accounted for and treated as change of accounting policies.

An intangible asset should be derecognized on disposal or when no future economic benefits are expected from its use and gain or loss recognized.

COST / REVALUATION	30.06.2011 TZS.	30.06.2010 TZS.
Opening Balance as at 1st July, 2010	350,650,000	350,650,000
Additions	-	-
<b>Closing Balance as 30th June, 2011</b>	<b>350,650,000</b>	<b>350,650,000</b>
AMORTIZATION		
Accumulated Amortization as at 1st July, 2010	350,650,000	350,650,000
Amortization During the Year	-	-
Accumulated Amortization as at 30th June, 2011	350,650,000	350,650,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## NOTE 6: FIXED ASSETS STOCK HELD AS CAPITAL ASSETS PENDING CAPITALISATION

Transport Charges of Content		
Monitoring Equipment	-	21,371,463
Furniture and Fittings	23,666,418	23,666,418
Office Equipment	12,695,597	12,695,597
Computers	65,148,992	-
<b>TOTAL</b>	<b>101,511,007</b>	<b>57,733,478</b>

**NOTE 7: TRADE AND OTHER RECEIVABLES**

	30.06.2011 TZS.	30.06.2010 TZS.
Trade Receivable	24,330,114,041	20,359,688,076
Prepayment and Deposit	430,346,701	540,443,258
Staff Receivable (Note 7.1)	925,557,515	820,513,907
Loan to Government (ATC)	1,250,000,000	1,250,000,000
Other Receivable	1,259,940	3,825,000
	<b>26,937,278,197</b>	<b>22,974,470,241</b>
<b>Less: Provision for</b>		
Impairment	<b>9,594,198,787</b>	5,119,557,075
<b>TOTAL</b>	<b>17,343,079,410</b>	<b>17,854,913,166</b>

**NOTE 7.1: STAFF RECEIVABLE**

Staff Imprest	170,491,577	65,237,787
Salary Advance	307,423,688	244,714,286
Staff Loans	447,642,250	510,561,834
<b>TOTAL</b>	<b>925,557,515</b>	<b>820,513,907</b>

**NOTE 8: CASH AND CASH EQUIVALENTS**

Zones Expenditure Account	438,748,568	270,058,593
Zones Collections Account – Forex	1,738,439,194	1,103,965,962
Local	540,739,437	521,084,085
Bank Accounts – Forex	5,605,000,755	5,317,140,313
Local	1,212,041,112	1,185,554,817
Special Account (Note 8.1)	68,764,875	13,296,235
SCB Staff Loan Account	379,748,647	905,317
Fixed Deposits Account	26,911,143,848	14,529,537,178
Petty Cash	-	959,000
<b>TOTAL</b>	<b>36,894,626,437</b>	<b>22,942,501,500</b>

**NOTE 8.1: SPECIAL ACCOUNTS**

TCRA Special Account	4,895,900	4,895,900
TCRA Capital Investment Account	4,858,500	4,858,500
SCB Rural Development Fund Account	-	3,541,835
TCRA Afrinic/Afnog CRDB Account	59,010,475	-
<b>TOTAL</b>	<b>68,764,875</b>	<b>13,296,235</b>

**NOTE 9: CAPITAL INVESTMENT FUND**

	30.06.2011	30.06.2010
	TZS.	TZS.

Capital Investment Fund account is composed of the following:-

Net Assets Inherited from TCC	18,504,678,508	18,504,678,508
Net Assets Inherited from TBC	113,119,636	113,119,636
	<b>18,617,798,144</b>	<b>18,617,798,144</b>
<b>Less:</b> Universal Communication		
Access Fund	109,640,800	109,640,800
<b>TOTAL</b>	<b>18,508,157,344</b>	<b>18,508,157,344</b>

**NOTE 10: UNIVERSAL COMMUNICATIONS ACCESS FUND**

This is a fund established as a sinking fund for assistance to investor who show / interested in developing Telecommunications network in rural areas. Universal Communications Access Fund is composed of the following:-

Balance Brought Forward	509,641,000	1,459,641,000
Transfer from Accumulated Surplus	300,000,000	950,000,000
<b>TOTAL</b>	<b>209,641,000</b>	<b>509,641,000</b>

**NOTE 11: SPECIAL FUND –TZS. 51,248,573,653**

The balance represent amount set aside from the Authority's surplus funds to be used for specific purposes as provided under Section 50 of the Tanzania Communications Regulatory Authority Act No. 12 of 2003. In accordance to the Act, the use of funds from the special account are only for purposes such as Consumer education or information projects; Special non-recurring projects; Budgeted Capital expenditure; major rate regulating inquiries and training, research and development.

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVE**

Revaluation Reserve represents total net surpluses that arose from valuations of the Authority's Property and Equipment conducted by Ardhi University in 2008. The basis of valuations were market value for land and building properties and depreciated replacement costs for other assets. The movement of property, plant and equipment revaluation reserve account during the year ended 30th June, 2011 was as follows:-

Particulars	2010/2011 TZS.	2009/2010 TZS.
Balance as at 1st July, 2010	1,776,974,39	2,067,209,256
Amortization during the Year	(206,654,265)	(290,234,864)
Balance as at 30th June, 2011	1,570,329,127	1,776,974,392

**NOTE 13: ACCUMULATED SURPLUS**

Balance Brought Forward	14,594,632,748	19,990,184
Add: Surplus for the Period	14,367,839,769	14,304,397,700
Revaluation amortization	206,645,265	290,234,864
<b>TOTAL</b>	<b>29,169,117,782</b>	<b>14,594,632,748</b>

**NOTE 14: TRADE AND OTHER PAYABLE**

Afrinic/Afnog	7,285,500	-
Provision for Audit Fees	90,000,000	-
Retention Money	1,352,077,772	1,352,077,773
Staff Payable (Note 14.1)	46,819,579	65,430,639
Sundry Payables (Note 14.2)	389,897,730	406,060,187
Supplies Payable	26,909,550	1,998,062,320
Utilities Supplies Payable	-	700,000
<b>TOTAL</b>	<b>1,912,990,131</b>	<b>3,822,330,919</b>

**NOTE 15: REGULATORY FEES**

Application Services License (APS)	2,408,054,644	361,803,079
Content Services License (CSL)	601,499,453	703,024,940
Import & Distribution License (I & D)	43,354,400	16,049,770
Installation & Maintenance (I & M)	36,435,000	32,001,550
Network Facility Services (NFS)	5,117,414,319	6,212,081,676
Network Service License (NS)	6,321,069,759	7,052,339,707
Numbering Resources (NR)	11,423,528,123	8,483,421,100
Postal License (PL)	244,761,961	238,816,878
Radio Frequency Spectrum		
User Fees	20,849,446,344	16,427,578,741
<b>TOTAL</b>	<b>47,045,564,003</b>	<b>39,527,117,440</b>

**NOTE 16: OTHER INCOME**

	30.06.2011 TZS.	30.06.2010 TZS.
Rental Income	1,118,657,323	282,487,870
Interest Income	1,386,554,578	1,008,479,999
Exchange Gain from Forex Fluctuation	1,939,463,518	457,924,585
Miscellaneous	22,289,132	40,167,424
Penalties	6,500,000	67,000,000
Sale of Tender Documents	6,100,000	5,000,000
Income from Investment	182,503,832	128,601,346
<b>TOTAL</b>	<b>4,662,068,383</b>	<b>1,989,661,224</b>

**NOTE 17: OPERATIONAL EXPENSES**

Automation of Type Approval Activities	7,209,000	35,565,840
Review Panel	13,593,750	-
Communications Museum Expenses	64,513,100	2,450,000
Compliance Order Expenses	12,673,500	-
Consumer Education	348,192,202	155,622,877
ICT Week Event	279,455,350	8,882,250
Consumer Satisfaction Survey Project	25,931,610	-
Content Monitoring Charges	173,542,238	100,123,755
Planning, Research and Development	877,381,538	65,971,939
Database	29,959,600	750,000
Strategic Plan Coordination Expenses	39,225,000	-
Frequency Monitoring, Field and Inspections	541,747,661	275,594,580
Licensing	184,795,663	49,331,094
Advertisement and Publicity	914,593,971	660,057,562
Training	3,277,201,583	2,237,259,201
Revenue Collection Expenses	77,520,000	42,211,990
Study Groups	752,229,772	717,442,911
Seminars and Workshop	1,026,606,757	1,124,508,214
Conference and Meetings	1,902,173,681	1,729,168,708
Travelling on Duty	929,883,047	782,068,707
<b>TOTAL</b>	<b>11,481,429,023</b>	<b>7,987,009,628</b>



**NOTE 18: ADMINISTRATIVE EXPENSES**

	2010/2011 TZS.	2009/2010 TZS.
Board Meeting Expenses (Note 18.1)	866,976,815	592,970,947
Loss on Disposal of Assets	12,491,502	340,709,000
Performance Audit	16,799,180	11,812,000
Audit Fees and Expenses	90,000,000	91,560,400
Bank Charges	81,941,839	62,915,923
Budgeting and Planning	167,850,310	98,903,200
Management Meetings	104,087,242	157,734,650
Tender Board Meetings	216,383,646	155,624,360
Consultancy Expenses	538,124,577	314,096,000
Security Office and Residential	82,890,150	61,496,500
Land Rent	1,524,310	2,460,075
Donation and Contribution	410,346,600	513,577,946
Insurance	272,321,852	135,848,549
Legal Services	92,078,800	44,542,250
Management Fees- Mawasiliano Towers	17,284,515	4,949,519
General Expenses	191,993,827	109,990,888
Computer Consumables	110,730,084	48,900,710
Printing and Stationery	75,946,989	51,400,941
Newspapers, Books and Periodicals	71,257,495	89,132,550
Games and Sports	7,036,000	6,688,000
Postages and Courier Expenses	44,673,256	39,054,303
Fuel and Oil	157,298,405	82,198,889
Office Cleaning	93,669,705	70,512,076
Rent Office Building	113,532,795	98,466,690
Repair and Maintenance	455,201,977	232,937,320
Subscription to Professional Bodies	15,952,830	4,154,600
Hospitality	104,246,417	36,077,972
Utility Expenses	842,825,666	518,009,015
Provision for Impairment of Receivables	4,474,641,712	-
Depreciation	3,219,596,288	2,383,850,000
<b>TOTAL</b>	<b>12,846,253,173</b>	<b>6,318,363,790</b>

**NOTE 18.1: BOARD MEETING EXPENSES**

	2010/2011 TZS.	2009/2010 TZS.
Board of Directors Expenses	597,473,328	368,586,594
Complaints Committee	36,305,000	18,214,750
Content Committee	148,255,187	157,263,042
Finance and Audit Committee	64,943,300	48,906,561
Nomination Committee	20,000,000	-
<b>TOTAL</b>	<b>866,976,815</b>	<b>592,970,947</b>

**NOTE 19: STAFF COSTS**

Salaries and Wages	4,973,537,614	4,202,738,103
Housing Allowance	1,144,442,891	856,704,395
Transport Allowance	543,560,777	439,976,125
Social Security Contribution (Ref. Note 23)	556,092,844	442,181,124
Pension and Terminal Benefits	344,408,202	400,820,626
Recruitment Costs	166,711,880	46,683,177
Leave Passage	205,139,748	163,546,820
Long Service Award	87,100,000	63,772,000
Staff Uniforms	31,512,040	33,948,593
Medical Expenses	321,366,875	197,244,699
Staff Welfare	290,252,953	244,367,651
Burial Expenses	20,878,237	13,409,394
<b>TOTAL</b>	<b>8,685,004,061</b>	<b>7,105,392,707</b>

**NOTE 20: CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS**

African Communications Regulators Network (ACRAN)	9,000,000	-
African Advanced Level Telecommunications Institute (AFRALTI)	58,630,600	54,442,700
Southern Africa Postal Regulatory Association (SAPRA)	-	74,000
Communications Regulators' Association of Southern African (CRASA)	48,000,000	46,800,000
<b>TOTAL</b>	<b>115,630,600</b>	<b>101,316,700</b>

**NOTE 21: DISBURSEMENT ON GOVERNMENT BEHALF**

**(i) Local Institutions/Organizations**

	2010/2011 TZS.	2009/2010 TZS.
Contribution to Treasury	2,354,081,420	3,649,279,226
Tanzania Network Information Centre (TZNIC)	400,000,000	413,825,800
Postcode Project	513,415,726	252,706,071
Consumer Consultative Council	300,000,000	300,000,000
Fair Competition Commission and Tribunal	200,000,000	783,995,200
<b>Sub-Total</b>	<b>3,767,497,146</b>	<b>5,399,806,297</b>

**(ii) International Organizations/Bodies**

Commonwealth Broadcasting Association (CBA)	3,001,500	385,344
Commonwealth Telecommunications Organization (CTO)	79,210,000	47,870,000
African Telecommunications Union (ATU)	43,977,000	35,330,100
Pan African Postal Union (PAPU)	141,969,030	36,340,168
Universal Postal Union (UPU)	39,103,584	75,220,552
International Telecommunications Union (ITU)	94,967,500	73,245,678
Southern African Broadcasting Association (SABA)	6,750,000	5,850,000
<b>Sub-Total</b>	<b>408,978,614</b>	<b>274,241,842</b>
<b>TOTAL</b>	<b>4,176,475,760</b>	<b>5,674,048,139</b>

## NOTE 22: RELATED PARTY TRANSACTIONS

### (i) Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The following transactions were carried out with related parties:

	2010/2011 TZS.	2009/2010 TZS.
(a) Directors Fees	35,000,000	26,250,000
(b) Key Management Remuneration	852,292,000	852,292,000
(c) Loans/Advances to Key Management Personnel	125,490,000	186,595,000

The loans to key management personnel are repayable monthly over four years at an interest of 3% per annum and advances are repayable over a period of twelve months interest free.

### (ii) Transactions made involving Government and its institutions

The Ministry of Infrastructure Development is the parent Ministry of TCRA. Transactions between TCRA and the Ministry during the year were as follows:-

	2010/2011 TZS.	2009/2010 TZS.
Funds Paid by TCRA to the Government – Treasury	2,354,081,420	3,649,279,226
Funds Contributed to Institutions on Behalf of the Ministry		
- UCAF	300,000,000	950,000,000
- TzNIC	400,000,000	413,825,800
- Postcode Project	513,415,726	252,706,071
- Consumer Consultative Council	300,000,000	300,000,000
- Fair Competition Commission and Tribunal	200,000,000	783,995,200
Contribution to International Organization/Institutions on Behalf of Ministry	408,978,614	274,241,842
<b>TOTAL</b>	<b>4,476,475,760</b>	<b>6,624,048,139</b>

## NOTE 23: EMPLOYEES BENEFITS

Employees benefits for the year under review were as follows:-

	2010/2011 TZS.	2009/2010 TZS.
Employer's Contributions		
- NSSF	120,520,979	93,290,355
- PPF	155,285,846	129,480,519
- PSPF	262,339,424	216,405,930
- ZSSF	17,946,595	3,004,320
<b>TOTAL (Ref. Note 19)</b>	<b>556,092,844</b>	<b>442,181,124</b>

## NOTE 24: CAPITAL COMMITMENTS

The Authority had capital commitments that had been contracted for and others not contracted for as at the statement of financial position date as analyzed below:-

### (i) Capital Expenditure

Authorized & contracted for	2,348,000,000	2,500,000,000
- Authorized but not contracted for	1,123,080,000	1,500,000,000
(ii) Recurrent Expenditure		
Authorized & contracted for	246,702,000	128,300,000
- Authorized but not contracted for	241,400,000	289,000,000
<b>TOTAL</b>	<b>3,959,182,000</b>	<b>4,417,300,000</b>

## NOTE 25: CONTINGENT LIABILITIES

The Authority had no contingent liabilities as at 30th June, 2011.

## NOTE 26: TAXATION

Neither corporation nor deferred taxes have been provided for in the accounts since the Authority is exempt from paying income tax pursuant to the provisions of Income Tax Act, 2004, item 1b of the Second Schedule.

## NOTE 27: RISK MANAGEMENT POLICIES

The financial risk management policies of the Authority are as outlined below:-

### Exchange Risk

The Authority's operations are predominantly in Tanzanian Shillings and US Dollars where the currency fluctuates against the major international currencies. A sizeable portion of the Authority's purchases are denominated in foreign currencies, principally, the US Dollar. Management considers the exchange rate risk to be minimal and has therefore not entered into any financial contracts to hedge against the exchange risks.

### Interest Rate Risk

The Authority has non-interest bearing balances from regulatory revenue used to fund ongoing activities.

### Credit Risk

The Authority's credit risk is primarily attributable to trade receivables. The amounts presented in the statement of financial position are net of provision for impairment on receivables, estimated by management based on past experience and their assessment of the current economic environment.

### Fair Value

Except for non-interest bearing balances due to/from related parties, there is no material difference between the fair value and the carrying value of the Authority's financial assets and liabilities.

## NOTE 28: CURRENCY

These financial statements are prepared in Tanzania Shillings as the presentation currency and the legal currency of Tanzania.

## NOTE 29: COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted or reclassified to facilitate comparability with the current year's figures.



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