

## Contents

Highlights ... ..	2
Letter of Transmittal ... ..	5
Board of Directors' Reports ... ..	7
Performance Review by the Director General ... ..	9
Introduction	
Information and Communications Technologies	
Consumer and Industry Affairs	
Broadcasting Affairs	
Postal Affairs	
Secretary to the Board	
System Manager	
Corporate Resources Management	
Participation in Activities of International Organisations	
Auditor's Report... ..	63
Balance Sheet as at 30 <sup>th</sup> June, 2007. ... ..	64
Income and Expenditure Accounts... ..	65
Statement of Changes in Equity... ..	66
Cash Flow Statement... ..	67
Notes on the Accounts... ..	68

**THE UNITED REPUBLIC OF TANZANIA  
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY**

**Annual Report and Accounts for the Year Ended on 30<sup>th</sup> June 2007**

**Highlights**

**Our Vision**

“To be a world-class regulator in Tanzania, creating a level playing field among communications service providers and promoting accessible and affordable services to consumers”

**Our Mission**

“To develop an efficient and effective communications regulatory framework, promote efficiency among the communications services providers, and protect consumer interests with an objective of contributing to socio-economic and technological development in the United Republic of Tanzania”

**Our Achievements in a nutshell**

- **Strategic Planning:** formulation of the Five Years 2006/07 to 2010/11 Strategic Plan completed and started implementation;
  
- **Monitoring Efficient Utilisation of Radio Frequencies Spectrum:**  
Four units of Mobile Frequency Monitoring Stations Launched;
  
- **Construction of TCRA Headquarter: s Building Gains Pace:-**

Efforts to bring all operations of the Authority based in Dar-Es-Salaam under one roof are bearing fruits as construction of the proposed Headquarters build gains pace. More details inside.....

- **Post Code Project Receives Government Approval:**

The Government has finally approved the Project on New Postal Address System and Post Codes. Implementation scheduled to begin immediately.

- **Capacity Building Prioritised:**

Effectiveness of the TCRA Zonal offices established around the country is dependent on effective staffing and being well equipped. The Authority has taken necessary measures to address the needs of the offices through successful recruitment and selection of new officers and supply of new equipment. What's their implications .....?



*Chairman of the TCRA Board Amb. Richard Mariki and the Director General Prof. John Nkoma in a group photo with newly appointed engineers and scientist trainee at the Frequency Management Centre, Dar-Es-Salaam*

- **First African Secretary General of the ITU**
- Elections of the International Telecommunication Union (ITU) held in Antalya Turkey in November 2006 saw Tanzania elected among 46 Member States to form the Administrative Council. Most important outcome of the Conference was the election of Mr. Hamadoun Toure of Mali to serve as the Secretary General for the next quadrennial.



*Above: Deputy Minister for Infrastructure Development Hon. Dr. Maua A. Daftari (MP), presenting Tanzania's position at the ITU Plenipotentiary Conference in Antalya, Turkey, November 2006.*

- **Financial Management: Another successful year**

The Authority's enhanced financial management capability including enforcement of licence conditions on fees and charges resulted in the increase of revenue collected as well as reduction in expenditure. In total we earned Shs. 19,071,231,613.00 against the planned target of Shs.16,616,686,000.00. We were also able to minimise recurrent expenditure

from the approved budget of Shs. 13,886,865,600.00 to  
Shs.12,143,635,337.00.

THE UNITED REPUBLIC OF TANZANIA  
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY



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DAR ES SALAAM

24<sup>th</sup> October 2007

Ref: No: TCRA/10/Vol.II/4

Hon Andrew J. Chenge (MP),  
Minister for Infrastructure Development,  
DAR ES SALAAM



Honourable Minister,

Hon. Andrew J. Chenge

RE: ANNUAL REPORT AND ACCOUNTS OF THE TANZANIA COMMUNICATIONS REGULATORY AUTHORITY FOR THE YEAR ENDED ON 30<sup>TH</sup> JUNE 2007

In fulfilment 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 and Accounts of the Tanzania Communications Regulatory Authority.

The Report and Accounts serve to account for the activities performed by the Authority during the financial year 2006/07. I am delighted to report that during the year under review the Authority did successfully implement the planned activities. The most significant activities undertaken was the formulation of the Strategic Plan for the financial years 2006/07 to 2010/2011, execution of the project of construction of the TCRA Headquarters building as well as procurement of four mobile frequency monitoring stations.

The Strategic Plan for years 2006/07 to 2010/2011 was completed in October 2006 and the same served as the basis for preparation of the Annual Plan and Budget for 2007/08 financial year. The mobile frequency monitoring stations were delivered by the Contractor M/S Rohde & Schwarz in March 2007 and they were distributed to Zonal offices throughout the country for immediate use. Their deployment has

enhanced the Authority's capacity to monitor frequencies use in the country thus establish the source and resolve any harmful interference. The stations have also facilitated the frequency planning process and reduce the time required to clear a single frequency to be assigned to a user. Coupled with this was the recruitment of new staff in the telecommunications engineering and electronics in to increase the number of employees responsible for radio frequency management.

During the same period we had change in the composition of the Board following appointment of Hon. Peter Serukamba (MP) in February 2007 to fill the vacancy left by Hon. Batilda Burian (MP) who resigned on 28<sup>th</sup> February 2006. In addition, Mrs. Amina Mrisho Said who was the Vice Chairman retired on 28<sup>th</sup> April 2007 and no replacement had been appointed by end of the financial year.

In the international sphere Tanzania participated in the Conference of Plenipotentiaries of the International Telecommunication Union (ITU) held in Antalya Turkey in November 2006. One of the key agenda of the Conference was election of Secretary General and the Deputy Secretary General and Directors of the three Bureaux. In addition, election of 46 Members to the Administrative Council was held. Tanzania contested very successfully the position of membership to the Council. This will last until 2010. The Tanzanian delegation at the Conference was led by the Deputy Minister of Infrastructure Development Hon. Maua A. Daftari (MP).

Honourable Minister, let me on behalf of the Board, Management and Staff convey our sincere gratitude to the government and your team at the Ministry for the continued support and guidance extended to us which made it possible to fulfil our obligation enshrined in the enabling legislation and sector policies. In addition, we thank the Minister for Information Culture and Sports Hon. Mohamed Seif Khatibu and his deputies for their support during the entire period of our operations. We also thank Members of the Infrastructure Committee of the Parliament for their cordial cooperation accorded to the Authority during the period under review. We look forward to their continued support and guidance during the coming years.

We look forward to your continued support and guidance in future as we implement the sector policies aimed at achieving the universal access and universal service goals.



Amb. Richard E. Mariki  
**CHAIRMAN OF THE BOARD**

## 2.0 REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2007

### 1.0 INTRODUCTION

The Authority's operations in 2006/07 were quite exciting with a lot of achievements recorded in all regulated sectors. First, our human resources capacity was enhanced following successful recruitment and selection of new officers in the telecommunications engineering, electronics, management and economic disciplines. In addition, delivery of four new mobile frequency monitoring stations enhanced our capacity to effectively monitor the spectrum use throughout the country.

Overall, our performance during the year under review was once again very impressive. In fulfilment of their legal obligation Members of the Board of the Tanzania Communications Regulatory Authority (TCRA) are pleased to present their Report and Audited financial statements of the Authority for the financial year ended on 30<sup>th</sup> June, 2007.

### 2.0 STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Section 51 of the Tanzania Communications Regulatory Authority Act No. 12 of 2003 vests the responsibility for preparation of financial statements of the Authority which show a true and fair view of the state of affairs of the Authority on the Directors. In addition, they are responsible for keeping proper accounting records, maintaining an adequate system of internal controls, safeguarding the assets of the Authority as well as taking reasonable steps for prevention and detection of fraud and other irregularities. The law requires that the financial statements be prepared in accordance with provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

In compliance with the legal requirements the Directors confirm that in the preparation of the financial statements for the financial year ended on 30<sup>th</sup> June, 2007 suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made.

### 3.0 MEMBERSHIP OF THE BOARD

The following are Members of the Board who served the Authority during the period under review: -

<b>Name</b>	<b>Status</b>	<b>Nationality</b>
Amb. Richard E. Mariki	Chairman	Tanzanian
Hajjat Amina M. Said*	Vice Chairperson	Tanzanian
Prof. John S. Nkoma	Member	Tanzanian
Hon. Peter J. Serukamba (MP)**	Member	Tanzanian
Dr. Suleiman J. Omar	Member	Tanzanian
Mr. Baruan E. Luhanga	Member	Tanzanian
Dr. Vuai Iddi Lila	Member	Tanzanian

**NB:\*** Term ended on 28<sup>th</sup> April 2007

\*\* Appointed on 1<sup>st</sup> February, 2007

#### **4.0 PRINCIPAL ACTIVITIES**

The Principal functions and responsibilities of the Authority as stipulated in the enabling legislation 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 telecommunication operators;
- Establishing and enforcing standards for regulated goods and services;
- Regulation of rates and charges (tariffs);
- Management of the radio frequency spectrum;
- Monitoring the performance of the regulated sectors;
- Managing Telecommunications Numbering System.

#### **5.0 PERFORMANCE DURING THE YEAR UNDER REVIEW**

##### **5.1 Formulation of Strategic Plan 2006/07 to 2010/2011**

In October, 2006 the Authority completed the process of formulation of the Strategic Plan for the years 2006/07 to 2010/2011. Implementation of the Plan started immediately thereafter. The Plan served as the basis for preparation of the 2007/08 Annual Plan and Budget.

##### **5.2 Licensing**

During the year 2006/07 the Authority continued to implement the Converged Licensing Framework with more operating companies migrating from the old licensing regime. In addition, new investors were granted licences to operate in Tanzania. Licences issued were:-

	<b>Type of Licence</b>	<b>No. of Licences</b>
(a)	Network Facilities	1
(b)	Network Services	1
(c)	Application Services	12
(d)	Content Services	21
(e)	Importation and Distribution	30
(f)	Courier Services	16

By end of the reporting period the number of operators by category and market segments under the Converged Licence was as follows:

**Electronic Communication & Postal Service Licences as at  
30<sup>th</sup> June, 2007**

	<b>Type of Licence</b>	<b>Market Segment</b>	<b>No. of Licences as at 30.06.2006</b>	<b>No. of Licences as at 30.06.2007</b>
(1)	Network Facility	International	4	4
		National	3	5
(2)	Network Services	International	3	4
		National	3	5
(3)	Application Service	International	6	10
		National	17	29
		Regional		3
(4)	Content Services	National TV	4	4
		National Radio	4	5
		Regional TV	1	1
		Regional Radio	6	6
		District TV	16	18
		District Radio	25	30
		Community TV	0	0
(5)	Postal services	Community Radio	2	2
		Public Postal Operator	1	1
		Courier Services Operators	40	40

**5.3 Spectrum Management**

Demand for radio frequency spectrum continued to be a major issue in the industry. Refarming of some frequencies (i.e. migration by some operators who were previously assigned frequencies) in the 800MHz and 1800MHz Bands from some mobile operators was completed and the same were assigned to operating in CDMA technology. Shortage of frequencies in the 900MHz band limited the number of companies licensed.

**5.4 Telecommunications Numbering**

In 2006/07 the Authority assigned one user short code 118 for health services. The user namely Tanzania Youth Alliance (TAYOA) is already using the code. The Authority will continue monitoring its implementation. During the same year the Authority set aside Shs.522,786,350 to assist the Tanzania Police Force to establish a modern call centre which will facilitate handling of emergency numbers 111/112 by the Police Force.

During the year under review two new companies, namely Tanzania Telecommunication Company Limited (TTCL) and Benson Informatics (BOL)

respectively started operating using the assigned National Destination Codes (NDC). Also the Authority modified the Numbering Plan to include short codes for value added services SMS applications. In addition, it was established that some operators were using short codes without authority. To curb such illegal use of the resource the Authority carried out inspection and issued notice to all network operators and service providers who were found to be using such numbers without licences. As a result 20 SMS codes were assigned after formal application by users.

## 5.5 Broadcasting Services

In 2006/07 the Authority approved the introduction of Multiplexing Operators (MUX) in order to facilitate introduction of digital broadcasting. In addition, consultation with stakeholders on introduction of terrestrial digital broadcasting initiated at the end of 2005/06 continued with the objective of soliciting their opinion to be included in the policy document to be submitted to the government for approval.



The Prime Minister Hon. Edward Lowassa arrives at the Paradise Holiday Resort in Bagamoyo to officially open the Annual Broadcasters Conference held on .. December 2006

## **5.6 Postal Affairs**

TCRA has been coordinating implementation of the proposed Physical Address and Post Code Project. The project's objective is among other things to enhance mail delivery to physical address (business and domestic); facilitate provision of emergency services, identification of the residents of territory, etc.

During the financial year 2006/07 the Authority prepared publicity materials to increase stakeholders' awareness, and in collaboration with UPU experts finalized the designing of a methodology to develop widespread usage of geographical and postal addresses.

## **6.0 STAFF WELFARE**

### **6.1 Industrial Relations**

The Authority continued to implement its industrial relations policy which calls for participative management at all levels. This includes consultation between Management and Members of staff in determination of key policy issues including formulation of the Strategic Plan, Annual Planning and Budgeting, introduction of new address system and post codes, etc. This enhanced the good industrial relations and work place democracy. The performance of the Authority during this period was contributed to a great extent by the level of involvement of employees in decision making processes, formulation of implementation strategies and actual implementation of approved plans.

The TCRA corporate culture emphasises high degree of integrity as one of its values. Misconduct by any member tarnishes the image of the Authority hence, it is never tolerated. During the period under review services of one officer were terminated on grounds of disciplinary misconduct.

### **6.2 Medical Care Services**

In 2006/07 M/S AAR Health Services once again won the tender to provide both preventive and curative health services to the TCRA employees and their immediate dependants. 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 HIV and AIDS, Cancer, Tuberculosis, Diabetes, etc. During the year 2006/07 a total of TZS 93,302,292 was spent towards implementation of both policies.

## **7.0 CAPACITY BUILDING**

TCRA continues to acknowledge that the human resources are its core competencies which need to be improved in order to enhance the level of service delivery and fulfil the Authority's legal obligation to the people of Tanzania. In recognition of this the Authority has identified human resources development as one of the priority area for investment. In view of this the training expenditure was increased from TZS 560,753,024 in 2005/06 to TZS 876,782,975 in 2006/07. This facilitated implementation of the annual capacity building programme where ten (10) officers were sponsored to long term courses within and outside the country. This was in addition to short term capacity building programmes in ICTs regulation, radio frequency management, management and dispute resolution.

## **8.0 AFFIRMATIVE ACTION**

The Tanzania Communications Regulatory Authority (TCRA) is an equal opportunity employer. We strive to build a broad-based organisation with balance in both gender and ethnicity to reflect the composition of the Tanzanian population. To achieve this objective, whenever processing recruitment to fill vacant posts in its establishment the Authority provides equal opportunities to all people including women and the physically challenged.

In recognition of the fact that for historical reasons the educational system affected the ability of women to compete equally with men in certain positions, the Authority's current affirmative action policy provides for positive discrimination towards women candidates and physically challenged people. However, great care is taken when implementing the policy in order to ensure that professionalism which is the basic criteria for selection and appointment to any position is not compromised.

## **9.0 CORPORATE SOCIAL RESPONSIBILITIES**

TCRA has since its establishment upheld the principle of corporate social responsibility and committed itself to active participation in environment protection, and promotion of socio-economic development of our society through extension of financial support towards implementation of community development projects. In 2006/07 TCRA supported a number of social and economic development initiatives implemented throughout the country. This was effected through financial contribution towards construction of schools and health centres, supply of computers and ICTs gear to schools, financing projects established by physically challenged people, women development projects, sponsorship of higher education students who are unable to meet their contribution of 40% as required by the law; establishment of community telecentres and others. The Authority's contribution towards such initiatives was TZS 281,833,300. In addition, the Authority contributed TZS 4,061,685,000 towards the rehabilitation and extension of Mwanza airport. This is part of TZS 7.13 billion requested by the government towards implementation of this project.



The TCRA Director General Prof. John S. Nkoma handing over a cheque worth Shs.2,000,000.00 to Chairperson of Zanzibar Netball Association in Zanzibar on 14<sup>th</sup> March 2007

## **10.0 FINANCIAL PERFORMANCE**

During the financial year 2006/07 it was budgeted that the Authority would earn TZS 16,616,686,000. However, the actual revenue earned was TZS 19,071,231,613. This is equivalent to 14.77% above the budgeted and approved revenue. This is assurance that the Authority's sources of revenue are sustainable in the foreseeable future. In spite of the achievement it has become apparent that the Content and Application services fees under the Converged Licensing Framework were far below the cost of regulation. In view of this, arrangements were underway to review them in order to meet the actual cost of their regulation.

Considering the growth of the organisation including opening of new Zonal offices, recruitment of new officer and acquisition of new monitoring stations the recurrent expenditure also increased during the year 2006/07 from TZS.7,864,439,901 in 2005/06

to TZS 12,143,635,337 which is equivalent to 87.13% of the approved budget of TZS.13,936,865,540. The Management is commended for its success in instituting efficient budgetary control.

On capital investment the Authority spent TZS 19,596,402,846 on implementation of projects carried forward from the previous years as well as new ones approved in 2006/07 annual plan and budget. Key projects include construction of the TCRA Headquarters building (the Mawasiliano Tower), four mobile frequency monitoring stations, automatic mail quality measurement equipment and expansion of the Frequency Management Centre Building at Mikocheni.

### **11.0 SOLVENCY**

Since its establishment the Authority has never sought financing through leverage or sources other than those specified in the enabling legislation. Its state of affairs as at 30<sup>th</sup> June, 2007 is set out on pages 8 to 22. This shows that the Authority is a going concern. The Directors consider the Authority to be solvent on the basis of a working capital of TZS 12,494,817,475 and annual net surplus of TZS 6,927,596,276.

### **12.0 INDEPENDENT AUDITORS**

At its Special Meeting held on 14<sup>th</sup> October, 2006 the Board of Directors in exercise of powers conferred upon it under Section 51(2) of the TCRA Act No. 12 of 2003 appointed M/S TAC Associates to serve as independent auditors of the Authority during the financial year 2006/07. Upon notification, Auditors expressed willingness to continue in serving the Authority.

#### **BY ORDER OF THE BOARD**

  
.....  
CHAIRMAN

DATE:20/10/2007

  
.....  
DIRECTOR

## 3.0 OPERATIONAL REVIEW BY THE DIRECTOR GENERAL

### 3.1 INTRODUCTION

3.1.1 The operating year 2006/07 was very important to the TCRA because it was the year for reflection and consolidation. As we may recall during the previous year we were preoccupied with implementation of our primary regulatory tool, namely the Converged Licensing Framework (CLF). Through our reflection we were able to identify the strengths and weaknesses, threats and opportunities at our disposal. All these served as the basis for drawing up and implementation of key plans and strategies to consolidate the regulatory process in the country. First, formulation of the Strategic Plan 2006/07 to 2010/2011 using our internal resources gave us the opportunity to test our human resources capacity and determine future requirements for its improvement.



3.1.2 In the planning process we reviewed the CLF in order to embrace technological developments and introduction of the New Generation Networks (NGN) in particular. In this area the Content licence was through introduction of the new category of Support Services by Satellite licence to be issued to pay television operators delivering content developed within and outside the country. During the same year the Board approved granting of licences under this category to three prospective operators namely MultiChoice Tanzania Limited, GTV and Musa Television. Licensing of MultiChoice which has been operating under authorisation certificate will subject them to standards and regulations issued by the Authority. Also, licensing of additional service providers will remove monopoly enjoyed by MultiChoice for the past decade. It is expected that this will have positive implications on the price of services provided to consumers.

3.1.3 Another important activity that preoccupied the Authority in 2006/07 was construction of the TCRA Headquarters building. Until end of the financial year 2006/07 construction was at a very advanced stage and is expected to be completed in July 2008. This will bring all of the Authority offices based in Dar-Es-Salaam under one roof. Completion of the project will reduce our operating cost especially rented office accommodation and cost of conveyance of documents between headquarters and others centres in the city as well as time taken in decision making due to reduction in the distance.

3.1.4 **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 Framework 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-07) to be held in Geneva in October/November 2007. Our officers have been participating actively in studies organised under the auspices of the International Telecommunication Union and Regional African groupings in search of alternative solution to the high demand for the spectrum.

**On telecommunications sector**, year 2006/07 saw unprecedented growth in both networks expansion and subscriber base. Vodacom and Celtel emerged clearly as the market leaders in subscriber in terms of the subscriber numbers. Rural base stations (BTS) grew from 459 in 2004/05 to 569 in 2006/07. Comparison of year 2006/07 and the preceding year show that there was growth in subscribers base by about 68% as the table below shows while mobile subscriber numbers have grown the number of fixed line subscribers continued to decrease.

FIXED AND MOBILE SUBSCRIBERS AS AT 30<sup>TH</sup> JUNE 2007

YEAR	MOBILE CELLULAR (CELTEL, MIC(T) LTD, VODACOM & ZANTEL)	FIXED LINES (TTCL & ZANTEL)	TOTAL
2004/05	2,963,737	154,420	3,118,157
2005/06	5,076,310	152,720	5,229,030
		187,567	6,328,099



Mererani residents in Manyara region transacting their business through mobile phone

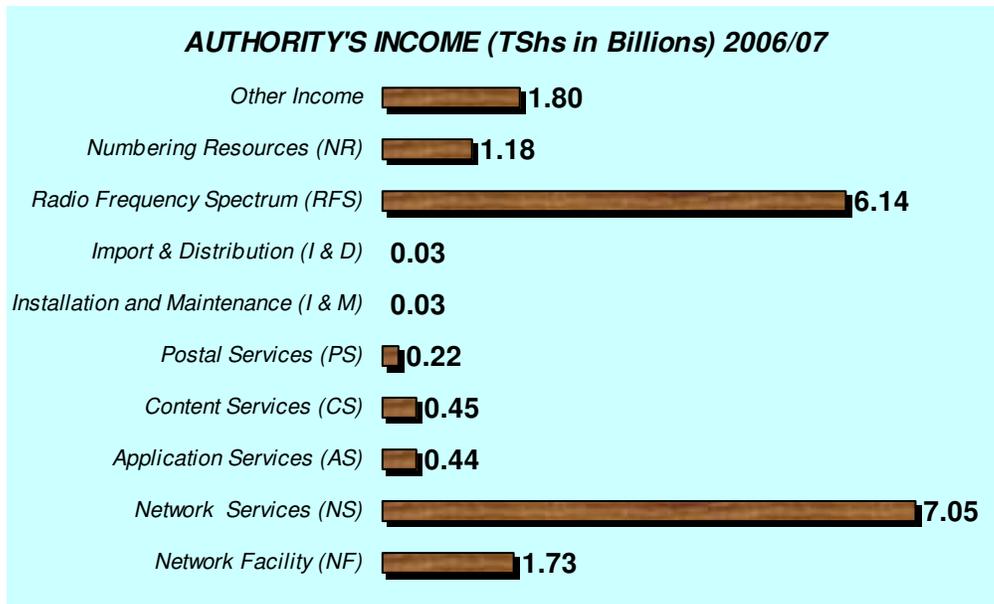
3.1.5 **Broadcasting** is one of the areas that have been attracting a good number of investors. This resulted in scarcity of spectrum in the FM Band particularly in Dar-Es-Salaam where the majority of stations are based. In view of this the Authority issues no more licences to FM Band radio broadcasting 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.

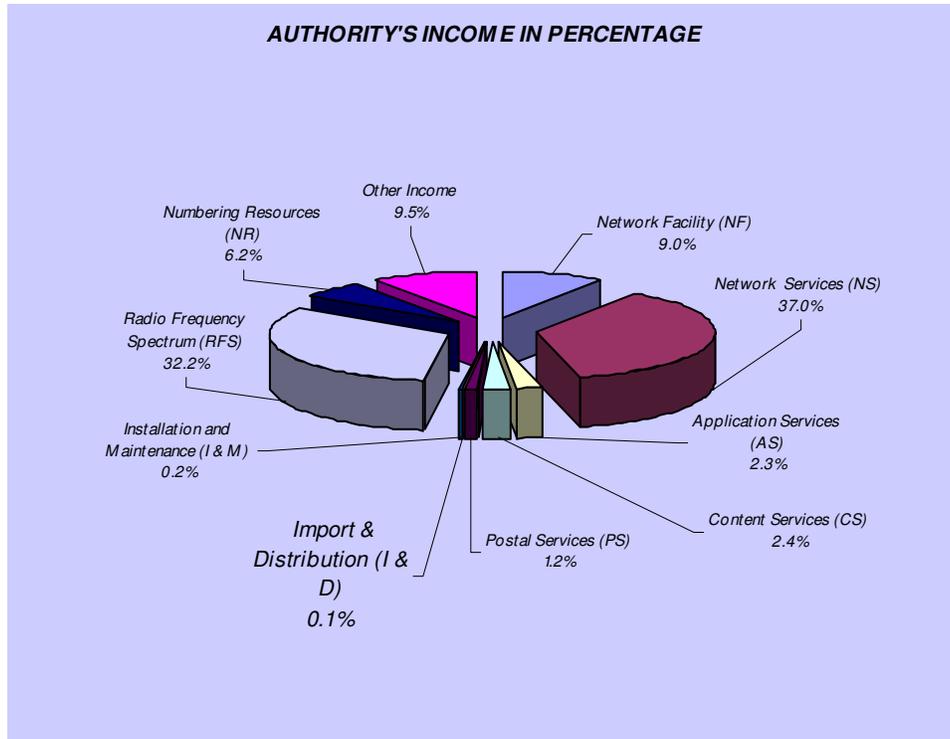
3.1.6 The year under review was to the **Postal sector** a very progressive one with a number of new courier operators entering the market. Increase in the number of operators has further enhanced competition resulting in improvement of the quality of service as well as reduction in tariffs for conveyance of postal articles. Also year 2006/07 saw the launching of the study on new postal address systems and post codes. The study culminated into the post code project that will be implemented in the year 2006/07. Implementation of the post code project will involve a number of stakeholders including relevant government ministries, operators and the general public. is expected to culminate into It is expected that that and

3.1.7 **Financial Performance:** During the year 2006/07 the Authority continue to improve its financial management through improvement of human resources capacity, rules governing disbursement of royalties by operators and automation of accounting system through installation of an integrated financial management software. Overall, as it would be noted in the income

statement our total income increased by 3.58% compared to the previous year. The Chart herein shows the main sources of income during the year 2006/07 were Licensing and Frequency User fees, Royalties, Interest Income and Numbering resource fees.

3.1.8 **Chart 1: Main sources of income for the year 2006/07**



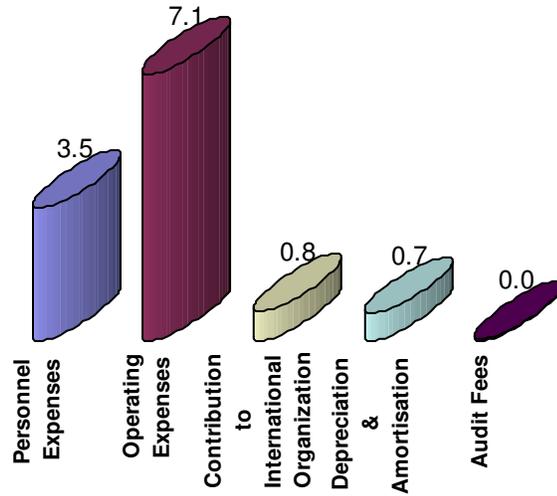


During the same period expenditure increased by 54.41% compared to the previous year. The increase in expenditure is due to increase in the number of activities performed as well as increase in the number of staff. Items with higher expenditure as shown in the chart herein include Administrative/operations, Human Resources, and contribution to international organisations.

In addition, to recurrent expenditure the authority invested a total of Shs. 19,596,402,846.00 into acquisition of fixed assets including the on-going construction of TCRA Headquarters building, procurement of four mobile frequency monitoring stations, motor vehicles and basic office equipment and fixture.

Chart 2: Recurrent Expenditure per Category

*AUTHORITY'S EXPENDITURE (TShs in Billions) 2006/07*



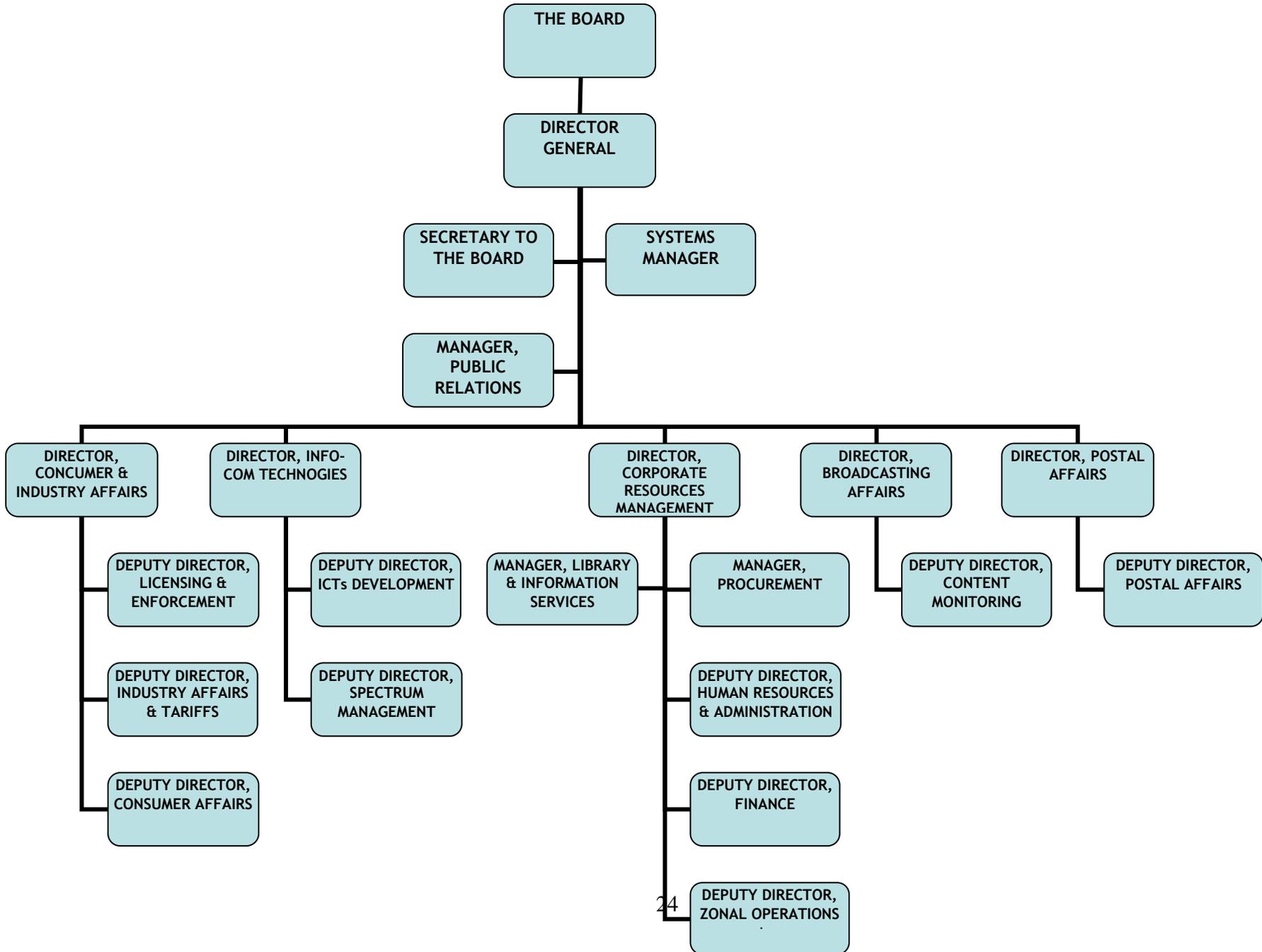
*AUTHORITY'S EXPENDITURE IN PERCENTAGES*



The impact of such expenditure is signified by the improvement in performance of the authority compared to the previous year where a number of activities and development projects were not implemented.

3.1.9 **Organisation Development:** in May 2007 the Board approved review of the Authority's organisation structure to create the Procurement Management Unit under the Directorate of Corporate Resources Management. In addition, the Zonal Operations division was hived out of the Director General's Office and placed under the Directorate of Corporate Resources Management. Also positions of Assistant Director were redesignated and upgraded to Deputy Director, while the position of assistant Director for Public Relations was redesignated Manager for Public Relations. Furthermore, the position of System Manager was upgraded to the level of Deputy Director. The revised organisation structure with effect from July 2007 is as follow:

# ORGANISATION STRUCTURE AS ON 30<sup>TH</sup> JUNE 2007



### 3.1.10 Concluding remarks:

To conclude, I take this opportunity to congratulate former Vice Chairperson of the TCRA Mrs. Amina Mrisho Said (Hajjat) for being appointed the Regional Commissioner for Iringa region. In addition, on behalf of the Board, Management and Staff I commend her contribution during her tenure of office, which contributed greatly to the success of the organisation. TCRA will continue supporting her in her new position in order to ensure that she achieves the assigned duties and meet the expectation of her appointing authorities.

A handwritten signature in black ink, appearing to read 'J. Nkoma', with a horizontal line underneath the signature.

Prof. John S. Nkoma

**Director General**

## 3.2 CONSUMER AND INDUSTRY AFFAIRS

### 3.2.1 Licensing and Enforcement

In 2006/07 new licences for Network Facilities, Network Services, Application Services and Frequency Spectrum were prepared and issued to new applicants and existing operators who wish to migrate to the new licensing framework.

The table below shows number of licensees under the converged licensing framework as at 30<sup>th</sup> June, 2007.

S/No:	LICENCE CATEGORY	MARKET SEGMENT	NO. OF LICENSEES
1	Network Facilities	International and National	6
2	Network Services	International and National	6
3	Application Services	International and National	23



*Above: TCRA Director General Prof John Nkoma presents Application Services License under the Converged Licensing Framework (CLF) to the Director of WBS.*

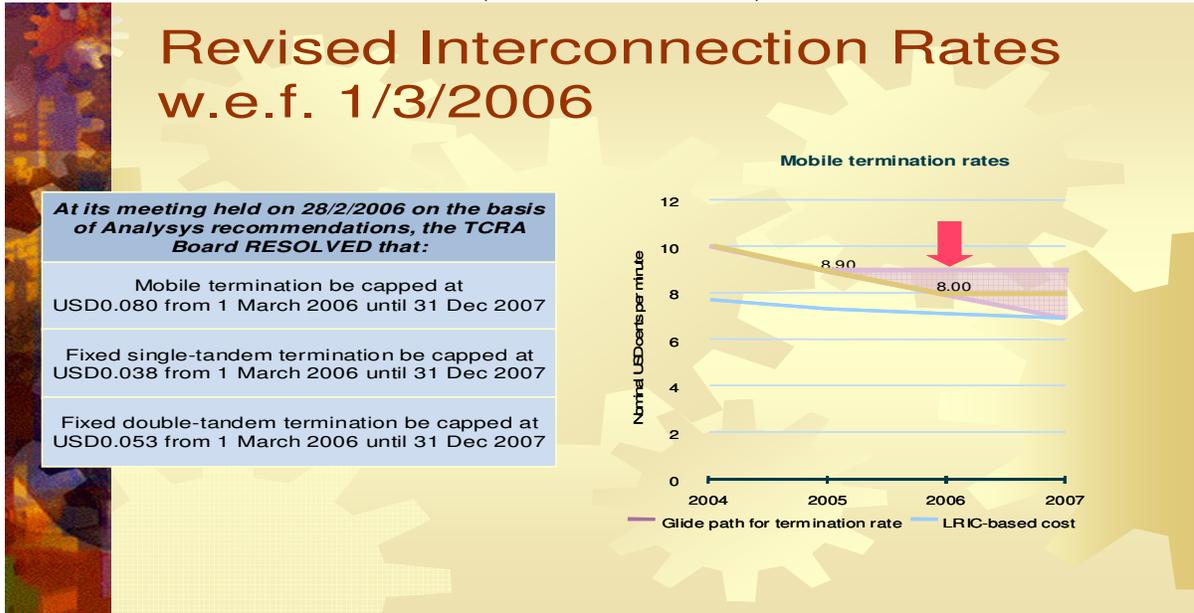
### **3.2.2 Inspection and Monitoring**

In 2006/07 inspection was carried out in Moshi, Arusha, Manyara, Mwanza, Sengerema, Geita, Bukoba and Maswa with the objective of verifying the CDMA spectrum available for assignment to potential operators. The exercise involved undertaking spectrum occupancy tests for Broadcasting, Land Mobile and Aeronautical to confirm the availability of these resources for assignment to new applicants. In addition, field inspection was carried out in Mpanda district in Rukwa region following customer complaints of non-availability of Telecommunications services (service outage) in the district for a period of about three weeks consecutively.

### **3.2.3 Review of the Interconnection Rates (LRIC Models)**

During the financial year 2006/07 the Authority reviewed the interconnection rates LRIC Models in order to determine whether the provisions of the Glide path under Determination No. 1 of 2004 were still viable or needs a review. The study conducted with M/s Analysys Consultant of UK as the lead consultant, revealed that developments in the sector including investments that contributed to increase in the number of transmission towers in the rural areas, hence increase in operating cost had affected the rates in glide path. In view of this the TCRA Board, at its Meeting held on 28<sup>th</sup> February 2006 resolved to replace the third and fourth glide path rates of Interconnection Determination No. 1 of 2004 with the following rates as per the table below:

## Applicable Interconnection Rates from 1<sup>st</sup> March 2006 to 31<sup>st</sup> December 2007 (In US Dollar Cents)



The new rates will serve as the cap but operators may negotiate lower rates below these. These rates shall be applicable until December 2007 when determination of interconnection rates will be determined by the market forces.

### 3.2.4 TTCL Performance Audit

As it would be recalled in 2002, the TCRA predecessor TCC imposed a fine on TTCL on grounds of failure to fulfil the rollout obligation under the licence issued after the sell of stake to the strategic investor. The fine kept growing up to about US\$.44,602,350 million. Following appeal by the operator, the Authority engaged a consultant, KPMG; to carry out performance audit of TTCL for entire period that it enjoyed exclusivity i.e. February 2001 to February 2005. On basis of the Consultant's findings and recommendations the Authority resolved to waive the penalty.

### 3.2.5 Consumer Complaint guidelines

In order to facilitate handling of consumer complaints, Guidelines and forms for registration of consumer complaints were issued by the Authority. The guidelines set out clear procedures involved in resolving disputes. The guidelines, which were published on TCRA website, are available in both English and Kiswahili.

### 3.2.6 Consumer Complaints

In fulfilment of their legal obligation as stipulated under the enabling legislation, the Authority continued to handle and resolve consumers'

complaints raised against service providers. During the period under review the following consumer complaints were resolved and closed:-

- (i) University Computing Centre against TTCL on billing dispute;
- (ii) Stanley Mining Services (T) Ltd against Vodacom on over invoicing;
- (iii) BAK INTERNET CAFÉ against CATS NET Limited on outage;
- (iv) Mr. Juma Mpuya's appeal against Celtel Tanzania Ltd

In addition to hearing and giving sanction on the above disputes, the Authority referred some of them to operators and encouraged consumers to give the operators opportunity to resolve them amicably as required under the Consumer Complaints Handling Guidelines before approaching the Authority.

### **3.2.7 Consumer Awareness Activities**

In collaboration with the TCRA Consumer Consultative Council the Authority conducted consumer awareness education seminars in Mtwara, Tabora, Mwanza and Mbeya

#### **Consumer Consultative Council Customers' Seminar in Southern Highlands Mbeya**

This is one of the initiatives carried out by Authority to educate customers. The seminar was held in Mbeya on 18<sup>th</sup> July 2006; the objective being educating the customers on the following:-

- The role of the Regulator to consumer issues
- Customers' rights complain procedures to be followed.

The roles of Operators and Consumers Consultative Council to consumers.

## 4 INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICTS)

### 4.1 ICT DEVELOPMENTS AND STANDARDS:

#### 4.1.1 STANDARDIZATION:

##### 4.1.1.1 TYPE APPROVAL:

The Authority is responsible for the processing of applications for type approval of all communications equipment. The Type Approval is done against relevant specifications and standards covering technical performance, electrical safety and electromagnetic Compatibility.

The categories of equipments dealt with are Customer Premises Equipment (CPE) and network equipment.

The regulatory process relies on industry to develop technical standards through the consultative process but may develop or amend technical standards itself where a need is identified.

During the year 2006/7, the department processed applications for the following:-

S/N	Type of equipment	Number of applications processed
1	Terminal equipments	27
2	Network equipment	32

##### 4.1.1.2 NUMBERING

Numbering, Naming and Addressing as used in communications are limited national resources that must be managed fairly in the long-term best interests of the country as a whole. To address the current developments in the sector, several changes to the numbering plan were made. Among the changes was the introduction of value added services sms short codes.

#### 4.1.1.3 Change of NDCs and Extension of SN length

The exercise of changes in the National Destination Codes (NDCs) for mobile operators and eventual extension of the subscriber number (SN) lengths of the mobile operator subscriber numbers was completed in November 2006. The changes as effected are shown below:

S/N	Operator	Old numbers	New numbers
1	MIC (T) Ltd	0741 XXXXXX	071 YXXXXXX
2	Vodacom	0744/0745/0746 XXXXXX	075 YXXXXXX
3	Celtel	0748/0749 XXXXXX	078 YXXXXXX
4	Zantel	0747 XXXXXX	077 YXXXXXX

All operators migrated to new NDCs. In the same year TTCL mobile network started using its NDC, 073. a new application for NDC was received from Benson Online Limited (BOL) and was assigned the code 079 .

To support the implementation of the mobile operations of BoL and TTCL they where both assigned sim headers and MNCs. TTCL was assigned a short code 109 to support its prepaid platform while Signalling Point Codes were assigned to BOL and TTCL to support their signalling requirements.

#### Use of short codes

In the year 2006/7 the Authority took steps in ensuring the proper functionality of short codes and also embarked into combating illegal use of short codes by service providers.

In line with the development of the sector, the authority amended the numbering plan to include short codes for value added services sms applications. In line with that the Authority took steps in November and December to curb illegal use of short codes by network operators and service providers. As a result 20 sms codes were assigned.

In the same year 2006/7 a short code for health services 118 was assigned for use, currently one operator TAYOA has started using it. Currently, the Authority is monitoring its implementation.

The Authority assisted the Tanzania Police Force to procure a call centre which will facilitate handling of 111/112 emergency numbers by Police Force, by the end of the year the project was in the final stages.

### **Consultation with the Public**

Regular consultations with the public on actions taken by the regulatory authority were conducted in order to ensure smooth implementation of Numbering issues. This involved regular publication of all major changes of numbers in the local Newspapers.

### **Application processing**

During year 2006/7 the following new applications for numbering resources were processed:-

1	Number ranges	1
2	MNDCs	2
3	Calling card codes	1
4	MNC	2
5	Sim headers	2
6	Short codes	1
7	Signalling point codes	16
8	VAS SMS codes	20

The registration fees for new numbering activities generated an additional income of 126,000 USD.

### **4.1.3 INTERNET - RELATED ACTIVITIES:**

#### **4.1.3.1 ccTLD re-delegation:**

During the year 2006/7, the Department of ICTs continued with the work of re-delegation of dot tz country code top level domain (.tz ccTLD) in line with the mandate given to the Authority by TCRA Act (2003) and Regulations 2005. This resulted in the following initiatives whose implementation is underway:-

- A not-for profit organization to be known as Tanzania Network Information Centre (tzNIC) was registered to manage .tz ccTLD.
- 
- TCRA will support initial take off by financing equipment, office accommodation and operations.

The Authority in collaboration with the stakeholders published a progress report on status of re-delegation this report has been widely circulated to stakeholders within and outside Tanzania. The office space for the tzNIC has been established at Millennium Towers Kijitonyama and equipment installation has been completed. The installation of software is awaiting network and internet installation which will be completed early next financial year.



The Director General TCRA Prof. John Nkoma handing over equipment for the Tanzania Information Centre to the leadership of the ccTLD led by Prof. Beda Mutagaywa

#### **4.1.3.2 Internet exchange points (IXPs)**

The Authority continued to support sector operators in their bid to build and operate internet exchange points (IXPs). The objective of the project is to ensure that Internet traffic generated locally remains local which in turn will reduce the operating cost as there will be saving on international bandwidth. In addition, it will increase Internet speed and stimulate production of local Internet content. TCRA financed the cost of establishment of an IXP in Arusha. A provision has been made in the 2007/08 budget for the cost of establishment of similar centres in Dodoma, Mwanza and Mbeya.

At the Regional level the Authority in collaboration with peer regulatory authorities in Kenya and Uganda awarded a tender for East African Internet Exchange Point to

Simbanet (T) Limited. The company is required to install and operate the IXP that will interconnect all the East African Internet Exchange Points in order to traffic generated in the region within thus reducing the cost and consequently retail tariffs.



The Minister for Infrastructure Development Hon. Andrew Chenge (MP) cutting the ribbon to mark the official opening of the Tanzania Internet Exchange Point (TIXP) at the Posta House, Dar-Es-Salaam

## **4.2 SPECTRUM MANAGEMENT:**

### **4.2.1 FREQUENCY PLANNING AND COORDINATION:**

In 2006/07 the Authority managed to undertake the following activities relating to spectrum management:

#### **4.2.1.1 Frequency Planning and Allocation:**

- (i) Reviewed and updated the National Table of Frequency Allocation Plan;
- (ii) Coordinated preparation for Tanzania to implement decisions of the Regional Radiocommunication Conference (RRC - 06) on Digital Broadcasting Plan;
- (iii) Reviewed band plan for 2.5 GHz and 3.3 GHz in order to accommodate the increasing demand for Broadband Wireless Access system;
- (iv) Reviewed band plan for 1780 - 1805 MHz to accommodate three operators instead of two previously assigned to operate using iBurst technology;
- (v) Reviewed band plan for VHF band in order to change VHF operation bandwidth from 25 MHz to 12.5 MHz in order to meet the need of new operators in that band.

#### **4.2.2 Frequency Licensing and Assignment:**

Frequency assignments in HF, VHF, Microwave bands and Wireless access network frequencies were granted for various network service providers as well as for private operators.

A total of 130 applications were received and 104 qualified and granted licenses.

Frequency assigned to approved applicants was as follows:

- (i) HF Radiocommunication: 11
- (ii) VHF Radiocommunication: 39
- (iii) UHF Radiocommunication: 2
- (iv) Amateur Radiocommunication: 10
- (v) Aeronautical Radiocommunication: 23

- (vi) STL: 5
- (vii) Microwave transmission links: 6
- (viii) Fixed wireless access: 5
- (ix) Marine Radiocommunication 3

#### 4.2.3 Frequency Monitoring , Evaluation and Inspection

In the period under review 23 cases of harmful interference were reported. Out of these 22 cases were cleared while one was still being attended on 30<sup>th</sup> June 2007.

City	Number of interference cases
Dar-Es-Salaam	9
Arusha	6
Mwanza	3
Iringa	2
Tabora	1
Zanzibar	1

#### 4.2.4 Study on Radiation from Radio Frequency Communication Installations

The Authority initiated a study on radiation from Radio frequency communication installations in residential areas. A technical team, composed of experts from the TCRA, University of Dar-Es-Salaam, Zanzibar Broadcasting Commission and Tanzania Atomic Energy Commission, started investigations on 19th April 2007 with measurements of radiations caused by radio communication installations in Arusha, Dodoma and Dar-Es-Salaam. The technical team also interviewed the city and municipal directors in Tanga, Morogoro and Iringa on procedures used to provide building permits for towers used for radio communications. Until end of the reporting period the study was still in progress.

#### 4.2.5 MONITORING EQUIPMENT

During the 3<sup>rd</sup> Quarter, four (4) Mobile Frequency Monitoring Stations and all accessories were delivered to TCRA by the contractor M/S Rohde and Schwartz. The new stations were allocated to Zonal offices based in Arusha, Mwanza, Mbeya and Dodoma.



The Representative of Rohde & Schwartz (R & S) International Mr. Wolfgang Jourdan handing over four frequency monitoring stations to Mr. Goodluck Ole-Medeye, TCRA's Director of Corporate Resources Management at the Frequency Management Centre, Mikocheni Dar-Es-Salaam. Second right is Dr. Joseph Kilongola, Director of ICTs and extreme right is Mr. Asman Maige, Chairman and Managing Director of SSTL Group, representative of R & S in Tanzania.

#### **4.2.5 MIGRATION FROM EXTENDED GSM FREQUENCY:**

All incumbent GSM operators completed migration from the EGSM band. The band is now ready for re-assignment to prospective CDMA operators.

#### **4.2.6 WORLD TELECOMMUNICATION AND INFORMATION SOCIETY WEEK**

In collaboration with the Ministry of Infrastructure Development and sector operators, the Authority coordinated preparations and hosting of the World Telecommunication and Information Society week celebrated at the Diamond Jubilee Hall in Dar-Es-Salaam on 14th to 16<sup>th</sup> May 2007. The climax marked with a workshop held at the Movenpick Hotel, Dar-Es-Salaam. Main events of the week included exhibition of telecommunications products by licensed operators and presentations on various issues on communications at a forum attended by stakeholders and the general public.

### **5 BROADCASTING SECTOR**

The broadcasting regulatory function include regulating, supervising and monitoring broadcasting activities in the 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.

#### **5.1 Activities Performed During the Year 2006/07**

##### **5.1.1 Migration into the New Licensing Framework**

The Authority processed 58 applications for content service providers who expressed interest to migrate to the Converged Licensing Framework. A total of 58 licences were issued including 37 for Radio broadcasting and 21 for Television broadcasting respectively.

#### **5.2 Broadcasting Services**

One of the duties of the Department of Broadcasting Affairs is to regulate, supervise and monitor broadcasting activities in the country. In 2006/07

some of the activities performed relating to regulation of broadcasting services include:

- 5.2.1 Processing of Licence for New Broadcasting Applicants:** During the period under review, the Authority processed thirty one (31) applications and twenty six (26) were granted construction permits while six (6) are still under considerations.
- 5.2.2 Inspection and Monitoring:** During the period under review the Authority conducted inspections of the broadcasting stations in nine regions of Iringa, Ruvuma, Mbeya, Mwanza, Kagera, Dar es Salaam, Coastal Region, Mtwara, Morogoro, and Kilimanjaro. The inspections were carried out to established compliance to technical and professional ethics.
- 5.2.3 Compliance to Broadcasting Regulations:** During the period, the thrust of the Authority has been to encourage media houses to produce more local content. The Authority still continues to promote arms length regulation as a way of exercising self-regulation for the broadcasters. The Authority has been encouraging stations to employ high quality members of staff. However, this year about two illegal broadcasters were found in Dar es Salaam and Tanga. They were all required to stop transmitting UHF signals.
- 5.2.4 Digital Broadcasting:** The Authority continued to consult the stakeholders on Digital Broadcasting. It was agreed that by June 2015 all Terrestrial television stations have to switch off from Analogue to Digital system. Stakeholders were also involved in the preparation of the Public Consultation Document on Digital Broadcasting. The Authority in collaboration with broadcasting stakeholders has agreed on the need of introducing Multiplex Services in Tanzania. The document is available on the TCRA website.

**5.2.5 Content Committee:** During the period under review the members of the Content Committee visited broadcasting stations for regular inspections. Specifically the Committee visited operators in Newala, Mtwara, Tandahimba, Masasi, and Tunduru. Their mission included encouraging districts that do not have broadcasting stations to establish them in order to provide residents access to information. In addition to monitoring the content delivered to consumers, the Content Committee has been collaborating with stakeholders on the need to promote professionalism in the sector.

**5.2.6 Policy Documents:** The Authority prepared Public Consultation Document on the Code of Practice for Community Broadcasting and Digital Broadcast in Tanzania, focusing on establishment of Multiplex operators. The documents published in the press as well as the TCRA website inviting for public and stakeholders' comments.

## **6 POSTAL AFFAIRS**

One of the duties and responsibilities of Tanzania Communications Regulatory Authority (TCRA) as enshrined in both the Tanzania Communications Act 1993 and the TCRA Act 2003 is to regulate postal operations in the country. During the financial year 2006/07 the Authority undertook the following activities among others in the bid to promote development of postal services and improve the quality of the services in order to achieve the universal access goal;

## 6.1 Divestiture Technical Committee for TPC

The Authority participated in the meetings of the Divestiture Technical Committee of TPC organised by PSRC. The Committee identified the strategies to be pursued to assist the Tanzania Posts Corporation liquidity problem as well as further commercialisation exercises as proposed by the government.

## 6.T. Licensing of New Postal Operators

The TCRA has designated (by licence) the Tanzania Posts Corporation as the Public Postal Licensee to provide postal services at a specified quality, throughout Tanzania at affordable and uniform prices. However, considering that 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.

During the year 2006/07 the Authority licensed additional courier operators in accordance to the new licensing framework. The framework comprises of five market segments namely, International couriers, East Africa couriers, Domestic couriers, Intracity couriers and Intercity Couriers. During the year under review 32 postal companies renewed their operating licences and adopted the conditions provided for under the new licensing framework. The Table herein below shows the list of the postal operators with valid licences during this period:

### Status of Licensed Operators in 2006/07

	Name of the Company	Licence Category
1	Tanzania Posts Corporation	Public Postal Operator
2	DHL Tanzania Ltd	International Courier

3	Skynet Tanzania Ltd	International Courier
4	Diamond Express Ltd (Agent of TNT)	International Courier
5	Tanzania Express Cargo Ltd (Agent of Fedex)	International Courier
6	Sangare Enterprises Ltd (Agent of UPS)	International Courier
7	Scandnavia Express Services Limited	East Africa Courier
8	One World Courier (T) Ltd	East Africa Courier
9	Akamba Bus Service Ltd	East Africa Courier ***
10	Ndeng'aro Agencies & Consultants	Domestic Courier
11	City Delivery Services Ltd	Domestic Courier
12	Global Skychain Express Co. Ltd	Domestic Courier
13	Mohamed Trans. Ltd	Domestic Courier
14	City Messengers Ltd	Domestic Courier
15	National Courier	Domestic Courier
16	Tanzcom Messenger Services Ltd	Intracity Courier, Dar Es Salaam
17	Express Courier Services Limited	Intracity Courier, Dar Es Salaam
18	Ram Investment Company Ltd	Intercity Courier, Dodoma and Moshi
19	John Terry Establishment Ltd	Intercity Courier, Dar Es Salaam and Arusha
20	Faster Flight Express	Intercity Courier, Dar Es Salaam and Arusha
21	Malai Freight Forwarders Limited	Intercity Courier, Dar Es Salaam and Kilimanjaro
22	Zaoma Ltd	Intercity Courier, Dar Es Salaam and Morogoro
23	Sengerema Engineering Group Ltd	Intercity Courier, Dar Es Salaam and Njombe
24	Impala Hotel Ltd	Intercity Courier, Moshi and Arusha
25	Lyoto & Company Ltd	Intercity Courier, Dar Es Salaam and Tanga
26	City Couriers Co. Ltd	Intercity Courier, Dar Es Salaam

		and Arusha
27	Pronto Couriers	Intercity Courier, Dar Es Salaam and Arusha
28	United Talent Services	Intercity Courier, Tanga and Morogoro
29	Forsters Auctioneers and Debt Collector	Intercity Courier, Dar Es Salaam and Morogoro
30	P.T. Burrow Ltd	Intercity Courier, Dar Es Salaam and Moshi
31	Northern Engineering Works Ltd	Intercity Courier, Dar Es Salaam and Arusha
32	Hima Investment	Intercity Courier, Dar Es Salaam, Arusha and Tanga
33	Building Centre Establishment Bureau	Intercity Courier, Dar Es Salaam and Moshi
34	Community Electrical & General Supplies Ltd	Intercity Courier, Dar Es Salaam and Morogoro
35	Mhasibu Consultants	Intercity Courier, Dar Es Salaam and Arusha
36	Riverside Car Hire	Intercity Courier, Arusha and Moshi
37	Secularms (T) Ltd	Intercity Courier, Dar Es Salaam and Arusha
38	Tricon Investment Ltd	Intercity Courier, Dar Es Salaam and Tang
39	Raha Leo Bus & Transporters	Intercity Courier, Dar Es Salaam and Tanga
40	Chap Chap Deliveries	Intercity Courier, Dar Es Salaam and Arusha
41	Mechanised Cargo Services (T) Ltd	Intercity Courier, Dar Es Salaam and Mwanza

\*\*\* Akamba Bus Service Ltd is still finalising licensing procedures

### **6.3 Enforcement of Postal Operating Licences**

During the year under review, monitoring of postal operating companies was carried out through inspection in the regions of Mwanza, Shinyanga, Mara, Mtwara, Lindi, Kilimanjaro, Zanzibar, Arusha, Tanga, Dodoma and Dar es Salaam. Operators inspected include the Tanzania Posts Corporation, DHL, SKYNET, Sangare Enterprises, Diamond Express and Tanzania Cargo Express.

Inspection carried out established that most operators including the Tanzania Posts Corporation were doing well in terms of speed of delivery of mails and parcels. It was established that there were some cases of illegal operation in Arusha, Tanga and Moshi. The Authority has taken necessary measures including imposing financial sanctions to operators found operating illegally during inspections. The impact of inspection has been reflected in the increase in the number of courier operators in the country during the year under review.

### **6.4 Establishment of New National Address System and Post Codes**

The aim of establishment of the new national address system is to facilitate delivery of mails and other postal articles to addressees at their physical address both business and residential (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.

During the year under review the following activities related to Postcodes Project were carried out:-

- 6.4.1 Training of the project Team on the addressing and data base design at the workshop held in Bern, Switzerland in June 2007;
- 6.4.2 In collaboration with the consultant appointed by the Universal Postal Union (UPU) designed a methodology to develop geographical and postal addresses, and specifying the prerequisites of developing a database able to contain geographical and postal information for the addressing and postcode systems. A draft report was prepared and submitted to the government;

- 6.4.3 The Minister for Infrastructure Development approved the project and appointed the Permanent Secretary (PS) to lead the project implementation;
- 6.4.4 Budget proposal for the project was submitted to the government for determination;
- 6.4.5 Brochures and leaflets on the project were prepared with the objective of dissemination of the project concept to stakeholders;
- 6.4.6 Consultation with the Capital Development Authority (CDA) to demonstrate house and street naming in Dodoma municipality was initiated.

#### **6.5 Acquisition of Automatic Mail Testing Equipment**

In the bid to enhance monitoring of the quality of postal services in the country the Authority has acquired two mobile diagnostic quality mail measuring systems.

#### **6.6 Conferences and Meetings**

##### **6.6.8 Participation in the local meetings**

##### **Participation to the Sectoral Meetings**

Three Stakeholders' meetings for the preparation of the Nairobi UPU Congress were held on 7<sup>th</sup> November 2006, 27<sup>th</sup> February 2007 and 15<sup>th</sup> March 2007 at different venue involving TCRA, Stakeholders and the Ministry of Infrastructure Development key senior officials. The objective was to present the status of implementation of local activities related to the congress occasion as assigned to the Ministries of Tourism, Education and Vocational Training, Foreign Affairs and International Cooperation and other related institutions. Representative from the Ministry of Communications Zanzibar was also represented. Major issues discussed include promotion of tourist, cultural and cooperation activities:

#### **6.7 Licensing of Postal Operators**

During the year under review the following companies were licensed in different categories as shown in the table below.

	<b>Name of the company</b>	<b>Licence category</b>
1	City Delivery Services Ltd	Domestic Courier.
2	City Courier Co. Ltd	Intercity Courier, Dar es salaam and Arusha
3	M/S P.T. Burrow Ltd	Intercity Courier, Dar es Salaam and Moshi
4	Mettima Investments Ltd	Intercity Courier, Dar es Salaam and Tanga
5	M/S Hima Investment	Intercity Courier, Morogoro and Tanga
6	M/S Building Centre establishment Bureau Ltd	Intercity Courier, Dar es Salaam and Morogoro
7	Mhasibu Consultants	Intercity Courier, Dar es Salaam and Moshi
8	M/S Fosters Auctioneers and collection	Intercity Courier, Dar es Salaam and Morogoro
9	M/S Ram Investment company Ltd	Intercity Courier, Dodoma and Moshi
10	M/S Sengerema Engineering Group Ltd	Intercity Courier, Dar es Salaam and Njombe
11	M/S Community Electrical General Supplies Ltd	Intercity Courier, Dar es Salaam and Morogoro
12	Royal Mail Express	Intercity Courier, Dar es Salaam and Arusha
13	City Courier Ltd	Intercity Courier - Dar Es Salaam
14	Akamba Bus Services	East Africa
15	Global Skychain Express Co. Ltd	Domestic Courier
16	Pronto Courier	Intercity Courier, Dar es Salaam and Tanga
17	United Talents Services	Intercity Courier, Tanga and Morogoro
18	Ndeng'aro Agencies and Consultant	Domestic Courier

## 6.8 Review Conditions of Licences Issued to Operators

During the period under review licences were modified in line with the Converged Licensing Framework. The licence categories also are in harmony with other East African partner states. The licence categories and annual licence fees are as shown in the table below.

Licence category	Annual licence fee	Licence duration
International Courier	TShs 10,000,000/=	4 years
East Africa Courier	TShs 2,500,000/=	Three years
Domestic courier	TShs 2,000,000/=	Three years
Intracity courier	TShs 1,000,000/=	One year
Intercity Courier	TShs 300,000/=	One year

## 6.9 Inspection of Licensed Postal Operators

During the year under review, the authority carried out inspection of postal operations Mwanza, Shinyanga, Mara, Mtwara, Lindi, Kilimanjaro, Zanzibar, Arusha, Dodoma and Dar es Salaam regions. Operators inspected include the Tanzania Posts Corporation, DHL Worldwide Express, SKYNET, Sangare Enterprises, Diamond Express and Tanzania Cargo Express. Inspection of premises of new applicants was also done before granting of operating licences.

The inspection exercise established that operators including the 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 operation in Arusha, Tanga and Moshi. The Authority took appropriate measures which include re-categorisation of licence of operators as well as licensing illegal operators who were identified during the inspection exercise. The enforcement of licence conditions exercise had a very positive impact as signified by the

increase in the number of courier operators in the country during the year taken.

#### **6.10 Establishment Of A New National Postal Address System (Post Code)**

The Tanzania Communications Regulatory Authority (TCRA) initiated a study on establishment of a new postal address system (POST\*CODE) which aims at facilitating delivery of mails and other postal articles to addressees at their physical addresses (door - to door delivery). The new addressing system is expected to be implemented by January 2007 and more work on this activity will be done during the next financial year i.e. 2006/07. During the year under review the Postcodes Project Team performed the following initial basic activities in line with its implementation schedule:-

- Analysis of national Context
- Dividing the Country in to geographical zone
- Choosing the codes system to be used for identification of locations.
- Visited town councils in Mtwara Urban, Mtwara Rural, Masasi, Lindi Urban, Lindi Rural and Dodoma Rural.

The aim was to sensitise the local governments in urban areas to include in their program for the forthcoming budget 2006/2007, street names and numbers in all houses.

- Re- alignment of codes for Zanzibar, Mtwara Urban, Mtwara Rural, Masasi, Lindi Urban, Lindi Rural and Dodoma Rural (Bahi and Chamwino) has been made after the visits to the regions.
- A stakeholders' workshop was conducted on 14<sup>th</sup> March 2005 for technical officers to promote awareness on the project.
- Study visit was made to South Africa by the Project Team from 17<sup>th</sup> - 19<sup>th</sup> May 2006. The purpose being to gain experience on the use of physical address in the rural areas and see the possibility of emulating the system in Tanzania environment.
- Second Stakeholders Workshop was organised on 28th June 2006. One of the workshop major recommendations was the implementation of the

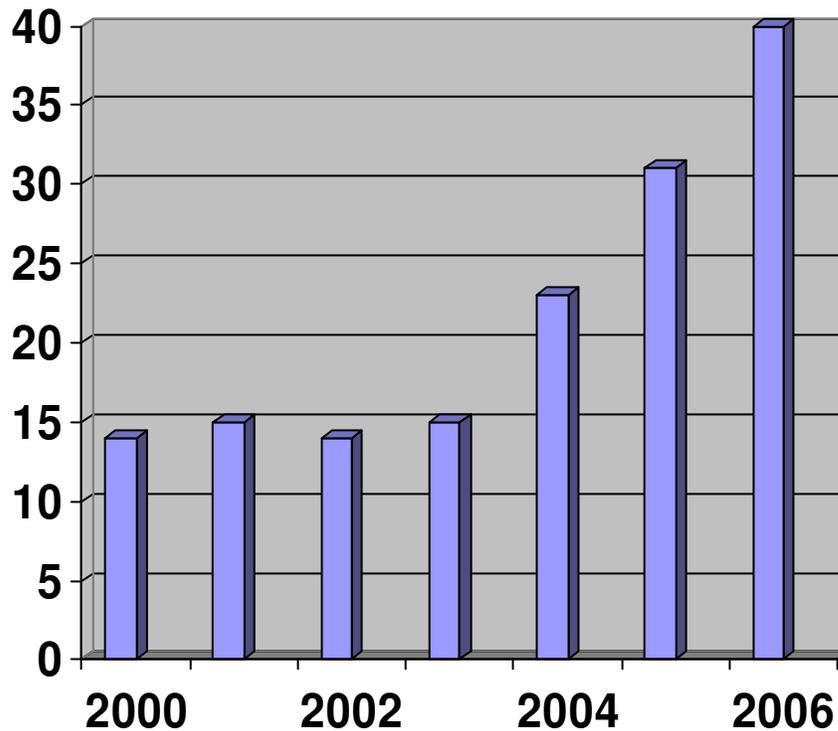
postcode project in liaison with the National ID Project of the Ministry of Home affairs. Arrangement has been made by the Ministry of Infrastructure Development for the Project Team to meet with the top officials of the Ministries of Public Safety and Home Affairs for consultations.

### 6.11 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 below: -

Year	2000	2001	2002	2003	2004	2005	2006
Number of licensed operators	12	15	14	15	23	31	40

Growth of the Courier Sub Sector by Pictorial Chart



### **3.7.3 Future Planned Postal Activities**

#### **3.7.4.1 Implementation of the postcodes project.**

In the bid to implement the National Postal Policy the work on the new address system will continue during the next year. The focus will be to work closely with other stakeholders like Ministry responsible for Local Government to identify streets and buildings in all cities. At the same time the Project Team will finalise the realignment of postcodes. TCRA has submitted technical assistance requests to the Universal Postal Union on the establishment of Postcode database a similar request has also been communicated to Netherlands Post on Postcode study visit, training of stakeholders and updating of sorting Circulation list to TPC.

#### **3.7.4.2 Acquisition of Mobile Automatic Mail Testing Equipment**

In June 2006 the TCRA awarded a tender to M/S Lyngsoe of Denmark for the supply, installation and commissioning of a mobile diagnostic Quality of mail measuring system to enhance performance in monitoring postal services. Agreement has been concluded between the Authority and Supplier to deliver the equipment after four months from the signing date.

### **3.8 LEGAL SERVICES**

The Authority's corporate legal services are handled by the Unit of the Secretary to the Board in the Office of the Director General. Services provided include coordination of activities of the Board of Directors, Management Meetings, Drafting of agreements between the Authority and Service providers as well as suppliers of goods and services, and representing the Authority in resolution of disputes with stakeholders. The following are some of the activities performed during the year under review.

#### **3.8.1 Board of Directors Affairs**

##### **3.8.1.1 Meetings:**

The Board of Directors held four ordinary meetings and five special meetings. The meetings deliberated on regulatory as well as administrative issues including approval of licences, regulatory guidelines, financial regulations; code of conduct; appointment of Board Committees; appointment of officers and staff, and other policy issues.



**Members of the TCRA Board in ordinary Session at the Kibo Palace Hotel, Arusha,  
18<sup>th</sup> December 2006**

### **Committees and Panels**

In 2006/07 the Board approved appointment of Members of the Internal Review Panel in fulfilment of the provisions of Section 38 of the TCRA Act 2003. In addition the Board appointed the Finance and Audit Committee in fulfilment of the requirement of the Finance Act 2001.

## **7. CORPORATE RESOURCES MANAGEMENT**

### **7. 1 Human Resources and Administrative Services**

#### **7.1.1 HUMAN RESOURCES MANAGEMENT AND ADMINISTRATIVE SERVICES**

##### **3.9.1.1 RECRUITMENT AND SELECTION OF PERSONNEL**

During the period under review, the Authority effected appointment of Thirty Three (33) new employees. All of them were selected through a competitive process and went through the vetting process conducted by the government before they were finally appointed. Positions filled include Deputy Director Spectrum Management, Deputy Director for Finance, Deputy Director for Zonal Operations and Deputy Director for Broadcasting Affairs; Public Relations Manager, Three Zonal Managers Two Senior Legal officers, Senior Internal Auditor, Principal Postal Affairs Officer, Fourteen Trainee Frequency Management Engineers and Scientific Officers; Two Frequency Management Technicians and Five Motor Vehicle Drivers.

##### **7.1.2 HUMAN RESOURCES DEVELOPMENT**

The TCRA like other utility regulatory bodies are to a great extent dependent on the human resources to carry out its mission and achieve its goal. During the year 2006/07 the Authority sponsored ten officers to long term training in the fields of Telecommunications Engineering, Business Administration and Management, Telecommunications Law, Telecommunications Management and Office Administration. Courses were offered within and outside the country.

In addition, twenty two members of the staff and Board Members attended short-term training programmes and workshops in telecommunications regulation, postal codes and IP network Security. The objective of the training was to improve regulatory, leadership and managerial capacity of the Authority officers.

### **7.1.3 INDUSTRIAL RELATIONS**

#### **(a) Staff Meetings and Social Relations Activities**

During the year under review the Authority held three staff meetings with the objective of informing employees on important developments taking place in the organisation as well as gathering their opinion and input into the Strategic Plan 2006/07 to 2010/2011, Annual Plan and Budget for 2007/08. In addition, and two seminars were held first to disseminate to employees basic health tips and second to introduce to them the new Labour Laws with the objective of enhancing the workplace discipline.

Also, employees of the Authority based in Dar-Es-Salaam, Mwanza and Zanzibar marked the New Year 2007 through a meeting and a Workshop held at the Kilimanjaro Kempinski on followed by parties held in Dar-Es-Salaam, Mwanza and Zanzibar respectively. The latter event was attended by members of staff and their spouses, Board Members, government and sector stakeholders and other invited guests. The New Year Party held in Dar-Es-Salaam was officiated by the Deputy Minister for Infrastructure Development Hon. Dr. Maua Daftari (MP).



TCRA Members of Staff in a group photo after an industrial relations workshop held at the Kilimanjaro Kempinski Hotel, Dar-Es-Salaam, on 5<sup>th</sup> January 2007

**(b) Farewell to Officials Who Left the Authority**

On 20<sup>th</sup> December 2006 after the Board meeting held in Arusha the Authority organised a farewell party in honour of two members who left the TCRA following their appointment to other public offices. The officials are Hon. Dr. Batilda S. Burian (MP) who was appointed Deputy Minister for Community Development, Gender and Children and Mr. Isaac Mruma who was appointed the Managing Editor of the Tanzania Standards Newspapers Limited.

Also during the new year party held in Dar-Es-Salaam on 5<sup>th</sup> January 2007 the Authority bid farewell to Hon. Ephraim Madeje (MP) who retired from the services of the TCRA and was subsequently elected Member of

Parliament for Dodoma Urban constituency. Each one of them was presented with a Laptop computer granted by the Authority.

**(c) Obituary**

During the period under review the Authority lost one of its officers Mr. Nicholas Said, Senior Registry Assistant, who passed away on 19<sup>th</sup> March, 2007 and laid to rest at his home village Nambunga, in Newala district on 22<sup>nd</sup> March, 2007. May Almighty God rest his soul in eternal peace.

**(d) Disciplinary Matters**

During this year one officer Mr. Steven Sanga, Senior Motor Vehicle driver was dismissed summarily from the employment of the Authority on grounds of gross misconduct.

**7.2 PROCUREMENT OF GOODS AND SERVICES**

7.2.1 In 2006/07 the Authority awarded tenders to the companies listed herein to supply goods/services. All tenders were awarded through competitive tendering in pursuance of the provisions of the Public Procurement Regulations 2005.

S/No.	Firm	Tender Description	Value
1.	M/S Rohde & Swartz	Frequency Monitoring Station	€.358,488, 00
2.	National Printing Company Ltd	Supply of Printed Stationeries	Shs. 17,985,960.00
3.		Supply of Diaries for 2007	
4.		Supply of Computers	
5.	D.T. Dobie & Co. Ltd	Supply of Motor Vehicles	
6.		Servicing and Maintenance of Computers	
7.	Sakai Trading Company	Servicing and Maintenance of Air Conditioners	
8.		Fumigations and Rodent Control Services	
9.		Provision of Security Services	
10.	Crestoad Enterprise Ltd	Servicing of Fire Fighting Equipment	

11.	Globe Trotters Ltd	6 Provision of Cleaning Services	
12.		Servicing and maintenance of Standby Generators	
13.	Dubai Trading Centre	supply of Stationeries	
14.	Antelope Tours and Travel Services	Air Travel and Visa Processing services	
15.		Servicing and Maintenance of Office Equipment	
16.	MFI Office Solutions Limited	Site/Route Survey, Supply, Installation, Testing and Commissioning of Call Centre System and Optic Fibre Link for the Police Force	USD 315,291.71
17.	ATMA Electronics & Software Limited	Supply, Installation and Commissioning of the Content Monitoring Equipment	USD 196,311.78
18.	Provision of Courier Services	Tanzania Posts Corporation	
19.	China Railway Jianchang	Construction of Extension to the Frequency Management Centre Building	Shs.186,250,000

7.2.2 The first four mobile frequency monitoring stations were delivered and handed over on 21<sup>st</sup> March 2007. Allocation to Zonal offices will be effected after being tested in Dar-Es-Salaam to establish whether there is any defect or not; and operators been trained to be able to manage them effectively.

### 7.3 PROVISION OF LIBRARY AND INFORMATION TECHNOLOGY SERVICES

#### 7.3.1 Library Services

TCRA maintains a small but well equipped library with the primary objective of serving the needs of the Authority's officers. However the library is opened to the sector members who need make reference to particular publication. While

members of staff are free to borrow and keep any book or periodical for up to two weeks, sector members can only use the materials within the library.

### **7.3.2 Supply of Computers**

During the period under review, the Authority supplied forty two (42) lap tops computers to Board Members, and Senior Officers, with the objective of enhancing efficiency and service delivery.

### **7.3.3 Maintenance of the Website**

During the period under review the Authority reviewed the redesign and updated it's website with the objective of improving its organisation, and contents. The same was launched at the opening of the Telecommunications and Information Society week. The website provides current data and essential publications such as the sectors legislation, TCRA enabling legislation, regulations, sector policies, etc. All these are accessible free of charge.

## **7.4 PARTICIPATION TO ACTIVITIES OF INTERNATIONAL ORGANISATIONS**

The authority participated in various meetings at national, regional and international levels such as Consultative meetings with sector stakeholders, Engineers Annual Meetings; East African Regulators, Posts and Telecommunication Organisation (EARPTO) Meetings, ITU Plenipotentiary Conference 2006, Radiocommunication and Telecommunications Standardization Advisory Group, ITU Sectoral meetings including ICT development, Radio related issues and Standardisation respectively. Some of major conferences and meetings attended by the TCRA in collaboration with other stakeholders to represent Tanzania in the financial year 2006/07 were:

### **7.4.1 International Telecommunication Union (ITU)**

The ITU convened a number of meetings and study groups to deliberate on development of standards and policies governing communications and broadcasting at the international level. Meetings held include:

#### **7.4.1.1 Plenipotentiary Conference**

The Conference was held in Antalya Turkey on 6<sup>th</sup> to 24<sup>th</sup> November 2006. Tanzanian delegation was led by Hon. Dr. Maua A. Daftari (MP). The Plenipotentiary Conference is the top policy-making body of the International Telecommunication Union (ITU). The Conference held quadrennially, sets the Union's general policies, adopts four-year strategic and financial plans and elects the leaders, and members of the Radio Regulations Board. The Antalya Conference took the following decisions among others:

**7.4.1.1.1** Elected Mr. Hamadoun Touré of Mali the Secretary General and Mr. Houlin Zhao of China, the Deputy Secretary General. Others are Mr. Valery Timofeev of Russia, Director of Radiocommunication Bureau, Mr. Malcom Johnson of the United Kingdom, Director of Telecommunication Standardisation Bureau and Mr. Sami Al Bashir Al Morshid, Director of Telecommunications Development Bureau. In addition the Meeting elected twelve officials to the Radiocommunication Regulations Board and 46 member states including Tanzania to serve as members of the Administrative Council.

**7.4.1.1.2** Approved amendment of the Constitution and Convention of the ITU;

**7.4.1.1.3** Adopted the Strategic Plans for 2008-2011;

#### **7.4.2 CRASA Annual General Meeting and 10<sup>th</sup> Anniversary Celebrations**

The meeting was held in Windhoek, Namibia on 28<sup>th</sup> -29<sup>th</sup> March, 2007. The AGM was preceded by the meeting of the CRASA Executive Committee held in Dar-Es-Salaam on 29<sup>th</sup> January 2007 under the Chairmanship of Prof. John S. Nkoma, DG TCRA. The Executive Committee meeting reviewed and approved the agenda for the 10<sup>th</sup> CRASA Annual General Meeting and 10<sup>th</sup> Anniversary celebration.

The Tanzania delegation was led by Prof. John S. Nkoma, Director General and Chairman of CRASA. The meeting took the following decisions among others:

**7.4.4.1** **Approved** the draft Guidelines on Gender Equality and Empowerment of Disadvantaged People in the information and communications sector in

- SADC countries; and Directed the Secretariat to send the approved Guidelines on Gender Equality and Empowerment of Disadvantaged People in the information and communications sector in SADC countries to the SADC Secretariat for further action;
- 7.4.4.2 **APPROVED** the Budget for the first six months of the Financial year 2007/8. Final budget shall be approved after adoption of the Strategic Plan in September 2007;
- 7.4.4.3 Appointed a Special Committee that will analyse the proposed Strategic Business Plan and make recommendations; and decided that an Extraordinary General Meeting be convened within six months to consider proposals of the Special Committee;
- 7.4.4.4 Directed the Legal and Policy Committee to conduct a detailed study on the current regulatory practices to be presented at the next SADC ICT Council of Ministers;
- 7.4.4.5 Approved the MoU for CRASA Members on coordination of cross- border communications;
- 7.4.4.6 Approved the Terms of References and work plan prepared by the Legal Affairs Committee;
- 7.4.4.7 Approved increase in annual contribution from US\$.21,000.00 to US\$23,000.00 for the year 2007/08. This include US\$.2,000.00 to be paid to NetTel@Africa;
- 7.4.4.8 Elected the following countries to the Executive Committee:
1. Namibia - Chairperson
  2. Tanzania - First Vice Chairperson
  3. Zambia - Second Vice Chairperson
  4. Botswana - Treasurer and Host of CRASA Secretariat.

#### 7.4.5 **32<sup>nd</sup> Meeting of AFRALTI Governing Council**

AFRALTI Governing Council held its 32<sup>nd</sup> meeting Mbabane, Swaziland on 16<sup>th</sup> to 18<sup>th</sup> August 2006. Tanzanian delegation was led by Mr. Goodluck Ole-Medeye, the Director of Corporate Resources Management. The meeting took the following action among others:

- 7.4.5.1 approved introduction of associate membership applicable to sector players including training/research institutions, manufacturers, etc;
- 7.4.5.2 commended management for obtaining a clean audit certificate, and approved writing-off of bad debts owed by the Seychelles and other entities amounting to US\$.95,000.00;
- 7.4.5.3 approved debt repayment scheme that will encourage debtors clears outstanding contribution arrears as well as give rebate of 2% to members who been paying contributions regularly.

7.4.6 **46<sup>th</sup> CTO Meeting of Council** meeting was held in London from 7<sup>th</sup> to 8<sup>th</sup> September, 2006. The Tanzanian delegation was led by Prof. John Nkoma, the Director General. The meeting approved among others:

- 7.4.6.1 renewal of the term of office of the Chief Executive Officer for another term;
- 7.4.6.2 audited accounts for the year 2005/06 and re-appointment of M/S Mazars to continue serving as auditors for another one year;
- 7.4.6.3 Approved purchase of a building to house the Secretariat and serve as CTO Headquarters;
- 7.4.6.4 Elected a new Executive Committee under the Chairmanship of Mr. j.Paul Morgan of Jamaica;

#### 7.4.7 **European-African Ministers Roundtable Conference**

The European-African Roundtable was organised by the Commonwealth Telecommunications Organisation (CTO) and sponsored by Nokia Networks of Finland. Two rounds of meetings were held, the first one in Helsinki Finland on 29<sup>th</sup> to 30<sup>th</sup> May and the second on 1<sup>st</sup> June 2007 in Bonn Germany. The objective of the meetings were to share knowledge and experience as well as to

explore areas of cooperation in knowledge and technology transfer and strategies to attract investments into Africa. Tanzania was represented at both meetings by the Director General and the Director of Corporate Resources Management on invitation by the CTO who covered their travel and living expenses.

#### **7.4.8 14<sup>th</sup> Conference of Commonwealth of Postal Administrations'**

Tanzania being one of the members of the Commonwealth countries participated in the 14<sup>th</sup> Conference of Commonwealth of Postal Administrations held in Sun City, South Africa from 25<sup>th</sup> - 28<sup>th</sup> July 2006. The meeting deliberations include initiating issues to improve the Postal sector.

#### **7.4.9 2<sup>nd</sup> and 3<sup>rd</sup> Africa Support Committee on the Preparations of UPU Nairobi 2008 Congress.**

The PAPU Secretariat formed a Support Committee to assist Kenya in the preparation of the 24<sup>th</sup> UPU Congress in 2008. Two Support Committee meetings were held in Nairobi, Kenya in September 2006 and March 2007. Tanzania participated to enhance East African Cooperation as well as assist Kenya in the preparations of hosting the meeting by involving all the stakeholders in the country.

#### **7.4.10 UPU Council of Administration (CA)**

The Authority participated in the UPU Council of Administration (CA) meeting held in Bern, Switzerland from 9<sup>th</sup> to 20<sup>th</sup> October, 2006

- Reviewing of the Postal Regulation of the UPU;
- Restructuring of UPU;
- The development of New Terminal Dues System to be presented to the Nairobi Congress 2008.

#### **7.4.11 High level UPU Strategy Conference**

The conference is held between the Congresses to review the Strategic Plan of the Union. The High level strategic conference which was held in Dubai, United Arab Emirates from 14<sup>th</sup> to 16<sup>th</sup> November 2006.

The outlook of the postal world and the trend of the future role of the post were examined. Numerous social and technological changes were identified that would be addressed and included in the next World Postal Strategy to be set during the 24<sup>th</sup> UPU Congress in 2008 in Nairobi, Kenya.

#### **7.4.12 Postal Forum for Central, North and West Africa Marrakech, Morocco**

The forum was held from 4<sup>th</sup> to 5<sup>th</sup> December 2006 in Morocco.

The objective of the forum was to assess the:

- Postal reform and appropriate development models to pursue, diversification of postal activities through the development of high added value financial products.
- The use of postal network to reduce the digital gap and facilitate access to information technology

#### **7.4.13 Promotion of Cooperation with UPU International Bureau**

Amb. R. Mariki, Chairman of the TCRA Board, visited UPU International Bureau in March 2007. The aim of the visit was to enable

- The Chairman acquainted with UPU activities and Postal industry at large.
- Promote bilateral cooperation with the Union. During the visit UPU committed to provide a technical assistance towards establishment of the new national address system and post codes.



Chairman of the TCRA Board Amb. Richard Mariki in a group photo with UPU leadership led by the Director General Mr. Edouard Dayan (3<sup>rd</sup> right) during his familiarisation visit to UPU Hqs in Berne Switzerland

#### **7.4.14 European Postal Services Conference**

Amb. R. Mariki, Chairman TCRA Board, participated to the European Postal Service from 20<sup>th</sup> to 22<sup>nd</sup> March 2007 in Lisbon, Portugal. TCRA gained knowledge on the postal service Regulatory development made in European Countries; at the same time shared experiences on the effects of competitions in full liberalized postal service market.

## 7.5 Finance and Accounts

### 7.5.1 REVENUE EARNED

During the financial year 2006/07 the Authority had budgeted to earn a total of **Shs 16,616,686,000.00** being revenue from various sources including License Fees, Radio Frequency Licence Fees, Royalty, Numbering Resources Fees, Installation and Maintenance Contractors, Importation and Distribution of ICTs equipment, etc. Actual revenue earned was **Shs 19,071,231,613.00** thus providing for **14.77 percent** above the approved revenue. The increase in revenue was due to increase in the number of licences issued under the converged licensing framework which turned out to be very popular following awareness programmed conducted by the Authority.

### 7.5.2 RECURRENT EXPENDITURE

The Authority had budgeted **Shs 13,886.865,600.00** for Recurrent Expenditure during the year under review. However, until end of the financial year the actual expenditure was **Shs 12,143,635,337.00** equivalent to **87.45 %** of the approved budget. The decrease in expenditure is attributable to among other things strict budget control and late appointment of new officers because of recruitment process that requires candidates to be vetted before they are appointed into the TCRA service.

### 7.5.3 CAPITAL INVESTMENT AND EXPENDITURE

The Authority had planned to invest **Shs 17,026,386,000.00** into implementation of development projects. The planned projects include construction of TCRA Headquarters building, procurement of four units of mobile frequency monitoring stations, equipment for .tz ccTLD centre, procurement of two units of four wheel drive motor vehicles, procurement of office computers, internet connectivity. Actual expenditure until end of the financial year was **Shs 19,596,402,846.00**. In addition, there were commitments amounting to **Shs 17,197,422,000.00** for construction of the Authority's permanent head office and commercial complex building in Dar es

Salaam, the acquisition of one mobile frequency equipment and acquisition of content monitoring equipment.

The Statement of Accounts for the period is shown on pages 54 to 70.

## 7.5.4 AUDITORS' REPORT

### AUDITORS' REPORT

We have audited the financial statements for the year ended 30<sup>th</sup> June, 2007 set out on pages 8 to 22 which have been prepared on the basis of the accounting policies set out on pages 12 to 15.

#### RESPECTIVE RESPONSIBILITIES OF BOARD MEMBERS AND AUDITORS

Under Section 51 of the Tanzania Communications Regulatory Authority Act No. 12 of 2003 the Directors of the Tanzania Communications Regulatory Authority are responsible for the preparation of financial statements, which give a true and fair view of the Authority's' state of affairs and of the operating results. Our responsibility is to express an independent opinion based on our audit of the financial statements and report our opinion.

#### BASIS OF OPINION

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 are free from material misstatement. An audit includes examination on test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and judgements made by management in the preparation of the financial statements as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis of our opinion.

#### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Tanzania Communications Regulatory Authority as at 30<sup>th</sup> June, 2007, the results of its operations, the changes in equity and the cash flows for the year then ended, in accordance with the International Financial Reporting Standards, Public Finance Act, 2001, Section 44(1) of Public Procurement Act, 2004 and the Public Corporations Act, 1992 (as amended).

**TAC ASSOCIATES** (*Certified Public Accountants*)

**S.F. SAYORE - FCCA**  
**MANAGING PARTNER**

**DAR ES SALAAM**

DATE: .....

**BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2007**

ASSETS	NOTE	30.06.2007 TZS	30.06.2006 TZS
<b>Non Current Assets</b>			
Property, Plant and Equipment (Net)	2	28,633,604,222	8,314,273,226
Intangibles	3	<u>188,746,390</u>	<u>269,698,195</u>
		<b>28,822,350,612</b>	<b>8,583,971,421</b>
<b>Current Assets</b>			
Regulatory and Other Receivables	4	<u>6,319,965,292</u>	<u>4,061,543,007</u>
Prepayments		295,628,857	66,917,913
Staff Receivables	5	358,513,038	229,430,376
Cash and Bank Balances	6	<u>7,170,387,957</u>	<u>24,461,909,562</u>
		<u>14,144,495,144</u>	<u>28,819,800,858</u>
<b>TOTAL ASSETS</b>		<b><u>42,966,845,756</u></b>	<b><u>37,403,772,279</u></b>
<b>EQUITY AND LIABILITES</b>			
<b>Equity</b>			
Capital Investment Fund	7	18,508,157,344	18,508,157,344
General Reserve	8	0	0
Universal Service Fund	9	909,640,800	709,640,800
Special Fund Account	10	19,720,403,119	17,054,491,843
Revaluation Reserve	11	<u>2,178,966,824</u>	<u>843,270,205</u>
<b>Total Equity</b>		<b>41,317,168,087</b>	<b>37,115,560,192</b>
<b>Current Liabilities:</b>			
Accounts Payable	12	<u>1,636,477,669</u>	<u>276,212,087</u>
Provision for Audit Fees Payable		13,200,000	12,000,000
<b>Total Liabilities</b>		<u>1,649,677,669</u>	<u>288,212,087</u>
<b>TOTAL EQUITY AND LIABILITES</b>		<b><u>42,966,845,756</u></b>	<b><u>37,403,772,279</u></b>

*Notes 1 to 22 form part of these financial statements.*

*Auditors Report on page 7*

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**CHAIRMAN**

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**DIRECTOR**

**DATE: .....**

## INCOME STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2007

	NOTE	2006/2007 TZS	2005/2006 TZS
<b>INCOME</b>			
Regulatory Income	13	17,268,034,393	16,381,578,022
Other Income	14	<u>1,803,197,220</u>	<u>2,030,205,108</u>
		<b>19,071,231,613</b>	<b>18,411,783,130</b>
 <b>LESS: EXPENDITURE</b>			
Personnel Expenses	15	<u>3,538,695,081</u>	<u>2,588,714,329</u>
Operating Expenses	16	<u>7,129,028,364</u>	<u>4,714,782,658</u>
Contributions to International Organisations	17	768,991,618	233,451,398
Depreciation	2	612,768,469	233,339,711
Amortisation	3	80,951,805	80,951,805
Audit Fees and Expenses		13,200,000	13,200,000
<b>TOTAL EXPENDITURE</b>		<u><b>12,143,635,337</b></u>	<u><b>7,864,439,901</b></u>
Surplus/(Deficit) for the year Transferred to General Reserve		<u><b>6,927,596,276</b></u>	<u><b>10,547,343,229</b></u>

*Notes 1 to 22 form part of these financial statements.  
Auditors Report on page 7.*

  
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**CHAIRMAN**

  
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**DIRECTOR**

**DATE:**

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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2007**

PARTICULARS	Capital Investment Fund	General Reserve	Revaluation Reserve	Universal Service Fund	Special Fund	TOTAL
	TZS.	TZS.	TZS.	TZS.	TZS.	TZS.
Balance as at 1.07.2005	18,508,157,344	837,299,114				
Surplus for the Year Ended 30.06.2006	0	10,547,343,229	0	0	0	10,547,343,229
Contribution to Bagamoyo-Msata Road Fund	0	(3,000,000,000)	0	0	0	(3,000,000,000)
Property, Plant & Equipment Revaluation Adjustment	0	0	318,330,091	0	0	318,330,091
Capital Work in Progress Adjustment	0	0	(495,615,804)	0	0	(495,615,804)
Adjustment to Intangible Assets	0	162,337,500	0	0	0	162,337,500
Transfer to Universal Fund	0	(200,000,000)	0	200,000,000	0	0
Transfer to Special Fund	0	(8,346,979,843)	0	0	8,346,979,843	0
<b>Balance as at 30.06.2006</b>	<b>18,508,157,344</b>	<b>0</b>	<b>843,270,205</b>	<b>709,640,800</b>	<b>17,054,491,843</b>	<b>37,115,560,192</b>
Balance as at 1.07.2007	18,508,157,344	0	843,270,205	709,640,800	17,054,491,843	37,115,560,192
Surplus for the Year Ended 30.06.2007	0	6,927,596,276	0	0	0	6,927,596,276
Contribution to Mwanza Airport Rehabilitation Project	0	(4,061,685,000)	0	0	0	(4,061,685,000)
Property, Plant & Equipment Revaluation Adjustment	0	0	1,335,696,619	0	0	1,335,696,619
Transfer to Universal Fund	0	(200,000,000)	0	200,000,000	0	0
Transfer to Special Fund	0	(2,665,911,276)	0	0	2,665,911,276	0
<b>Balance as at 30.06.2007</b>	<b>18,508,157,344</b>	<b>0</b>	<b>2,178,966,824</b>	<b>909,640,800</b>	<b>19,720,403,119</b>	<b>41,317,168,087</b>

Notes 1 to 22 form part of these financial statements. Auditors report on page 7.



CHAIRMAN



DIRECTOR

DATE:

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2007

	2006/2007	2005/2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
	TZS	TZS
Surplus for the Year	6,927,596,276	10,547,343,229
<b>Add: Adjustment for Non Cash Items</b>		
Depreciation	612,768,469	233,339,711
Amortization of Intangible Assets	80,951,805	80,951,805
(Gain)/Loss on Disposal of Non Current Assets	0	14,239,415
	<u>693,720,274</u>	<u>328,530,931</u>
Operating Surplus/(Deficit) Before Changes Of Working Capital Items	7,621,316,550	10,875,874,160
<b>Changes of Working Capital Items:</b>		
(Increase)/Decrease in Regulatory and Other Receivables	(2,258,422,285)	(1,135,940,415)
(Increase)/Decrease in Prepayments	(228,710,944)	20,042,946
(Increase)/Decrease in Staff Receivables	(129,082,662)	(22,882,370)
Increase/(Decrease) in Accounts Payable	1,360,265,582	(199,426,759)
Increase/(Decrease) in Audit Fee Payable	1,200,000	3,000,000
Net Changes in Working Capital Items	<u>(1,254,750,309)</u>	<u>(1,335,206,598)</u>
<b>Net Cash Flows Generated ` From (Used in) Operating Activities [A]</b>	6,366,566,241	9,540,667,562
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:</b>		
Acquisition of Non Current Assets	(19,596,402,846)	(4,270,819,771)
Adjustment of Computer Equipment	0	28,123,594
Proceeds on Disposal of Non Current Assets	0	8,055,337
<b>Net Cash Flows Generated From/(Used in) Investing Activities [B]</b>	(19,596,402,846)	(4,234,640,840)
<b>CASH FLOWS FROM /(USED IN) FINANCING ACTIVITIES:</b>		
Contribution to Rehabilitation Mwanza Airport/ Bagamoyo - Msata Road Fund [C]	(4,061,685,000)	(3,000,000,000)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C]</b>	(17,291,521,605)	2,306,026,722
Cash and Cash Equivalents at the Beginning of the Year	<u>24,461,909,562</u>	<u>22,155,882,840</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>7,170,387,957</u>	<u>24,461,909,562</u>

Notes 1 to 22 form part of these financial statements.  
Auditors Report on page 7.

  
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**CHAIRMAN**

  
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**DIRECTOR**

DATE:.....

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## NOTES ON THE ACCOUNTS

### NOTE 1: PRINCIPAL ACCOUNTING POLICIES

#### 1.1 Basis of Accounting

These financial statements of the Tanzania Communications Regulatory Authority have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, plant and equipment and motor vehicles at fair value through income statement. No adjustments have been made for inflationary factors affecting the accounts.

#### 1.2 Property, Plant and Equipment

The Authority's land and buildings comprise of the head office building property on Plot No.304 Nkomo/Ali Hassan Mwinyi Road, Upanga East, Mikocheni frequency Management Centre Building on Plot No.717/3 Block D Mikocheni and the residential house on Plot No 326 Ruvu Street Msasani in Dar es Salaam. Land and buildings are shown at fair value based on valuations by external independent Valuers, M/S Ardhi University (formerly UCLAS) carried out on 30<sup>th</sup> June, 2007. Plant and equipment are also stated at fair value based on the same revaluation. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the assets carrying amounts or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Authority and costs of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure account during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are credited to revaluation reserve in the owner's equity. Decreases that offset previous increases on the same asset are charged against fair value reserves directly in equity, all other decreases are charged to income statement.

## Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write off the cost of each asset value over its estimated useful life at a given rate per annum as detailed below: -

Asset Category	Rate Per Annum
Buildings	3%
Frequency Monitoring Equipment	20%
Motor Vehicles	20%
Furniture, Fittings and Fixtures	10%
Office Equipment	10%
Computers and Accessories	33%
Motor Cycles	10%
Generators	10%

Depreciation is charged on assets from the date when they are ready for use and stop on the date when the asset is derecognised by the Authority.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gain and losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited /charged to income statement.

Expenditures on tools, books and other minor assets are written off during the year of acquisition. However, they are recorded in memoranda registers.

### 1.3 Intangibles Assets

The Authority's intangible assets comprises of computer software. They are carried at cost less accumulated amortisation and any impairment losses. Their residue value is zero.

Intangible assets are derecognised when no future economic benefits are expected from their use.

Amortisation on intangible assets is provided for on a straight line method to write off their cost over their expected economic useful lives. Amortisation commences when the asset is available for use.

#### **1.4 Provision for Impairment of Receivables**

Receivables are recognized initially at fair value and subsequently measured at value less provision for bad and doubtful debts. Specific provision is made in the financial statements against receivables considered to be doubtful of recovery.

#### **1.5 Foreign Currency Transactions**

##### **(i) Functional and Presentation Currency**

The financial statements are presented in Tanzania Shillings, which is the Authority's functional and presentation currency.

##### **(ii) Transactions and Balances**

Foreign currency transactions are translated into Tanzanian shillings at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the year end expressed in foreign currencies are translated into Tanzanian shillings at the rates of exchange ruling at the end of the financial year. The resultant gains/losses on exchange rate translations are dealt with in the income statement.

#### **1.6 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at face value. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand; deposits held on call and fixed deposits.

#### **1.7 Income Recognition**

Income is recognized on accrual basis of accounting. Income is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Authority.

#### **1.8 Provisions**

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Authority expects a provision to be reimbursed, for example under insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

## **1.9 Employees Benefits**

### **(i) Retirement Benefits**

In accordance with the provisions of Section 58 (6) of TCRA Act No.12 of 2003, the Tanzania Communications Regulatory Authority has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension schemes in force which the Authority contributes include the Parastatal Pensions Fund (PPF), the National Social Security Fund (NSSF) and Public Service Pensions Fund (PSPF) depending on terms of employment. In addition, the Authority makes provision for gratuity payable to officers serving on contract terms under the provisions of Section 14 of the TCRA Act No. 12 of 2003.

Contributions to these funds are recognised as an expense in the period the employees render the related services.

### **(ii) Short Term Benefits**

The cost of all short-term employee benefits such as salaries, employees entitlements to leave pay, medical care, long service award, other contributions, etc are recognised during the period in which the expense is incurred in respect of the service rendered.

### **(iii) Termination Benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits.

The Authority recognises termination benefits when it is constructively obliged to either terminate the employment of the current employees according to detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

**NOTE 2: PROPERTY, PLANT AND EQUIPMENT**

<b>PARTICULARS</b>	<b>Land</b>	<b>Buildings</b>	<b>Frequency Monitoring Equipment</b>	<b>Motor Vehicles</b>	<b>Furniture And Fittings</b>	<b>Office Equipment</b>	<b>Computers</b>	<b>Generators</b>	<b>Work in Progress (NOTE 2A)</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>TZS.</b>	<b>TZS.</b>
<b>COST/VALUATION</b>										
As at 01.07.2006	785,000,000	1,585,100,000	486,000,000	682,580,000	101,263,000	128,233,000	100,829,000	38,995,000	4,406,273,226	8,314,273,226
Additions	0	0	3,629,348,793	841,613,080	35,693,947	17,980,613	197,330,650	0	14,874,435,763	19,596,402,846
Transfers/Reclassification	0	0	11,367,520	0	0	0	0	0	(11,367,520)	0
Revaluation Adjustments	88,300,000	0	873,283,687	(154,563,827)	12,361,053	(460,113)	(144,099,650)	48,107,000	0	722,928,150
<b>COST/VALUATION As at 30.06.2007</b>	<b>873,300,000</b>	<b>1,585,100,000</b>	<b>5,000,000,000</b>	<b>1,369,629,253</b>	<b>149,318,000</b>	<b>145,753,500</b>	<b>154,060,000</b>	<b>87,102,000</b>	<b>19,269,341,469</b>	<b>28,633,604,222</b>
<b>ACCUMULATED DEPRECIATION</b>										
As at 01.07.2006	0	0	0	0	0	0	0	0	0	0
Charge for the Year	0	47,553,000	276,663,678	203,439,145	12,143,701	13,657,059	55,412,386	3,899,500	0	612,768,469
Revaluation Adjustment	0	(47,553,000)	(276,663,678)	(203,439,145)	(12,143,701)	(13,657,059)	(55,412,386)	(3,899,500)	0	(612,768,469)
<b>ACCUMULATED DEPRECIATION As at 30.06.2007.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET BOOK VALUE As at 30.06.2007</b>	<b>873,300,000</b>	<b>1,585,100,000</b>	<b>5,000,000,000</b>	<b>1,369,629,253</b>	<b>149,318,000</b>	<b>145,753,500</b>	<b>154,060,000</b>	<b>87,102,000</b>	<b>19,269,341,469</b>	<b>28,633,604,222</b>
<b>NET BOOK VALUE As at 30.06.2006</b>	<b>785,000,000</b>	<b>1,585,100,000</b>	<b>486,000,000</b>	<b>682,580,000</b>	<b>101,263,000</b>	<b>128,233,000</b>	<b>100,829,000</b>	<b>38,995,000</b>	<b>4,406,273,226</b>	<b>8,314,273,226</b>

**NOTE 2A: CAPITAL WORK IN PROGRESS**

Capital work in progress amount of TZS 19,269,341,469 as at 30<sup>th</sup> June, 2007, represent amount spent on construction of the TCRA Head Office and Commercial Complex at plot No.2005/5 Block C at Sinza in Dar es Salaam and the extension of additional TCRA office on plot No.771/3 at Mikocheni in Dar es Salaam.

**NOTE 3: INTANGIBLE ASSETS****Computer  
Software  
TZS****Cost**As at 1<sup>st</sup> July, 2006

350,650,000

Additions

0**Cost as at 30<sup>th</sup> June, 2007****350,650,000****Less: Amortisation**Accumulated as at 1<sup>st</sup> July, 2006

80,951,805

Charge for the Year

80,951,805**Accumulated as at 30<sup>th</sup> June, 2007****161,903,610****Net Book Value as at 30<sup>th</sup> June, 2007****188,746,390****NOTE 4: REGULATORY AND OTHER  
RECEIVABLES****30.06.2007  
TZS**30.06.2006  
TZS

Regulatory Receivables

**6,387,793,262**

8,365,990,682

Other Receivables

**17,457,030**18,512,030**6,405,250,292**

8,384,502,712

**Less:** Provision for Bad and  
Doubtful Debts**85,285,000**

4,322,959,705

**TOTAL****6,319,965,292**4,061,543,007**NOTE 5: STAFF RECEIVABLES:**

Staff Loans

**197,136,433**

113,110,163

Staff Advances

**150,707,220**

118,992,733

Staff Imprests

**10,669,385**(2,672,520)**TOTAL****358,513,038**229,430,376**NOTE 6: CASH AND BANK BALANCES**

Petty Cash Account

**44,300**

251,750

Standard Chartered Bank Account  
- Local**423,566,641**

5,244,079,642

Standard Chartered Bank Account  
- Forex**78,269,575**

2,803,837,224

Rural Development Account

**200,000,000**

0

NBC Corporate Branch A/C -Forex

**0**

23,458

NBC Corporate Branch A/C -Local

**0**

36,400

Stanbic Bank Account - Local

**(1,084,441,157)**

9,032,856

Stanbic Bank Account - Forex

**131,066,831**

0

Staff Revolving Fund Bank A/C

**89,757,867**

201,645,459

Fixed Deposits

**7,204,344,142**

16,203,002,773

TCRA Special Account

**5,000,000**

0

TCRA Capital Investment

**5,000,000**

0

Collection Accounts – Branches

**93,993,827**

0

Zonal Operating Bank Accounts

**23,785,931**0**TOTAL****7,170,387,957**24,461,909,562

**NOTE 7: CAPITAL INVESTMENT FUND**

Capital Investment Fund account is composed of the following: -

	<b>30.06.2007 TZS</b>	30.06.2006 TZS
Net Assets Inherited From TCC	<b>18,504,678,508</b>	18,504,678,508
Net Assets Inherited From TBC	<u>113,119,636</u>	<u>113,119,636</u>
	<b>18,617,798,144</b>	18,617,798,144
Less: Universal Service Fund	<u>109,640,800</u>	<u>109,640,800</u>
<b>TOTAL</b>	<b><u>18,508,157,344</u></b>	<b><u>18,508,157,344</u></b>

**NOTE 8: GENERAL RESERVE**

Balance Brought Forward	<b>0</b>	837,299,114
<b>Add:</b> Surplus For the Period	<b>6,927,596,276</b>	10,547,343,229
Intangible Assets Adjustment	<u>0</u>	<u>162,337,500</u>
<b>Sub-Total</b>	<b>6,927,596,276</b>	11,546,979,843
<b>Less:</b> Appropriations:		
Transfer to Universal Service Fund	<b>200,000,000</b>	200,000,000
Contribution to Mwanza Airport Rehabilitation Project	<b>4,061,685,000</b>	0
Contribution to Bagamoyo-Msata Road Fund	<b>0</b>	3,000,000,000
Transfer to Special Fund	<b>2,665,911,276</b>	8,346,979,843
	<u>6,927,596,276</u>	<u>11,546,979,843</u>
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>0</u></b>

**NOTE 9: UNIVERSAL SERVICE FUND**

This is a reserve established as a sinking fund to be transferred to the Universal Communications Service Access Fund (UCSAF) in pursuance of the provisions of Section 4 of UCSAF Act No. 12 of 2006. Universal Service Fund is composed of the following: -

	<b>30.06.2007 TZS</b>	30.06.2006 TZS
Balance Brought Forward	<b>709,640,800</b>	509,640,800
Transfer from General Reserve	<u>200,000,000</u>	<u>200,000,000</u>
<b>TOTAL</b>	<b><u>909,640,800</u></b>	<b><u>709,640,800</u></b>

**NOTE 10: SPECIAL FUND ACCOUNT- TZS 19,720,403,119**

The balance of TZS 19,720,403,119 as at 30<sup>th</sup> June,2007 represent amount set aside from the Authority's surplus funds to be used for

specific purposes as provided under Section 50(2) 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 11: REVALUATION RESERVE**

Revaluation Reserve represents total net surpluses that arose from valuations of the Authority's Property and Equipment conducted by M/S Ardhi University (Qualified Property Valuers) on 30<sup>th</sup> June,2004, 30<sup>th</sup> June,2006 and 30<sup>th</sup> June,2007.The basis of valuations were market value for land and building properties and depreciated replacement costs for other assets. The movement of revaluation reserve account during the year ended 30<sup>th</sup> June, 2007 was as follows:

<b>Particulars</b>	<b>TZS</b>
Balance as at 1 <sup>st</sup> July,2006	843,270,205
Net Valuation Surplus on Valuation Conducted During the Year 2006/2007	<u>1,335,696,619</u>
<b>Balance as at 30<sup>th</sup> June,2007</b>	<b><u>2,178,966,824</u></b>

The revaluation reserve amount is not available for any appropriation.

<b>NOTE 12: PAYABLES</b>	<b>30.06.2007 TZS</b>	30.06.2006 TZS
Sundry Payables	<b>292,092,989</b>	17,230,742
Retention Money	<b>559,656,133</b>	0
Accrued Expenses	<b><u>784,728,547</u></b>	<u>258,981,345</u>
<b>TOTAL</b>	<b><u>1,636,477,669</u></b>	<u>276,212,087</u>

<b>NOTE 13: REGULATORY INCOME</b>	<b>2006/2007 TZS</b>	2005/2006 TZS
Network Facility Services (NF)	<b>1,725,063,125</b>	1,607,338,062
Network Services (NS)	<b>7,053,742,064</b>	7,305,922,367
Application Services (AP)	<b>441,512,617</b>	382,239,967
Content Services Licenses (CLS)	<b>453,224,513</b>	412,878,780
Postal License (PL)	<b>220,767,000</b>	122,350,427
Installation & Maintenance (I&M)	<b>34,652,500</b>	29,965,500
Import & Distribution (I&D)	<b>25,825,000</b>	18,779,000
Radio Frequency Spectrum User		

Fees (RFS)	<b>6,136,452,45</b>	5,837,403,91
	<b>4</b>	9
Numbering Resources (NR)	<b><u>1,176,795,12</u></b>	<u>664,700,000</u>
	<b>0</b>	
<b>TOTAL</b>	<b><u>17,268,034,39</u></b>	<u>16,381,578,02</u>
	<b><u>3</u></b>	<u>2</u>

**NOTE 14: OTHER INCOME**

Interest Income	<b>1,611,499,606</b>	1,540,051,692
Gain on Foreign Exchange Fluctuations	<b>65,425,496</b>	452,434,258
Miscellaneous Income	<b><u>126,272,118</u></b>	<u>37,719,158</u>
<b>TOTAL</b>	<b><u>1,803,197,220</u></b>	<u>2,030,205,108</u>

**NOTE 15: PERSONNEL EXPENSES**

	<b>2006/2007</b>	2005/2006
	<b>TZS</b>	TZS
Salaries and Wages	<b>1,975,870,373</b>	1,530,770,903
Employer's Contribution to Social Security Funds	<b>227,071,976</b>	187,000,115
Staff Welfare	<b>100,783,420</b>	54,664,100
House Allowances	<b>384,857,092</b>	320,039,206
Transport Allowance	<b>172,817,323</b>	84,864,287
Domestic Servant Allowance	<b>12,000,000</b>	8,880,000
Travelling on Leave	<b>85,357,540</b>	48,300,780
Medical Expenses	<b>76,071,013</b>	41,778,025
Chronic Ailments	<b>17,231,279</b>	47,209,638
Uniforms	<b>28,731,669</b>	25,070,000
Pension and Terminal Benefits	<b>308,668,996</b>	95,791,075
Burial Expenses	<b>4,500,000</b>	1,500,000
Recruitment Expenses	<b>102,296,400</b>	138,729,250
Long Service Awards	<b><u>42,438,000</u></b>	<u>4,116,950</u>
<b>TOTAL</b>	<b><u>3,538,695,081</u></b>	<u>2,588,714,329</u>

**NOTE 16: OPERATING EXPENSES**

Travelling on Duty - Local	<b>201,059,808</b>	131,839,167
Travelling on Duty - Abroad	<b>272,499,198</b>	246,012,033
Industrial Relations/Hospitality	<b>67,074,854</b>	43,554,739
Stationery and Printing	<b>105,267,535</b>	57,320,736
Advertising	<b>67,514,897</b>	25,856,805
Publicity	<b>333,931,284</b>	156,413,960
Newspapers, Books and Periodicals	<b>29,558,193</b>	18,410,089
Telephones, Faxes & Telex Expenses	<b>203,660,852</b>	129,619,825
Content Monitoring	<b>110,560,672</b>	48,141,746
Postage and Courier Services	<b>8,333,122</b>	1,727,662
Water Charges	<b>6,780,997</b>	8,081,462

Electricity	<b>100,980,971</b>	48,097,114
Donations	<b>281,833,300</b>	181,815,482
Office Rent	<b>56,692,200</b>	34,619,689
Security	<b>32,685,267</b>	30,600,000
Fumigation	<b>4,068,150</b>	8,435,560
Repairs of Office & Fire Fighting Equipment	<b>45,453,575</b>	21,139,545
Repairs of Office & Residential Buildings	<b>108,468,377</b>	44,930,489
Maintenance of Postal Achieves	<b>0</b>	14,152,750
Post Code Project Expenses	<b>39,352,725</b>	0
Board Members Expenses	<b>481,422,172</b>	451,319,000
Directors Fees	<b>21,000,000</b>	14,000,000
Training	<b>876,782,975</b>	560,753,024
Seminars and Workshops	<b>286,835,502</b>	204,901,043
Conference and Meetings Expenses	<b>880,497,818</b>	753,797,268
Motor Vehicle Running Expenses	<b><u>63,511,856</u></b>	<u>25,926,461</u>
<b>Subtotal Carried Down</b>	<b><u>4,685,826,30</u></b>	<u>3,261,465,64</u>
	<b><u>0</u></b>	<u>9</u>

<b>NOTE 16: OPERATING EXPENSES (CONT'D)</b>	<b>2006/2007 TZS</b>	<b>2005/2006 TZS</b>
<b>Subtotal Brought Down</b>	<b>4,685,826,300</b>	3,261,465,649
Fuel and Oil	<b>44,328,045</b>	33,915,178
Consultancy Fees	<b>199,222,930</b>	42,715,140
Insurance Premia	<b>38,419,600</b>	28,342,477
Bank Charges	<b>31,339,620</b>	15,594,796
Field and Inspection Expenses	<b>175,764,450</b>	53,622,852
General Expenses	<b>31,985,364</b>	24,761,326
Revenue Collection Expenses	<b>22,220,000</b>	23,201,100
Review Panel Expenses	<b>6,672,000</b>	1,268,400
Complaints Committee Expenses	<b>40,594,350</b>	8,907,000
Sectoral/Management Meetings	<b>56,645,250</b>	17,776,061
Content Committee	<b>97,171,015</b>	90,974,133
Land Rent	<b>1,182,756</b>	3,000,000
Finance and Audit Committee	<b>17,714,500</b>	0
Nomination Committee Expenses	<b>21,324,400</b>	0
Research and Development	<b>228,653,250</b>	28,264,628
Study Groups Expenses	<b>428,664,905</b>	219,120,265
Planning and Budgeting Expenses	<b>72,395,300</b>	35,685,310
Office Cleaning	<b>30,629,649</b>	21,202,092
Inquiry Expenses	<b>18,352,560</b>	157,253,967
Performance Audit Charges	<b>3,340,000</b>	271,465,969
Legal Charges	<b>8,945,700</b>	3,470,000
Contribution to TCRA Consumer Consultative Council	<b>252,999,730</b>	324,000,000
Games and Sports	<b>22,850,500</b>	1,835,400
Loss on Disposal of Non Current Assets	<b>0</b>	14,239,415
Emergency Cell Centre (Police)	<b>522,786,350</b>	0
License Processing Expenses	<b>15,259,840</b>	0
Tender Board Expenses		<u>32,701,500</u>
	<b><u>53,740,000</u></b>	
<b>TOTAL</b>	<b><u>7,129,028,364</u></b>	<b><u>4,714,782,658</u></b>

**NOTE 17: CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS**

Pan African Postal Union	<b>31,495,575</b>	28,975,929
African Telecommunication Union	<b>33,971,250</b>	31,253,550
International Telecommunication Union	<b>73,169,830</b>	44,934,146
Universal Postal Union	<b>20,832,264</b>	20,502,143
Commonwealth Telecomm Organisati	<b>40,042,140</b>	42,438,280

Communication Regulators Association for Southern Africa	<b>24,700,000</b>	19,550,000
Commonwealth Broadcasting Association	<b>9,361,634</b>	0
Digital Solidarity Fund	<b>489,318,925</b>	0
ACRAN	<b>0</b>	500,000
African Advanced Level Telecommunication Institute	<b><u>46,100,000</u></b>	<u>45,297,350</u>
<b>TOTAL</b>	<b><u>768,991,618</u></b>	<u>233,451,398</u>

**NOTE 18: TAXATION**

Tanzania Communications Regulatory Authority is a Government Agency, thus it is exempted from payment of direct tax except VAT and other duties payable by other government departments as per Second Schedule of Income Tax Act, 2004.

**NOTE 19: CAPITAL COMMITMENTS**

There were capital commitments as at 30<sup>th</sup> June, 2007 of TZS 17,197,422,000 for construction of the Authority's permanent head office and commercial complex building in Dar es Salaam, the acquisition of one mobile frequency equipment, acquisition of content monitoring equipment and TCRA contribution towards construction of Bagamoyo-Msata Road Fund and rehabilitation of Mwanza Airport.

**NOTE 20: CONTINGENT LIABILITIES**

There were no contingent liabilities as at 30<sup>th</sup> June, 2007.

**NOTE 21: ULTIMATE OWNER OF THE AUTHORITY**

The Government of the United Republic of Tanzania is the ultimate owner of the Authority.

**NOTE 22: COMPARATIVE FIGURES**

Certain comparative figures have been reclassified or restated where required or necessary, in accordance with the current year's classification and presentation.

## TANZANIA COMMUNICATION REGULATORY AUTHORITY (TCRA)

**Acronyms Used in the Budget 2006/2007**

Dot-TZ or tz	The Tanzania country code Top Level Domain
ATU	African Telecommunication Union
CcTLD	Country code Top Level Domain
ICANN	Internet Corporation Assigned Names and Numbers
GAC	Governmental Advisory committee of ICANN
EAC	East African Community
EARPTO Organisation	East African Regulatory, Posts and Telecommunication
EMC	Electromagnetic Compatibility
ENUM	Telecommunications Number Mapping
IMT-2000	International Mobile Telecommunications 2000
ICT	Information Telecommunication Technology
ITU-D	International Telecommunication Union-Development Sector
ITU-R	International Telecommunication Union- Radio Sector
ITU-T	International Telecommunication Union- Telecom Sector
IPv6	Internet Protocol Version 6
IXP	Internet Exchange Point
MCT	Multipurpose Community Tele-centre
TSAG	Telecommunication Standardisation Advisory Group
TDAG	Telecommunication Development Advisory Group
WSIS	World Summit on the Information society
TRASA	Telecommunications Regulators Associations of Southern Africa

NDC	National/Network Destination Code
SN	Subscriber Number
NIXP Networks	National Internet Exchange Point NGN Next Generation
OTAS	Online Type Approval System
RCC	Regional Radio- Communication Conference
WRC	World Radio Conference
SADC	southern Africa Development Community
RASCOM	Regional African Satellite Communications Organisation
NCCS Utilization	National Consultative Committee on Frequency spectrum
IMSO	International Mobile Satellite Organisation
NTFA	National Table of Frequency Allocation
GMDSS	Global Maritime Distress and safety Systems
CDMA	Code Division Multiple Access
IPG	Intercessional Planning Group
RPG	Regulatory Planning Group
IET	Institution of Engineers Tanzania
QoS	Quality of service
SATCC	Southern Africa Transport and Communication Committee
WTDC	World Telecommunication Development Conference
TCRA	Tanzania Communications Regulatory Authority
MoCT	Ministry of Communications & Transport
ICC	Interconnect Communication
TPSC	Tanzania Public Service College
KCCT	Kenya College of Communications Technology

UMI	Uganda Management Institute
ESAMI	Eastern & Southern Africa Management Institute
REDMA	Resource Development & Management Associates
AFRALTI	African Advance Advanced level Telecommunications Institute
ITU	International Telecommunications Institute
UPU	Universal Postal Union
IP3	Institute for Public Private Partnership
NetTel@AFRICA	SADC Network for Capacity Building and Knowledge Exchange in ICTs Policy & Regulation