



THE UNITED REPUBLIC OF TANZANIA
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED ON 30TH JUNE 2008

A large, abstract graphic dominates the bottom half of the cover. It features a prominent yellow and blue arc on the left side. In the center and right, there is a globe with circuitry patterns overlaid on it. The circuitry consists of white lines and nodes, resembling a network or data flow. The globe is rendered in shades of blue and green. The overall background is dark blue with some light blue streaks and a grid pattern at the top.

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THE UNITED REPUBLIC OF TANZANIA
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

Annual Report and Accounts for the Year Ended on 30th June 2008

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

- **Public Support in Review of Frequency Assignment:** the TCRA is the entity entrusted with the responsibility for management of radio frequency spectrum in Tanzania. The Authority's approach to regulation of the sector involves consultation with respective stakeholders before taking major decisions. In February 2008 TCRA won public support on the planned reassignment of frequencies in the VHF, UHF and HF bands. The commitment for cooperation was received at a consultative forum held in Dar-Es-Salaam on 18 February 2008.

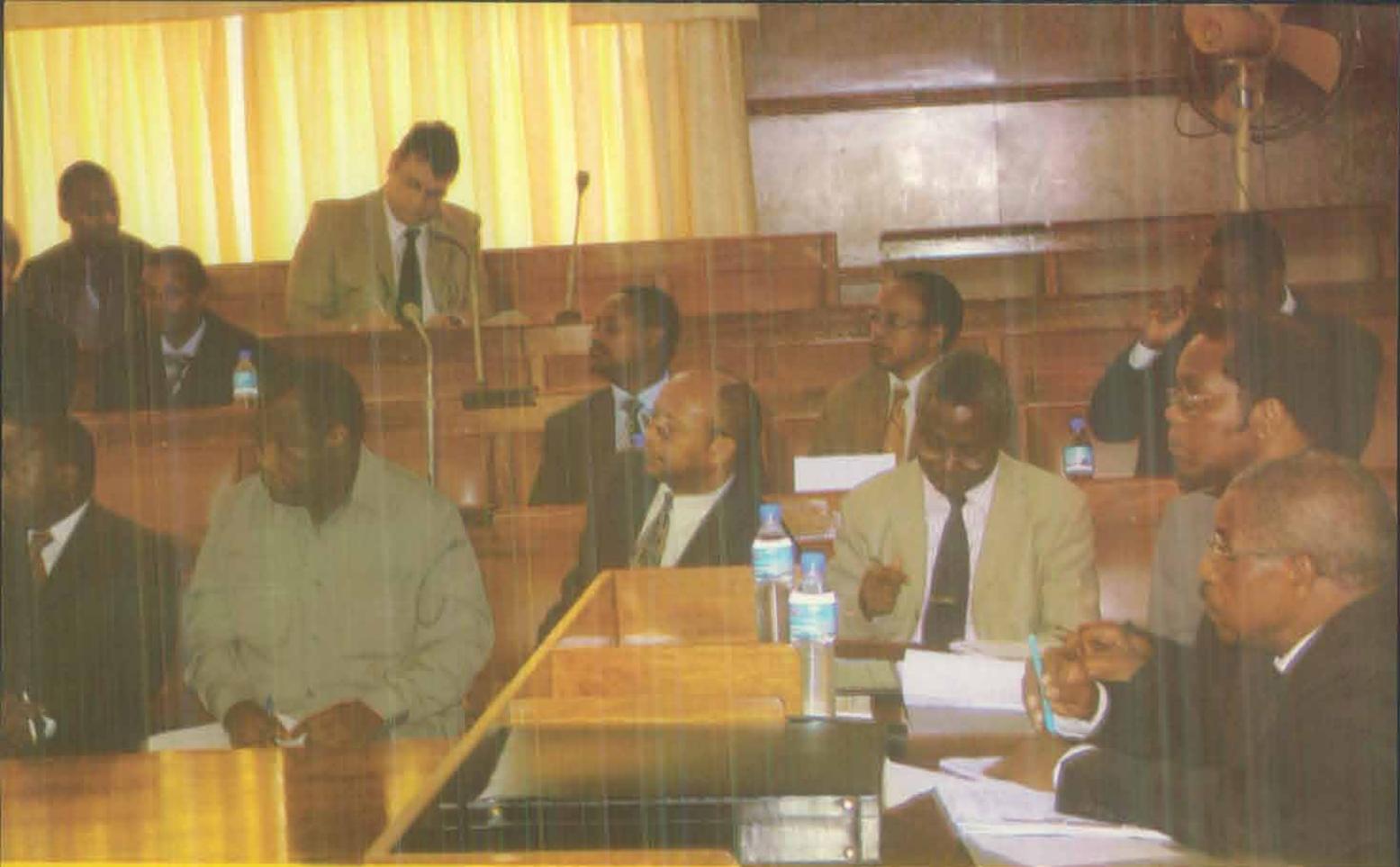


The Deputy Director for Spectrum Management Eng. Dennis Libena speaking at the Frequency Management Consultative Forum in Dar-Es-Salaam

- **Interconnection Determination revised:**

The Interconnection Determination No.1 of 2004 came to an end on 31/12/2007. Following a request by operators for the regulator's assistance in establishing a new mechanism to govern interconnection among networks the Authority conducted a study and issued a new interconnection regime.

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Herein above stakeholders following a presentation by the lead consultant during the public inquiry held at the Karimjee Hall in Dar-Es-Salaam

- **Migration from Analogue to Digital broadcasting receives stakeholders' support**

The broadcasting industry stakeholders have acknowledged government efforts to facilitate the migration from analogue to digital technology. This was expressed during the consultative workshop held in Dar-Es-Salaam on draft policy.



The Director of Broadcasting Affairs Mr. Ndalakwa Habbi Gunze giving a presentation on Code of Ethics for Public Broadcasting

- **Capacity Building Prioritised: Knowledge of Labour Laws emphasised**

Efficiency and Effectiveness of an organisation is dependent on the strategic action taken by Management to enhance the capacity of staff at various levels. TCRA being a learning organisation keeps her staff abreast of developments taking place in various sectors including law reforms taking place in the country.

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Members of Staff following attentively to the presentation on new labour laws at the Kilimanjaro Kempinsky Hotel in Dar-Es-Salaam

- **Visit by the Chief Executive Officer of CTO**

One of the fundamental duties of the TCRA is to represent Tanzania in international organisations responsible for promotion of development of information and communication technologies. In 2008 Dr. Ekwo Spio-Gabrah CEO of the Commonwealth Telecommunications Organisation visited Tanzania as part his familiarisation tour as well as express appreciation to the government of Tanzania for the latter's support to the CTO.



Dr. Ekwo Spio-Gabrah in discussion with representatives of the Tanzanian government at a working dinner hosted by the TCRA at Kilimanjaro Kempinsky Hotel



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DAR ES SALAAM

14th October 2009



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

Hon Prof. Peter M. Msola (MP),
Minister for Communications, Science and Technology,
DAR ES SALAAM

Honourable Minister,

RE: ANNUAL REPORT AND ACCOUNTS OF THE TANZANIA COMMUNICATIONS
REGULATORY AUTHORITY FOR THE YEAR ENDED ON 30TH JUNE 2008

In pursuance of the provisions of Section 53.-(1) of the Tanzania Communications Regulatory Authority Act No.12 of 2003, I have the honour to submit the Annual Report and Accounts of the Tanzania Communications Regulatory Authority for the year ended on 30th June 2008.

I apologise for the inordinate delay in submission of the report as the delay was due to reasons beyond our control.

The Report and Accounts serve to account for the activities performed by the Authority during the financial year 2007/08. 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 execution of the project of construction of the TCRA Headquarters building, review of the interconnection regime for telecommunications network of 2004; formulation of guidelines for migration from Analogue to Digital broadcasting; study on radio frequency radiation; implementation of pilot project on new physical address and post code; and licensing of new operators.

Hon. Minister, during the same period we had change in the composition of the Board following appointment of Dr. Suleiman Juma Omar to serve as Vice Chairman of the Board on 12th January 2008 to fill the vacancy left by Hon. Amina Mrisho Said whose term of office ended on 28th April 2007. In addition, term of office of Amb. Richard Mariki who was the Chairman of the Board ended on 28th April 2008.

In the international sphere Tanzania participated in the World Radiocommunication Conference organised by the International Telecommunication Union (ITU) held in Geneva Switzerland in October/November 2007.

Honourable Minister, through you I wish to express my heartfelt appreciation for my appointment to the position of Chairman of the TCRA Board. I believe that it is through you that my appointment by the President of the United Republic of Tanzania His Excellency Jakaya Mrisho Kikwete was processed successfully.

Also on behalf of the Board, Management and Staff I wish to convey our sincere gratitude to the government and your team at the Ministry for the support and guidance extended to us which made it possible to fulfil our obligation enshrined in the Tanzania Communications Regulatory Authority Act No. 12 of 2003, sector legislation and policies. In addition, we thank the Minister for Information, Culture and Sports Hon. George Mkuchika and his predecessor Hon. Mohamed Seif Khatibu and his deputy 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 the future as we implement the sector policies aimed at achieving the universal access and universal service goals.



Judge Buxton Chipeta
CHAIRMAN OF THE BOARD



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1.0 INTRODUCTION

During the financial year 2007/08 the Tanzania Communications Regulatory Authority (TCRA) continued to implement its planned development projects and operational activities drawn against the Strategic Plan 2006/07 to 2010/11. This enabled the Authority to fulfil its duties and functions enshrined in the Tanzania Communications Regulatory Authority Act No. 12 of 2003, sector policies and legislation. Members of the Board acknowledge the contribution of each member of staff and Management towards implementation of the action plan leading to realisation of our vision and mission.

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 30th June, 2008.

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 30th June, 2008 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: -

Name	Status	Nationality
Amb. Richard E. Mariki*	Chairman	Tanzanian
Dr. Suleiman J. Omar**	Vice Chairperson	Tanzanian
Prof. John S. Nkoma	Member	Tanzanian
Mr. Baruany E. Luhanga	Member	Tanzanian
Dr. Vuai Iddi Lila	Member	Tanzanian
Hon. Peter J. Serukamba (MP)	Member	Tanzanian

NB:* Term ended on 28th April 2008

** Appointed on 12th January, 2008 (now diseased)

4.0 PRINCIPAL ACTIVITIES

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

- Establishing a level playing field in order to promote effective competition and economic efficiency;
- Protecting the interests of consumers;
- Promoting the availability of regulated services to all consumers including low income, rural and disadvantaged consumers;
- Licensing and enforcing licence conditions of broadcasting, postal and 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 Construction of TCRA Headquarters Building

Implementation of TCRA Headquarters Building that started in 2006/07 financial year continued as planned. However, there were notable bottlenecks that affected the pace of execution including frequent water and power disruption, shortage of cement supply, and delay by the Kinondoni District Council to process subdivision of Plot 2005/5 Block "C" Sinza where the proposed building is located. In spite of all these by end of the reporting period construction of physical structures had completed and finishing was in progress.

5.2 Licensing

During the year 2007/08 the Authority continued to implement the Converged Licensing Framework with Celtel one of the major operators migrating to the converged licensing regime. In addition, new investors were granted licences to operate in Tanzania. Licences issued were as follows:-

5.3 Spectrum Management

Demand for radio frequency spectrum continued to be a major issue in the industry. In view of this the Board in February 2008 resolved to suspend licensing until a study on telecommunications market is completed in order to determine the number of operators who require frequencies that can be accommodated by the market.

5.4 Broadcasting Services

In 2007/08 the Authority initiated the process of licensing of Multiplexing Operators (MUX) in order to facilitate migration from analogue to digital terrestrial broadcasting. Also the Authority issued a consultation document on the proposed Code of Ethics for Community Broadcasting. The Authority intends to issue code of ethics covering all segments of broadcasting in order to ensure that operators observe the rules and regulations governing production and dissemination of content in the country.



6.6 Postal Affairs

TCRA continued to coordinate implementation of the pilot project for the proposed Physical Address and Post Code Project in Arusha. In addition, by end of the reporting period initial process was started to commence other pilot projects in Dodoma and Moshi.



Deputy Director for Postal affairs Mr. Haruni Lemanya giving a presentation on the New Addressing and Postcode system at a workshop during the World Post Day at Royal Palm Hotel in Dar-Es-Salaam

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.

Although we registered good progress in our bid to promote good industrial relations in the organisation the Communications Workers Union branch experienced a setback as the leadership resigned following withdrawal by a majority of its membership. The main reason attributed to withdrawal has been very high rates of membership contribution. Efforts by Management to encourage them to maintain their membership have failed to bear fruits.

6.2 Medical Care Services

In response to great demand by members of staff and following recommendation by the Procurement Management Unit the TCRA Tender Board approved extension of the Contract for provision of health services to M/S AAR Health Services for another year. Also, 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 2007/08 a total of TZS 93,052,453.00 was spent towards implementation of both policies.

7.0 CAPACITY BUILDING

TCRA acknowledges that the human resources are its linchpin that needs to be continuously improved in order to enhance the level of service delivery and fulfil the Authority's duties and responsibilities stipulated in the Tanzania Communications Regulatory Authority Act No. 12 of 2003. In recognition of this the Authority has identified human resources development as one of the priority areas for investment. In order to achieve this objective the training expenditure was increased from TZS 876,782,975 in 2006/07 to TZS 1,287,300,240 in 2007/08. This facilitated implementation of the annual capacity building programme where four (4) 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, finance and corporate 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

In fulfilment of the principles of corporate governance TCRA has since its 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 being part of its corporate social responsibility policy. In 2007/08 the Authority participated in implementation

of a number of social and economic development initiatives throughout the country. This include 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 required by respective institutions; establishment of community telecentres and others. The Authority's contribution towards such initiatives was **TZS 370,703,252**.



The Director General Prof. John S. Nkoma handing over one of the computers donated to the Airport Police to facilitate processing, management and retrieval of security information of passengers departing and arriving at Julius Nyerere International Airport.

10.0 FINANCIAL PERFORMANCE

During the financial year 2007/08 it was budgeted that the Authority would earn TZS 25,324,083,900. However, the actual revenue earned was TZS 27,263,719,000. This is equivalent to 2.6% 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 income from Content and Application services fees continued to be far below the expectation because licences planned to be issued were not effected due to the lengthy process involved in selection of firms to be issued with the Multiplex operating licences. In addition, licence fees charged to service providers is too low to meet the actual cost of regulating them.

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 2007/08 from TZS. **15,592,553,000** in 2006/07 to **TZS 18,161,993,000** which is equivalent to 97 % of the approved budget of **TZS.18,723,123,770**. The Management is commended for its success in instituting efficient budgetary control.

On capital investment the Authority spent **TZS 8,004,789,000** on implementation of projects carried forward from the previous years as well as new ones approved in 2007/08 annual plan and budget. Key projects include construction of the TCRA Headquarters building (the Mwasiliano Towers), four mobile frequency monitoring stations, automatic mail quality measurement equipment and expansion of the Frequency Management Centre Building at Mikocheni.

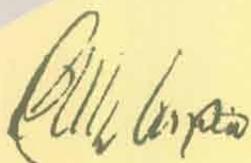
11.0 SOLVENCY

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 30th June, 2007 is set out on page 77. 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 13,688,617,000** and annual net surplus of **TZS 9,101,726,000**.

12.0 INDEPENDENT AUDITORS

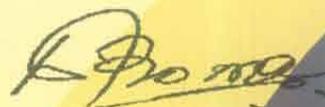
In exercise of powers conferred upon him under the Public Finance Act 2004 the Controller and Auditor General (CAG) appointed M/S Innovex to audit the 2007/08 accounts of the Authority.

BY ORDER OF THE BOARD



CHAIRMAN

DATE: 14th July, 2009



DIRECTOR

3.0 OPERATIONAL REVIEW BY THE DIRECTOR GENERAL

3.1 INTRODUCTION

- 3.1.1 The operating year 2007/08 was the fourth year since establishment of the TCRA and the first year full year that the Strategic Plan 2006/07 to 2010/2011 was implemented. In pursuance of the Authority's duties and responsibilities as stipulated in the TCRA Act 2003 and the key objectives set out in the Strategic Plan the Authority formulated and implemented an Action Plan and Budget that addressed all regulatory and operational issues. 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 2007/08 was construction of the TCRA Headquarters building. Until end of the financial year 2007/08 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) held in Geneva in October/November 2007. Our officers participated 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 2007/08 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 2007/08. Comparison of year 2007/08 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 30TH JUNE 2006

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

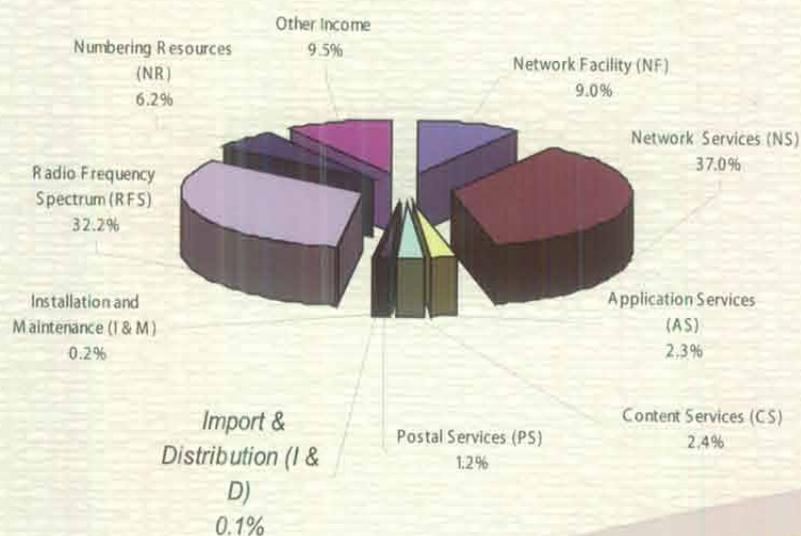
3.1.5 Broadcasting is one of the areas that have been attracting a good number of investors. This resulted in scarcity of spectrum in the FM Band particularly in Dar-Es-Salaam where the majority of stations are based. In view of this the Authority issues no more licences to FM Band radio broadcasting 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 2007/08 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 2007/08. 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 2007/08 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 2007/08 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 2007/08

AUTHORITY'S INCOME IN PERCENTAGE

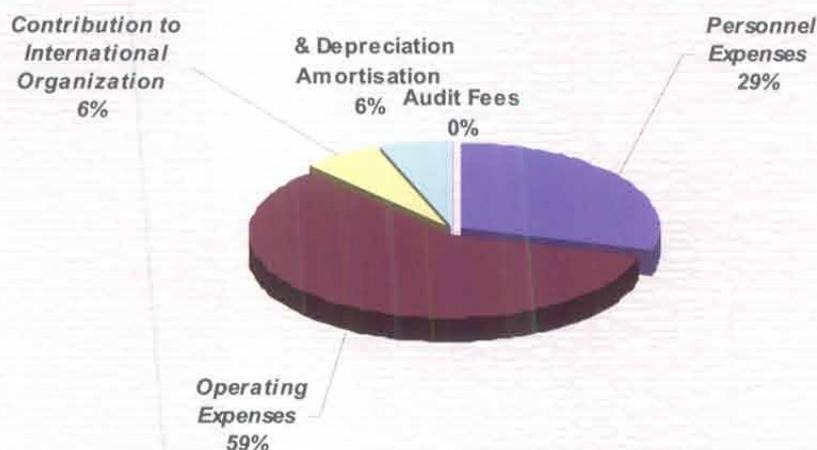


During the same period expenditure increased by 54.41% compared to the previous year. The increase in expenditure is due to increase in the number of activities performed as well as increase in the number of staff. Items with higher expenditure as shown in the chart herein include Administrative/operations,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

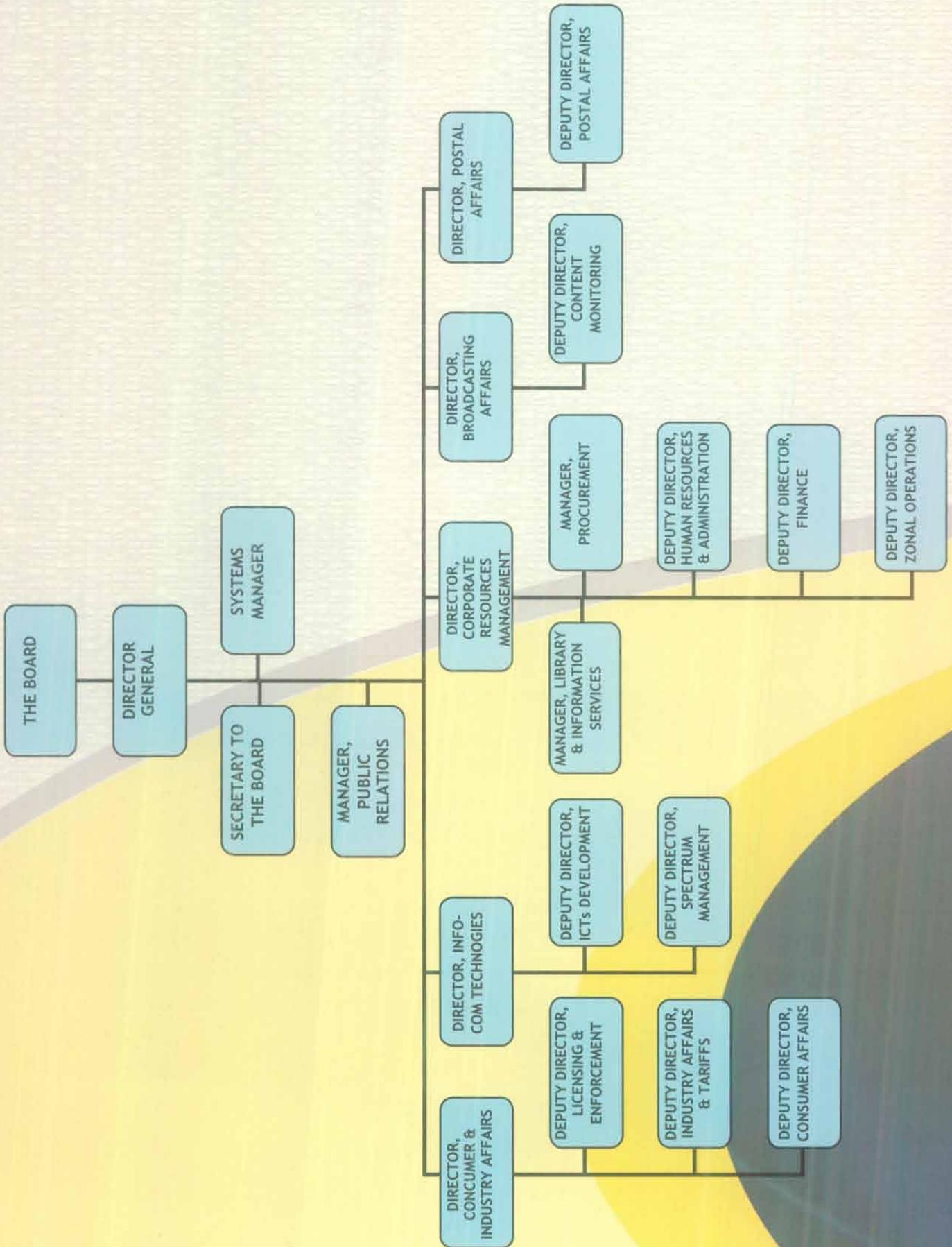
AUTHORITY'S EXPENDITURE IN PERCENTAGES



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 follows:

ORGANISATION STRUCTURE AS ON 30TH JUNE 2008



3.1.1 Concluding remarks:

To conclude, I take this opportunity to commend former Chairperson of the TCRA Board Amb. Richard Mariki for his dedicated service and commitment to the Authority throughout the entire period of his service. His contribution towards establishment and development of the TCRA is highly appreciated and will continue to be valued in the foreseeable future. We wish him the best of luck in his future endeavours and look forward to his continued cooperation including giving us access to his accumulated knowledge and experience in the sector in attempt to address various issues that may arise in future.



Prof. John S. Nkoma
Director General



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3.2 CONSUMER AND INDUSTRY AFFAIRS

3.2.1 Licensing

In 2007/08 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 licenses issued in 2007/08:

S/No:	LICENCE CATEGORY	MARKET SEGMENT	NO. OF LICENSEES
1	Network Facilities	International and National	36
2	Network Services	National	3
3	Application Services	-National -Regional	7 1
4	Content services	National TV	1
5	VSAT	National	10
6	Installation and Maintenance of Electronic Communication Equipment	National	31
7	Importation and distribution of Electronic Communication Equipment	National	23

3.2.2 Enforcement

Cancellation of Licences:

On 19th September, 2007, the Authority after seeking public opinion and consultation with the Minister in accordance with the provisions of Section 18. (2) (a) of the TCRA Act No. 12 of 2003 cancelled licences of the five ISPs, namely:

1. JR Electronic Ltd.
2. Internet Africa
3. Intelligent Communications Systems

4. Green Growth R& D Ltd.
5. ET Communications (T) Ltd

Compliance Orders

- a) In August, 2007, compliance orders were issued to Six Telecoms Co. Ltd for unauthorized assignment of Application service licence to Push Mobile Media and for the latter illegally operating application services. Both Six Telecoms and Push Mobile Media Ltd were fined and paid the Authority \$1000 and \$500 respectively.
- b) In March, 2008, compliance orders were issued to 10 importers and distributors of electronic communication equipment who are based in Arusha. From 2-3 April, 2008 meetings were held with five of the distributors. Four of the distributors acknowledge operating illegally and are willing to comply to the Authority's licensing requirements while one refused to adhere to the relevant requirements. Equipment of the said distributor was seized and legal action taken against them.
- c) In November, 2007, a report was received from TCRA Zanzibar office on illegal radio communication operations of Scuba Do Zanzibar and being found in possession of a fake certificate printed with the logo of the TANZANIA COMMUNICATIONS COMMISSION. A compliance order was prepared directing the company to pay a fine. The company paid the fine
- d) In November, 2007 Orkonerei FM Radio acknowledged to act contrary to section 45 of the Tanzania Communications Regulatory Authority Act, No.12/2003, Section 14 of the Broadcasting Services Act, No.6/1993 and Regulation 15 of the Broadcasting Services (Content) Regulations, 2005 by broadcasting in Maasai language without being authorised by the Authority. The broadcaster was ordered to pay a fine of **ONE HUNDRED FIFTY THOUSAND SHILLINGS ONLY (Shs.150, 000)** for broadcasting in Maasai language without being authorised by the Authority.

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Above: TCRA Director General Prof John Nkoma presents Application Services License under the Converged Licensing Framework (CLF) to the Director of E-Fulusi Tanzania Ltd.

3.2.3 Inspection and Monitoring

In 2007/08 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.

3.2.4 Review of the Interconnection Rates (LRIC Models)

During the financial year 2007/2008 the Authority determined the Telecommunications Network Interconnection Rates through a study conducted by M/S Analysys (UK) Ltd. The Study was conducted to establish cost based interconnection rates among the

network operators in the United Republic of Tanzania. The study used the Forward Looking Long Run Incremental Cost (FL-LRIC).

This Determination is known as Determination No.2 issued in 2007 on cost based Interconnection Rates for voice call termination in the United Republic of Tanzania and has been effective from 1st day of January 2008. The determination is binding to all Telecommunications Network Operators operating in the united Republic of Tanzania following the expiring on 31st December of Determination No.1 of 2004 as reviewed in March 2006.

The interconnection rates to applied are shown in table.. below

Glide path for cost-based Interconnection rates (US\$ Cents) with effect from 1st January 2008 to 31st December 2012:

	1 st January 2008	1 st January 2009	1 st January 2010	1 st January 2011	1 st January 2012
Voice call termination Rates	7.83	7.65	7.49	7.32	7.16

Though the interconnection rates are in US dollars Cents, settlement shall be made in Tanzanian Shillings (TZS) based on be based on a weighted average exchange rate as provided by the Bank of Tanzania for the previous 12 months to 15 December of every year issued by the Authority before 1st January of each year of the glide path. For the first year of the glide path the interconnection rate is determined at TZS 97.00

To date, five operators had signed interconnection agreement and submitted to TCRA for information. One operator, Vodacom has challenged the determination and a court case is pending with the High Court and fair Competition tribunal. Vodacom has declined to sign the agreement with other operators pending the ruling of the case by the high court and the Fair Competition Tribunal.

3.2.5 Household ICT Access and Usage Survey

TCRA was nominated by Research ICT Africa (RIA) to coordinate the above mentioned survey in Tanzania. The Authority conducted the survey in collaboration with National Bureau of Statistics from December to February 2008, covering a sample

size of 1800 households from all regions in Tanzania.

The collected data were sent to RIA in South Africa for processing, after which analysis will be carried out in order to come up with a comprehensive report. The results of the survey will help TCRA to know the access and usage of ICT by households and members in the house households.

3.2.6. Development of TCRA Management Information System

In order to carry out its regulatory tasks and duties effectively, the Authority needs sound knowledge and understanding of the developments in the communication industry. Until now there is a lack of an integrated computer based system to acquire, process, store and use data and information on a regular basis in TCRA.

The core functions of TCRA that need to be computerized and integrated are Licensing, Assignment of numbering resources, Frequency Management, Customer Complaints and Periodical Statistical Data collection. Presently, two functions namely Frequency Management and Finance and Accounts have been computerized and therefore these need to be integrated only.

In order to accomplish the above, the taskforce that has been appointed to work on this project has completed working on the basic requirements for the TCRA Management Information System (TCRA MIS) which include

- Review of existing data collection tools
- Identification of the data items
- Preparation of Term of Reference for a consultancy to design and develop TCRA Management Information System (TCRA MIS).

7.7.7 Publication and Sharing of communication Information

For the financial year 2007/2008 the Authority has collected some communication Statistics from telecommunication operators which are continued to be published in the Authority's website.

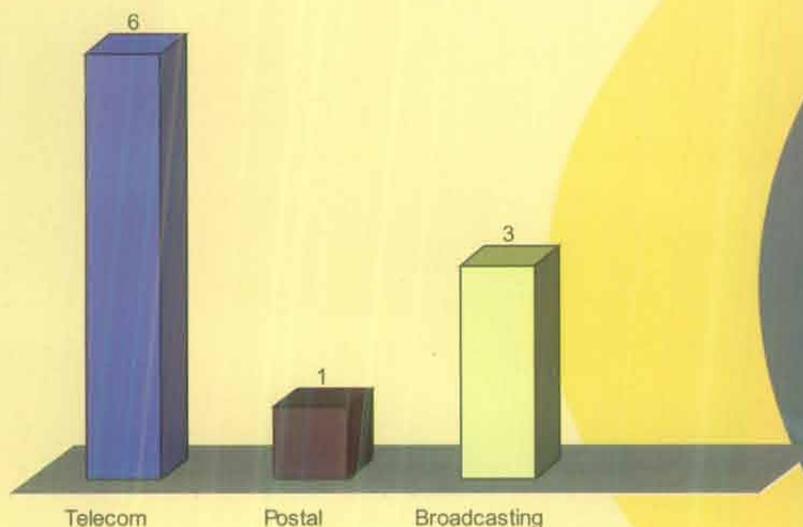
Also, information sharing with other communication institutions continued during the year including ITU, Ministry of Communication, Science and Technology and other stakeholders.

3.2.8

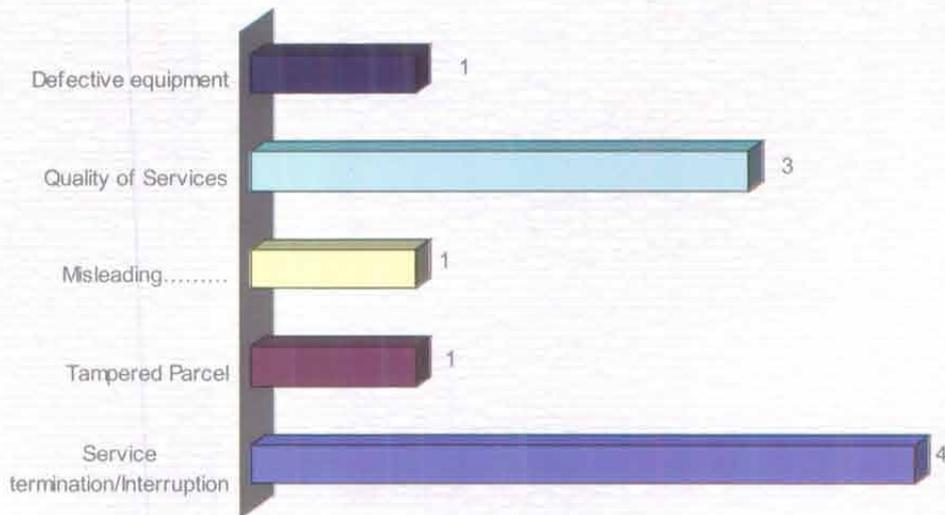
CONSUMER COMPLAINT REGISTER (Issues handled as from June 2007 to date)			
S/no	COMPLAINANT NAME & ADDRESS	DEFENDANT NAME & ADDRESS	TYPE OF COMPLAINT
1	JUMA M. MPUJA, S.L.P 1133, MAHUTA, NEWALA	The Managing Director, Celtel (T) LTD, P.O. Box 9623, DAR ES SALAAM	Service Termination
2	Issa Magapi P. O. Box 1321 KIGOMA Tel: +255 713 256988	TNT International Express ZURICH SWITZERLAND	Tempered parcel
3	Mr Anil J Malkan P. . Box 2726 DAR ES SALAAM	The Managing Director, Vodacom Tanzania Limited, P. O. Box 2369, DAR ES SALAAM	Mis-leading Advertisement (locked phone)
4	Director General NEMC P. O. Box 63154 DAR ES SALAAM Tel +255 22 2134503 / 2127817 Fax +255 22 2111579	The General Manager, MIC Tanzania Limited, P.O. Box 2929, DAR ES SALAAM. FAX: 022 2120474	Noise Pollution
5	Deputy Minister MoD P. O. Box DAR ES SALAAM	The Managing Director, Celtel (T) LTD, P.O. Box 9623, DAR ES SALAAM	Interference with International network in the local area
6	M. M. Marupa P. O. Box 1028 Tanga Tel +255 713 771700 fax +255 27 264435	M/s Rainer Konigs Klaasik Radio Elberfelder Str 5 D - 42781 Haan Germany Fax 492129566899	Defective Equipment

7	Eng. Elijah Luhanga P. O. Box 60536 DAR ES SALAAM	Multichoice (T) Ltd P. O. Box 8933 Dar es Salaam Tel +255 22 2667527 Fax +255 22 2667327	SERVICE INTERRUPTION
8	Hospital Administrator Consolata Ikonda Hopital Makete - Iringa email: ikonda. hospital@iwayafrica. com	CELTEL (T) LTD TTCL VODACOM (T) LTD	Poor Network coverage
9	John S Sidia P. O. Box 10117 DODOMA	Pre-paid Television Service Providers	Billing
10	Regional Administrative Secretary Dar es salaam Regional Office P. O. Box 5429 DAR ES SALAAM Tel +255 22 2860081/2863716	The Managing Director Zanzibar Telecom Limited Amani Industrial Park P. O. Box 3459 ZANZIBAR	Radiation from Telecommunications Mists installed in residential areas

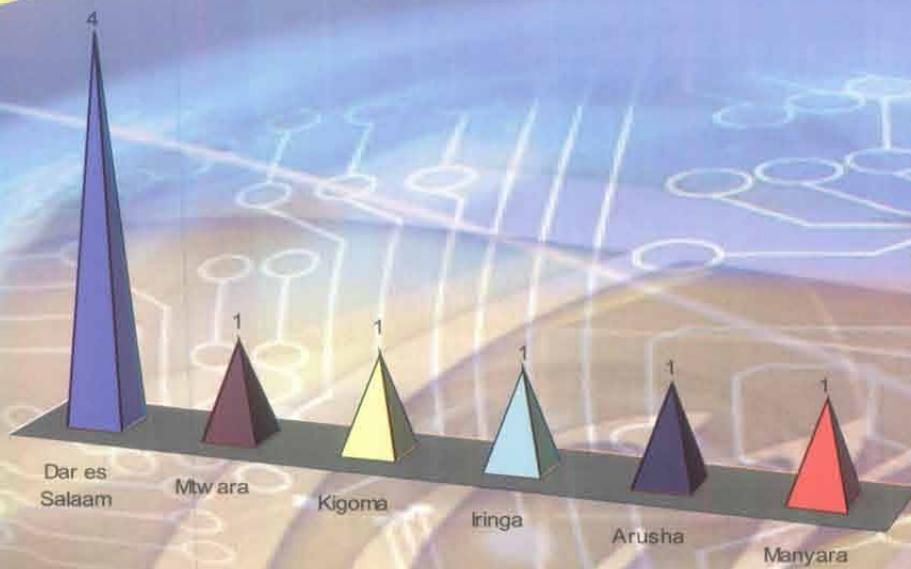
Complaints by Sector



Complaints Type



Complaints by Region



3.2.10 Consumer System Audit

In addition the Authority in enforcing Consumer protection rights, carried out a consumer system audit with an aim of ascertaining the availability of consumer complaints mechanisms which include complaints forms, complaints procedures, complaints reports, availability and accessibility to call centres and walk in centres. This was carried out in the Telecom sector.

3.2.11 Consumer Education and Awareness

The Authority managed to prepare information for consumer education that include Consumer rights and obligations, Complaints guidelines, Tanzania Telecom Numbering plan, Frequently Asked Questions and answers as well as TCRA profile.

The Authority also carried a consumer education during the ICT week as well as a pilot media consumer education in preparation for a major consumer education in 2008/09.

INPUT TO THE TCRA ANNUAL REPORT 2007/08 DEPARTMENT OF ICT

A: ICT DEVELOPMENTS AND STANDARDS SECTION

1.0 STANDARDIZATION

1.1 Type Approval of Communications Equipment

Type Approval is done against relevant specifications and standards covering technical performance, electrical safety and electromagnetic Compatibility.

The categories dealt with, include Customer Premises Equipment (CPE), Switching Equipment or Systems, Mobile Terminals and Short - Range Devices.

During the period under review, 30 applications for type approval were received and processed as tabulated hereunder.

S/N	TYPE OF EQUIPMENT	NUMBER OF PROCESSED APPLICATIONS
1.	Terminal Equipment	14
2.	Network Equipment	2
3.	Radio Communication Equipment	14
4.	Short Range Devices	-

A survey which aimed at taking stock of used/sold communications equipment in the market country-wide was conducted. The exercise was implemented by the department in collaboration with Tanzania Revenue Authority (TRA), Tanzania Police Force and in conjunction with ten students from Dar es Salaam Institute of Technology (DIT). The results would help the Authority to decide on the best way to enforce compliance to standards.

2.2 Numbering and Routing Activities

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

1.1.1

Applications for Numbering Resources

The Authority received 45 applications for numbering resources. All were processed during the period under review as tabulated hereunder.

S/N	TYPE OF NUMBERING RESOURCES	NUMBER OF PROCESSED APPLICATIONS
1.	VAS CODES	26
2.	ISPC	1
3.	SPC	13
4.	MNDC	1
5.	MNIC	1
6.	SIM HEADER	1
7.	Multimedia Number	1
8.	SPECIAL NUMBER	1*

**Issued code 46664 to CELTEL to mark Mandela 90th Birthday.*

1.1.2

Additional Levels of Subscriber Number

During the period under review, the mobile industry experienced an increased growth of subscriber bases as a result a demand for additional Mobile National Destination Codes (MNDCs) was anticipated. To increase the capacity of each MNDC, TCRA authorized the use of levels 8 and 9 in the Subscriber Number as 8 X X X X X X and 9 X X X X X X. The decision has made one MNDC to accommodate **eight** million subscribers instead of six million.

1.1.3

Use of Short Codes for East African Roamers

At national level, the Authority continued to ensure proper use of short codes through combating illegal users.

During the year, the department also participated actively in the East African Regulatory, Posts and Telecommunications Organisations (EARPTO) activities relating to harmonization of communications numbering resources within East African Countries.

The drivers for the harmonization exercise included:

- Regional integration with seamless communication

- Some Operators (Mobile) operate in all East African countries
- Shared terrestrial networks
- Need for common numbers for common services
- To create user friendliness on cross border services and avoid interferences
- Wish by East African Community

Due to the commonalities of applications, the following were found to be the desirable areas of harmonisation:

- Customer Service
- Check Balance
- Recharge of airtime
- Voicemail deposit
- Voicemail retrieval
- Emergency, Police & SOS
- Child Help line, and
- Carrier selection

For that matter, the short code assignments and respective applications were made as tabulated hereunder.

SN	1XX RANGE	APPLICATION	STATUS
1.	Customer Service	100	Approval was made in May 2008 by EARPTO's Congress.
2.	Recharge	130	
3.	Check Balance	131	
4.	Voicemail deposit	121	
5.	Voicemail retrieval	123	
6.	Emergency, Police & SOS	112	Code 116 was earmarked for Child Help Line which only Uganda was still internalising
7.	Carrier selection	17X (18X in reserve)	

1.1.1

Review of Communication Standards

During the year 2007/08 a process to review various standards was initiated. The exercise aimed at developing national standards that takes care of the new developments and market liberalisation in the country. Draft national standards would be finalised and possibly discussed by stakeholders in the next financial year.

1.1.2

Review of Signalling Point Codes (SPCs) Plan

The Signalling Point Codes (SPCs) are used in the CCITT No.7 Signalling (C7) network to identify the exchanges between which speech path connections are to be established.

The SPC in a C7 Signalling Network is an unambiguous identification code for an exchange (Signalling Point) in a network. The SPCs are divided into the international and the national codes.

The international SPCs are used in the international traffic over international C7 Signalling links and they are allocated and administered for each country/international exchange by the ITU-T Secretariat.

The national SPCs have been left by the ITU-T Secretariat to be defined in the national level.

As the national telecommunication networks in the United Republic of Tanzania consist of several operator networks, it is the responsibility of the Regulator, the Tanzania Communications Regulatory Authority (TCRA), to allocate and administer the national SPCs to enable inter-working between the networks in the country.

During year 2007/8 the department reviewed the SPCs assignments and prepared a document that specifies the confirmed international SPC formats as well as the national SPC formats along with SPCs allocated to various operators in the United Republic of Tanzania.

2.0 INTERNET – RELATED ACTIVITIES

2.1 dot-tzccTLD Management

During the year 2006/7, TCRA supported initial take off by financing equipment, office accommodation and operations of a not-for profit organization known as Tanzania Network Information Centre (tzNIC) registered to manage .tzccTLD. The office space for the tzNIC was established at Millennium Towers Kijitonyama in Dar Es Salaam.

During the year 2007/8, the Department of ICTs continued with the supervisory role on tzNIC activities including official opening of the offices which was done on 14th May 2008.



Figure 1:

Installation of hardware and software including recruitment of staff required for the operation of tzNIC was completed during the year while the point-to-point link to the Tanzania Exchange Point (TIX), global connectivity and data uploading and testing are expected to be accomplished in the next financial year. A total amount of Shs. 300,619,200.00 was committed by the Authority for 2007/08 budget of the Centre.

2.2 Internet Exchange Points (IXPs) Implementation Project

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 further financed the cost of establishment of Mwanza and Dodoma Internet Exchange Points (IXPs) in the period under review.

3.0 ICT ACCESS AND KNOWLEDGE

3.1 Telecentres and similar points Assessments

During the period under review Assessment for Telecentres and similar Access points was conducted and a report prepared.

3.2 ICT Week 2008 Event

The Authority organised the ICT week 2008 event activities. The event took place at Diamond Jubilee VIP hall 12th - 17th May, 2008 ended by commemoration of World Telecommunication and Information Society Day which took place on 17th May 2008 at Kilimanjaro Hotel Kempinski. During the year, the ITU Council adopted the theme: "*Connecting persons with Disabilities: ICT Opportunities for All*" to address the special requirements of persons with disabilities.



Figure 2:

During the ICT week 2008, thirteen representative stakeholders show cased various ICT applications and products relevant to the theme. Ten papers relevant to the theme were also presented by resource persons and discussed during the week.



Figure 3



4.0 PUBLIC SAFETY ISSUES

4.1 Call Centre for Police Emergency Numbers 111/112

The Authority during 2006/7 assisted the Tanzania Police Force to procure a call centre system which will facilitate handling traffic on 111/112 emergency numbers by Police Force.

During the period under review the contractor started the equipment delivery which could be finalised by the end of the financial year.

4.2 Curbing the stolen mobile phones through implementation of Central Equipment Identification Registers (CEIR)

Inputs on technical issues that require legal provisions for implementation of CEIR and SIM Card registration were proposed and incorporated during the drafting of Electronic and Postal Communication Bill.

B: SPECTRUM MANAGEMENT

During the financial year 2007/08 the Authority in addition to its function of managing the radio frequency spectrum through spectrum planning, allocation assigning and monitoring handled a number of important activities;

1.0 Participation in the World Radio communications Conference (WRC)

One of the prerogatives of World Radiocommunication Conference (WRC) is to review, and, if necessary, revise the Radio Regulation, the International treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits. The Department took part in the WRC-07 held in Geneva in October/November 2007 during which, several provisions of Radio Regulation were revised on the basis of the outcome of 29 presented agenda to accommodate new technologies.

The World Radiocommunication Conference (WRC-07) decisions/ resolutions touched almost all major economy sectors which provide essential services to people and impacting them on how they live and conduct their businesses. These sectors include; Communications, Broadcasting, Aeronautical, Marine, Meteorological and Agriculture. All of the resolutions reached in the Conference based on redefining either the use of spectrum or revising some clauses in Radio Regulations with ultimate result of supporting advent of new technologies. i.e. the modernization of civil aviation telecommunications

systems by re-channelling of Aeronautical VHF band, extension of a right of use of spectrum in 9GHz has made it possible the introduction of a radar with a high resolution image and increased accuracy for Maritime and Aeronautical services, modification on some provision of RR supported the protection of interference to the Earth Exploration Space Systems (EESS) passive sensors that are used in support of farming, transportation, flood warnings and control, and other endeavours that are important to national interests and economies.

The climax of the WRC-07 was agenda 1.4 which globally identified bands; 450 - 470 MHz, 790 - 862 MHz, 3.4 - 3.6MHz for IMT in addition to bands 2.5 -2.69 GHz which had been identified in WRC-03 for the same IMT systems.

1.1 Opportunity

The decision to identify the mentioned bands is very important to the development of the communication industry and has multi effects: It signalled an advent of broadband systems that will bring high quality mobile multimedia communication to a worldwide mass market with the same capability of delivering data as a fixed line and the capability of global roaming. The overall effect of increased use of broadband systems will speed up processes of achieving some of Millennium Development Goals by 2015 which is a set target date.

By 2010 IMT systems and technologies are expected to reach maturity and economies of scale and scope which will drive down costs enabling affordable mobile broadband access for lower income user segments found in developing countries like Tanzania.

Therefore creative and economical access to IMT bands is an absolute priority as these new services and applications can increase broadband penetration and contribute to the growth of the economy of the Country and betterment of her people

The world trend shows that the IMT systems will evolve from two main technologies; Wimax and Long Term Evolution (LTE). Further the trend shows that the systems will be developed on the 2.5 -2.6 GHz and on 2.3 -2.4 GHz bands. Basing on this trend these bands need to be re-planned in order to accommodate derivatives of the two referred underlying technologies in most efficient and effective in order to ensure there are free of interference.

Tanzania is repositioning herself so as to benefit from the advent of the IMT systems.

2.0 SPECTRUM AUDIT

2.1 Spectrum Demand

Unprecedented demand on radio frequency spectrum has called the Spectrum Management Department to conduct a review of spectrum planning on several bands and also to carry out a spectrum audit exercise.

Spectrum audit exercise had two major objectives

- To monitor spectrum assigned to various operators and determine whether is being efficiently utilized.
- To assess spectrum licensing in general in order to suggest measures to improve the same

The spectrum audit exercise focused on spectrum used for the Wireless Access Networks. These include 450 -470 MHz and 824 - 890 MHz allocated for CDMA; 890 -960 MHz and GSM; 1710 - 1880 MHz allocated for GSM, 1920 - 2170 MHz allocated for UMTS, 2.3 -2.4 GHz and 2.5 - 2.69 GHz earmarked for broadband services and 3.1 -3.3 GHz allocated for internet related services.

2.2 Outcome of the Spectrum Audit

2.2.1 450 MHz Band

This band is currently allocated to one CDMA operator with 3 RF channel carriers. Three other RF channels carriers CDMA 1x EVDO for 3 G services may be made available for allocation however these are tentatively reserved for Government use.

2.2.2 800 MHz Band

Currently 800 MHz is fully occupied by 4 CDMA operators. There is no more room to accommodate new applicants

2.2.3 1900 MHz band

This band overlaps with 2.1 GHz band. However, frequency bandwidth of 2x10 MHz is non-overlapping and according to field trial made in

Hyderabad -India no interference problem with 2.1 G UMTS band was reported. If India claim is to be considered then a frequency bandwidth 2x10 MHz could be made available for CDMA-1x-EVDO 3G services to one new applicant in this band. Further consultations and studies are needed to

2.2.4 2.1 GHz Band

6 operators to be accommodated with allocation of 2 x 10 MHz

2.2.5 3.3 - 3.4/ 3.4 -3.6 GHz Broadband Allocations:

The bands 3300-3400 MHz and 3400-3600 MHz are used for broadband services. Most of the WiMax equipment that are already in the market do operate in these bands.

2.2.6 2.3 GHz, 2.5 GHz and 5.8 GHz Broadband Allocations

Bands 2.3 GHz, 2.5 GHz and 5.8 GHz to be allocated for broadband services in order to facilitate the availability of broadband services to majority of Tanzanian.

A maximum of 2 x15 MHz for FDD or 30 MHz for TDD should be allocated to operator for Broadband services.

2.4 Other Findings

Constraint in microwave channels urged operators to start sharing transmission channels, construct an alternative microwave route in order to reuse the microwave channels and commercialize the existing optic fibre cables.

3.0 STAKEHOLDER FORUM

In the financial year under the review the Authority organised a stakeholder's meeting to consider migration of VHF bandwidth from 25 KHz to 12.5 KHz and to discuss measures to address interferences among communications services.

The VHF migration process was successfully executed as a result it reduced the demand on VHF frequency channels, constraint and interference to an acceptable level.

Basing on the interference study conducted by Spectrum Management on communication equipment installations in several high buildings in Dar, the Stake holder meeting appreciated the problem of interference caused by substandard installations done by some of the service providers. Either the equipment is installed very close as a result causing harmful interference.

The meeting agreed to put labels on all installations in order to track down those operators who install equipment haphazardly. Haphazard installation of communications equipment generates harmonics subsequently interference.

Below are typical cases where equipment installations are done in close proximity to likely cause interference.



Figure 4(a): Two Proxim Microwave antennas very close to VSAT (partially shown on the left of the photo)



Figure 5(b): JM Mall Tower with Antennas. Four antennas on the right are BWA

Operating at 3.5 GHz Licensed Band. The tower is very close to VSAT.



Figure 6: Two BWA antennas at 3.5 GHz can be clearly seen just close to receiver front

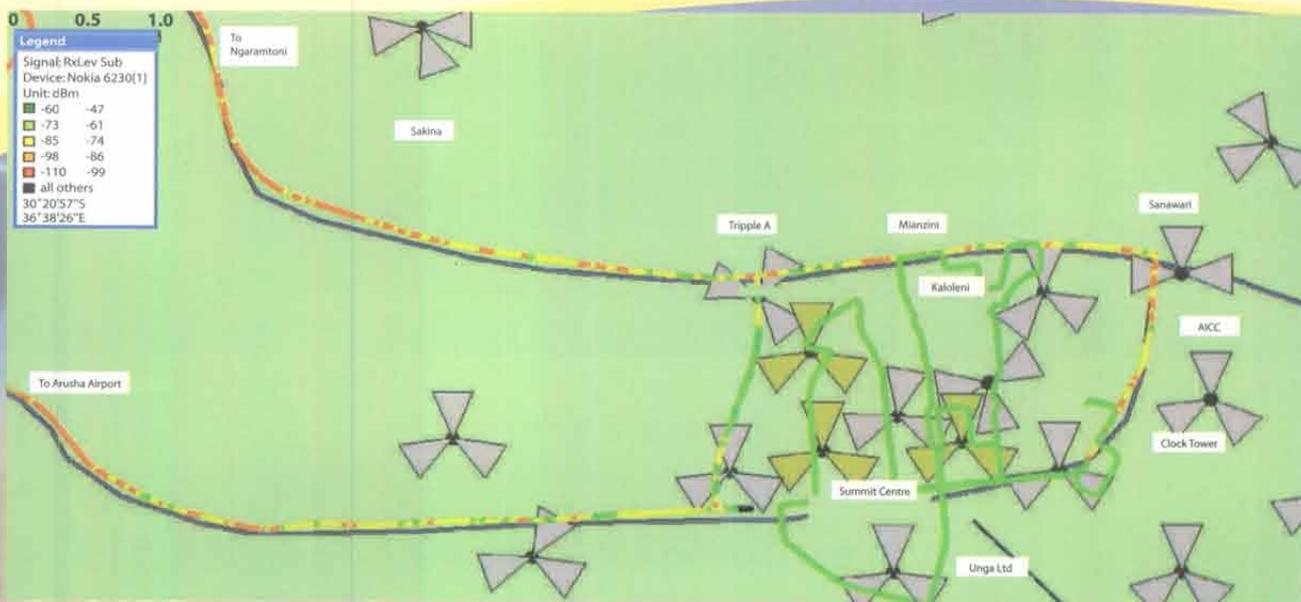
4.0 COVERAGE AND QUALITY OF SERVICE MEASUREMENTS

The Authority carried out coverage and quality of service measurements for the first time from 12th to 26th October, 2007 following complaints raised by customers to TCRA with object of investigating complaints raised by customers on Quality of Service offered by Mobile Network operators in Arusha and Moshi towns.

Overall observations of all GSM networks were found to have Very good Receive Signal Levels and Rx Speech Quality. Handovers were also done successfully (continuity of communication) between the serving cell and its neighbouring cells. Annex.1a, express the network coverage in terms of Receive Level, Receive Speech Quality and handovers.

The Call Setup exercise revealed a problem of call drop. This could be due to inadequate capacity of the switching system during busy hours and during the promotions in the weekends and at nights.

Annex 1a



Rx Level Map-Vodacom, Arusha town

It was noted that in Arusha city centre the Rx level was very good and in the outskirts of Arusha e.g. Ngaramtoni and Arusha Airport the Rx level was satisfactory. Handover performance was also good for both Arusha town centre and at the outskirts.

5.0 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.

1.1 Activities Performed During the Year 2007/08

1.1.1 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.

1.2 Broadcasting Services

One of the duties of the Department of Broadcasting Affairs is to regulate, supervise and monitor broadcasting activities in the country. In 2007/08 some of the activities performed relating to regulation of broadcasting services include:

1.2.1 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.

1.2.2 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.

1.2.3 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.

1.2.4 Digital Broadcasting: The Authority continued to consult the stakeholders on Digital Broadcasting. It was agreed that by June 2012 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.

1.2.5 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.

1.2.6 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.

6.0 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 2007/08 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.

6.2 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 2007/08 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 2007/08

	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 Tanga
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 Meetings and Conferences

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 7th November 2006, 27th February 2007 and 15th 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:

**CREATING A LEVEL
PLAYING FIELD**

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.

	Name of the company	Licence category
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. 2007/08. 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.

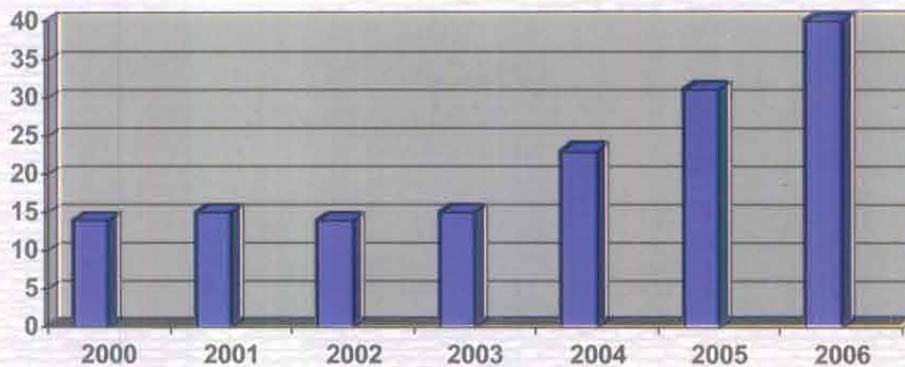
- ⊙ Re- alignment of codes for Zanzibar, Mtwara Urban, Mtwara Rural, Masasi, Lindi Urban, Lindi Rural and Dodoma Rural (Bahi and Chamwino) has been made after the visits to the regions.
- ⊙ A stakeholders' workshop was conducted on 14th March 2005 for technical officers to promote awareness on the project.
- ⊙ Study visit was made to South Africa by the Project Team from 17th - 19th 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 Board and Management in a group photo after a successful meeting at St. Gaspar Hotel and Conference Centre in Dodoma in February 2009. Committees and Panels

In 2007/08 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.

7.0 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 2007/08 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).



The Director of Bullet Proof Manager Programme Mrs. Hafsa Mahinya Mtasiwa giving a presentation at the TCRA Staff Seminar at Kilimanjaro Kempinsky, Dar-es-Salaam

(b) Farewell to Officials Who Left the Authority

On 13th June 2008 at the commemoration of the Workers' Day event held at the Blue Pearl Hotel, Ubungu the Authority organised a farewell party in honour of the former Vice Chairperson of the Board Hajjat Amina Mrisho Saidi and Mrs. Florence Hamisi who retired from the service of the TCRA. Each one of them was presented with a Laptop computer granted by the Authority.



Members of the Board and staff of TCRA congratulating Hajjat Amina Mrisho Said (second right with veil), former Vice Chairman of the Board at a reception held at the Blue Pearl Hotel in Dar-es-Salaam.

(c) Retirement

In March 2008 two former officers of the Authority left the organisation on grounds of compulsory retirement. These are Mrs. Florence Hamisi who was the Consultant for Broadcasting Affairs retired on 22nd March 2008 and Mr.

Philemon Seth Gundula who was Manager for TCRA Northern Zone retired on 30th March 2008. Farewell parties were held at their respective duty stations to bid them farewell. In addition, Mr. Mshindo Omari, Motor Vehicle Driver retired on 30th June 2008 after attaining the compulsory retiring age of 60 years.



Mrs. Florence Hamisi and her husband Joseph Hamisi receiving a gift from the Director General Prof. John Nkoma during the farewell ceremony at the Blue Pearl Hotel

7.2 PROCUREMENT OF GOODS AND SERVICES

7.2.1 In 2007/08 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.	Tenderer Awarded	Tender Description	Value Shs.
1.	Colour Print Tanzania Ltd	Supply of Printed Stationeries	25,464,800.00
2.	Quality Trade & Distribution Ltd	Supply of Diaries for 2007	23,005,200.00
3.	Media Express Ltd	Supply of Calendars for 2007	13,695,000.00
4.	Computer Connections Ltd	Supply of Computers	47,858,000.00
5.	Toyota Tanzania Ltd	Supply of Motor Vehicles	105,998,209.00
6.		Servicing and Maintenance of Computers	5,611,200.00
7.	Cool Floor Company Ltd	Servicing and Maintenance of Air Conditioners	3,000,000.00
8.	Equatorial Fumigation Company Ltd	Fumigations and Rodent Control Services	6,222,240.00
9.	Full Time Security (T) Ltd	Provision of Security Services	38,080,000.00
	Crestode Enterprises Ltd	Servicing of Fire Fighting Equipment	2,120,400.00
	Globe Trotters Ltd	Provision of Cleaning Services	24,521,688.00
	Dubai Trading Centre	supply of Stationeries	116,875,320.00
	Winglink Travel Ltd & Bon Voyage Travel Centre Ltd	Air Travel and Visa Processing services	N/A
	MFI Office Solutions Ltd	Site/Route Survey, Supply, Installation, Testing and Commissioning of Call Centre System and Optic Fibre Link for the Police Force	519,430,138.00

ATMA Electronics & Software Ltd	Supply, Installation and Commissioning of the Content Monitoring Equipment	254,615,367.00
Analysis Consulting Ltd	Review of the Interconnections Arrangement for Telecommunications Network Operators and Services Providers in Tanzania	236,175,308.00
Tanzania Posts Corporation	Courier services	N/A

7.2.2 The first four mobile frequency monitoring stations were delivered and handed over on 21st 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 Administrative Council, Radiocommunication, Telecommunications Standardization and Development Advisory Groups, 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 2007/08 were:

7.4.1 International Telecommunication Union (ITU)

The ITU convened various meetings of sector study groups and Council working groups to deliberate on among others development of standards and policies governing communications and broadcasting at the international level. Meetings held include:

7.4.1.1 2007 Session of the ITU Administrative Council, Geneva

Tanzania was elected the member of the ITU Administrative Council at the Plenipotentiary Conference held in Antalya Turkey on 6th to 24th November 2006. The Administrative Council serves the purpose and the role of the Board of Directors i.e. to oversee the functioning of the Union between the Plenipotentiary conferences. The 2007 Session was held in October 2007 with Tanzanian delegation led by Amb. Richard Mariki the former Chairman of the Board of TCRA.

7.4.2 CRASA Annual General Meeting and 10th Anniversary Celebrations

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

- 1.1.1.1 **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;
- 1.1.1.2 **APPROVED** the Strategic Plan and Budget for the Financial year 2007/8.
- 1.1.1.3 **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;

- 1.1.1.4 **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;
- 1.1.1.5 **Approved** the MoU for CRASA Members on coordination of cross- border communications;
- 1.1.1.6 **Approved** the Terms of References and work plan prepared by the Legal Affairs Committee;
- 1.1.1.7 **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;
- 1.1.1.8 **Elected** the following countries to the Executive Committee:

- 1. Angola - Chairperson
- 2. Namibia - First Vice Chairperson
- 3. South Africa - Second Vice Chairperson
- 4. Botswana - Treasurer and Host of CRASA Secretariat.

1.1.2 **47th CTO Meeting of Council** meeting was held in Montego Bay, Jamaica from 27th to 28th September, 2007. The meeting **APPROVED** among others:

- 1.1.2.1 audited accounts for the year 2005/06 and re-appointment of M/S Mazars to continue serving as auditors for another one year;
- 1.1.2.2 purchase of a building to house the Secretariat and serve as CTO Headquarters;
- 1.1.2.3 Elected a new Executive Committee under the Chairmanship of Mr. J.Paul Morgan of Jamaica;

1.1.3 **14th Conference of Commonwealth of Postal Administrations**

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

1.1.4 **African Support Committee on the Preparations of UPU Nairobi 2008 Congress.**

The PAFU Secretariat formed a Support Committee to assist Kenya in the preparation

of the 24th 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 9th to 20th October, 2007

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

4.4 Finance and Accounts

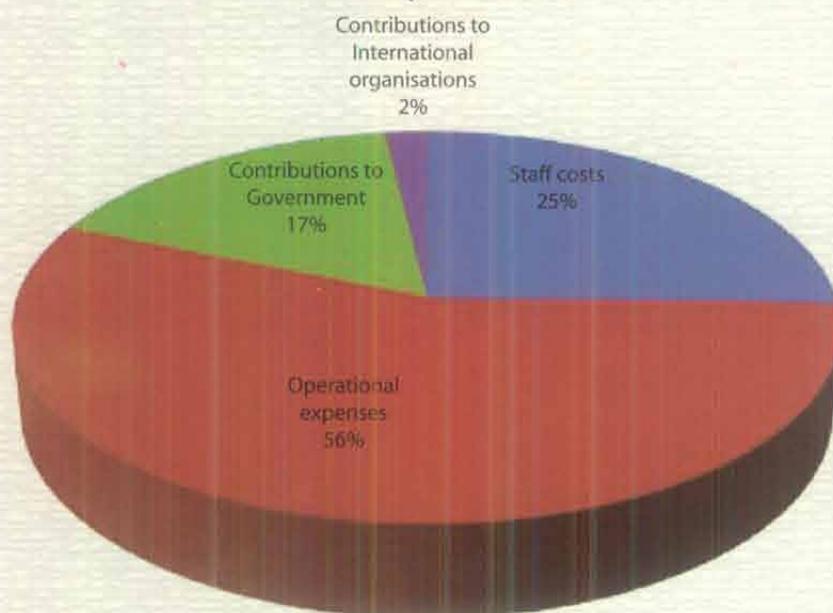
1.1.1 REVENUE EARNED

During the financial year 2007/08 the Authority had budgeted to earn a total of Shs 26,824,083,900.00 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.27,263,719,000.00 recording Shs.439,635,100.00 equivalent to 4.00 percent of 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.



CA
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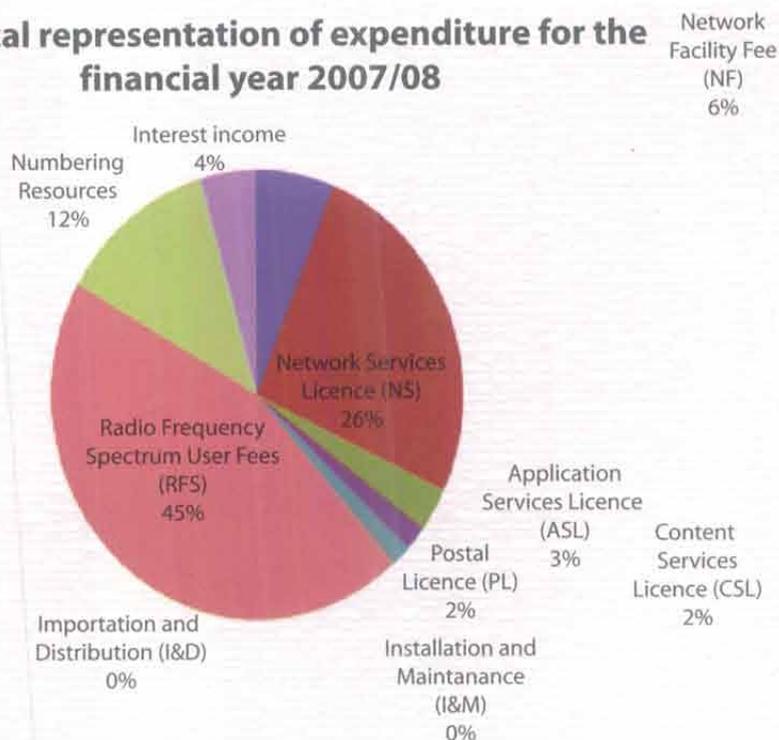
Graphical representation of expenditure for the financial year 2007/08



7.5.2 RECURRENT EXPENDITURE

The Authority had budgeted Shs. 18,673,137,470.00 for Recurrent Expenditure during the year under review. However, until end of the financial year the actual expenditure was Shs 18,161,993,000.00 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.

Graphical representation of expenditure for the financial year 2007/08



7.5.3 CAPITAL INVESTMENT AND EXPENDITURE

The Authority had planned to invest Shs. 17,297,974,500.00 into implementation of development projects. The planned projects include construction of TCRA Headquarters building and acquisition of land for construction of zonal offices in Arusha and Mwanza, procurement of Furniture and fittings, procurement of Automatic Mail Measurement Equipment, procurement of Office and Residential Equipment, implementation of the Automation of Type Approval project. 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 74 to 92.

CREATING A LEVEL PLAYING FIELD

7.5.4 AUDITORS' REPORT

To: The Board Chairman,
Tanzania Communications Regulatory Authority,
P. O. Box 474
DAR ES SALAAM.

Report of the Controller and Auditor General on the financial statements of Tanzania Communication Regulatory Authority for the year ended 30th June, 2008

1. I have audited the financial statements of Tanzania Communication Regulatory Authority set out on pages 12 to 33 of this report, which comprise the balance sheet as of 30 June 2008, and the income statement, cash flow statement for the year then ended, and a summary of significant accounting policies and other related notes for the year then ended.

Directors' Responsibility for the Financial Statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of Sect. 25(4) of the Public Finance Act. No. 6 of 2001 (revised 2004) as well as the provisions of Tanzania Communication Regulatory Authority Act No. 12 of 2003. This responsibility includes; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In addition, Regs. 28-35 of the Public Finance Regulations (PFR) 2001 as revised in 2004 requires the Directors and the organization management to establish an effective internal control system, internal audit unit and audit committee appropriate to the circumstances of Tanzania Communication Regulatory Authority.

Auditors' Responsibility

3. My responsibility as an auditor is to express an independent audit opinion on these financial statements based on my audit. According to Sect. 30 of the PFA, my specific responsibilities are to examine, inquire into, audit and report on the accounts of Tanzania Communication Regulatory Authority for the year ended 30th June, 2008.

I am also, required to satisfy myself whether the funds budgeted by the Tanzania Communication Regulatory Authority, were used exclusively and judiciously to meet eligible expenditures with due regard to economy, efficiency and on the procurement procedures

adopted by the Tanzania Communication Regulatory Authority based on the audit

Further, Sect 44(2) of the Public Procurement Act No.21 of 2004 and Regulation No. 31 of the Public Procurement Act (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations of 2005, requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the law and its Regulations.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing (ISA), INTOSAI standards and such other audit procedures I considered necessary in the circumstances. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also, includes assessing the significant estimates and judgments made by management in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of Tanzania Communication Regulatory Authority and that they have been consistently applied and adequately disclosed. Moreover, it involves evaluating the overall financial statements presentation, and assessing the extent of compliance with the statutory requirements.

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

Unqualified Opinion

In my opinion, the financial statements fairly reflect, in all material respects, the financial position of Tanzania Communications Regulatory Authority as at 30 June, 2008 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and TCRA Act, No.12 of 2003.

Report on Compliance with Procurement Legislation

In view of my responsibility on the Procurement legislation, and taking into consideration the procurement transactions and process I reviewed as part of this audit, I state that except for the following instances, TCRA has generally complied with the requirements of the PPA No 21 of 2004 together with its related Regulations of 2005.

1. A review of 38 tenders that TCRA carried out during the year 2007/2008 revealed that there were material deficiencies in tender board proceedings in relation to resolutions

which showed lack of understanding of board's functions and powers as per section 30 & 32 of the PPA 2004. It was also noted that TCRA has not established a Procurement Management Unit (PMU) contrary to section 34 (1) & (2) of PPA 2004. According to management, efforts are underway to establish a PMU as the post of Procurement Manager was advertised on 19th November 2008. However, the current organization structure indicates that the head of PMU will not report to Director General.

2. TCRA prepared an annual procurement plan and issued a General Procurement Notice on 2nd August 2007. However, the plan was not updated with actual procurements to produce monthly reports as required by section 35 (o) of PPA 2004. Further, some items were procured outside the annual procurement plan.

3. Procurements amounting to Shs.108 million, which comprise 13% of total procurements for F/year 2007/08, were not advertised contrary to requirements of section 61 (2) of PPA 04, Regulation 80 (5) of G.N. No. 97 and Regulation 49 (1) - (4) of G. N. No. 98. There was no evidence of invitation of quotations from all short-listed suppliers/service providers for goods and services worth Shs.113.56 million (13% of all procurements) and it could not be ascertained whether bid periods were in line with those stipulated under third schedule, part (c) of G. N. No. 97.

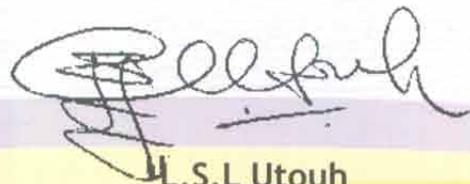
4. Tender procedures and processes for procurements amounting to Shs.83.24 million, or 10% of total procurement for FY 2007/08 were not approved by the tender board contrary to requirements of section 30 (a) -(g) of PPA 2004 and Regulation 80 (1) - (7) of G. N. No. 97. In addition, there was no evidence that competitive quotations, which were 13% of all procurements, were received in sealed envelopes and there were no records specifying time for tender opening and proceedings. We also noted instances whereby, without plausible reasons, tenders were not awarded to the lowest evaluated bidders. In other instances, evaluation committee members visited bidders during tender evaluation process. Moreover, contrary to regulation 67 (3) of G. N. No. 98 and regulation 97 (12) of G.N. No. 97; tenders awarded during FY 2007/08 were not advertised

5. TCRA record keeping was generally not satisfactory as tender documents were not properly kept, thus making retrieval of information unnecessarily long. In addition, the Supplies and Logistics Officer did not maintain a register of contracts and complaints; as well as payment summaries in respect of various contractors/supplies/service providers.

6. The current organization structure doesn't provide an environment for the tender board and the tender board secretariat ("PMU") to discharge their functions independently as required by section 38 of PPA 04. In the absence of a legally formed PMU, some procurement requisitions were directly submitted to the tender board by user departments.

7. There was no evidence that PPRA was notified on the constitution of the tender board as required by Section 29 (1) of the PPA 2004 and contract documents were not submitted to relevant authorities as per regulation 116 of G. N. No. 97. On certain instances ad hoc tender boards were formed to deal with specific procurements. Moreover, for all goods procured during the year, there was no evidence that the CEO appointed Goods Inspection and Acceptance Committees as required by Regulation 127 and 128 of G. N. No. 97

8. Procurement of consultancy services for from Transport Resources Centre Limited, for Shs. 46 million for the purpose of reviewing TCRA's Organization Structure, Job Evaluation & Grading and Development of Performance Management System did not follow the requirements of PPA 2004 and its Regulations

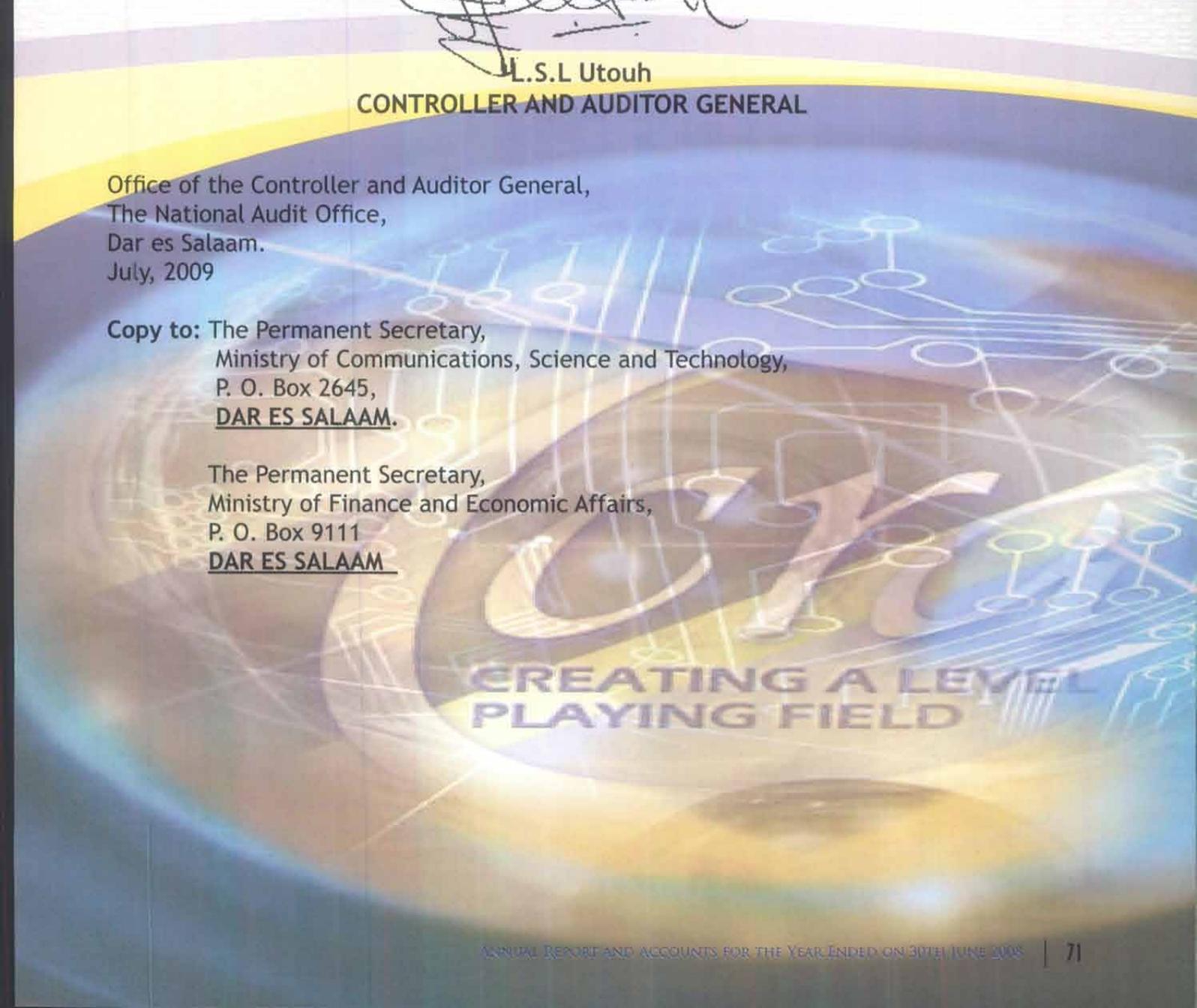


L.S.L Utouh
CONTROLLER AND AUDITOR GENERAL

Office of the Controller and Auditor General,
The National Audit Office,
Dar es Salaam.
July, 2009

Copy to: The Permanent Secretary,
Ministry of Communications, Science and Technology,
P. O. Box 2645,
DAR ES SALAAM.

The Permanent Secretary,
Ministry of Finance and Economic Affairs,
P. O. Box 9111
DAR ES SALAAM



**CREATING A LEVEL
PLAYING FIELD**

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

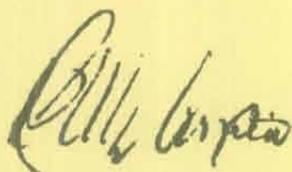
Section 25.(4) of the Public Finance Act. No. 6 of 2001 and the TCRA Act No. 12 of 2003 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of TCRA as at the end of the financial year and of the operating results of the TCRA for that year. It also requires the Directors to ensure that the management keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of TCRA. They are also responsible for safeguarding the assets of TCRA

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

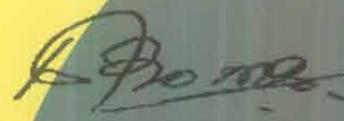
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Public Finance Act and the TCRA Act No. 12 of 2003. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of TCRA and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that TCRA will not remain a going concern for the foreseeable future.

BY ORDER OF THE BOARD



Chairman



Director

Date 14th October, 2009

INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008

	Note	2008 TZS'000	2007 TZS'000
Regulatory fees	3	25,985,909	17,268,034
Other income	4	1,277,810	1,803,197
		<u>27,263,719</u>	<u>19,071,232</u>
Staff costs	5	4,609,584	3,605,770
Administrative expenses		10,140,882	7,156,106
Contributions to Government		3,068,315	4,061,685
Contributions to International organisations		343,212	768,992
		<u>18,161,993</u>	<u>15,592,553</u>
Surplus income for the year	6	<u>9,101,726</u>	<u>3,478,679</u>

The Notes on pages 77 to 92 form an integral part of these financial statements

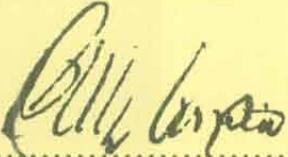
Report of the Independent Auditors Pages 68 to 72.

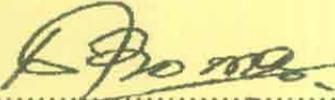
**CREATING A LEVEL
PLAYING FIELD**

BALANCE SHEET AS AT 30TH JUNE 2008

	Note	2008 TZS'000	2007 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	12,481,169	9,365,263
Capital work in progress	8	26,777,245	19,269,341
Intangible assets	9	107,795	188,746
		<u>39,366,209</u>	<u>28,822,350</u>
Current assets			
Ministry of Infrastructure (loan to ATC)			
Trade and other receivables	10	1,250,000	-
Cash and cash equivalents	12 (b)	6,425,632	6,974,107
		7,913,257	8,254,830
		<u>15,588,889</u>	<u>15,228,937</u>
Total assets		<u>54,955,098</u>	<u>44,051,287</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital funds		18,508,157	18,508,157
Accumulated surplus		29,093,742	20,292,016
Revaluation surplus		4,243,286	1,566,199
Universal service fund		1,209,641	909,641
		<u>53,054,826</u>	<u>41,276,013</u>
Current liabilities			
Bank overdraft		-	1,084,441
Trade and other payables	11	1,900,272	1,690,833
		<u>1,900,272</u>	<u>2,775,274</u>
Total equity and liabilities		<u>54,955,098</u>	<u>44,051,287</u>

The financial statements on pages 73 to 92 were approved by the board of directors on 2009 and were signed on its behalf by:


.....) Chairman


.....) Director

The Notes on pages 77 to 92 form an integral part of these financial statements

Report of the Independent Auditors Pages 68 to 72.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2008

	Capital funds			Special funds	Total	
	TZS'000	TZS'000			As restated TZS'000	
As at 1 July 2006	18,508,157	-	843,270	709,641	17,054,492	37,115,560
Capital receipts	-	-	-	-	-	-
Reclassification	-	17,054,492	-	-	(17,054,492)	-
Transfer to Universal funds	-	(200,000)	-	200,000	-	-
Prior year adjustment**	-	-	(612,768)	-	-	(612,768)
Prior year adjustment***	-	(41,153)	-	-	-	(41,153)
Revaluation	-	-	1,335,697	-	-	1,335,697
Surplus for the year	-	3,478,679	-	-	-	3,478,679
As restated 30 June 2007	18,508,157	20,292,016	1,566,199	909,641	-	41,276,013
As restated 1 July 2007	18,508,157	20,292,016	1,566,199	909,641	-	41,276,013
Capital receipts	-	-	-	-	-	-
Revaluation surplus	-	-	2,677,087	-	-	2,677,087
Transfer to Universal funds	-	(300,000)	-	300,000	-	-
Surplus for the year	-	9,101,726	-	-	-	9,101,726
At 30 June 2008	18,508,157	29,093,742	4,243,286	1,209,641	-	53,054,826

** This prior year adjustment is in respect of reducing revaluation surplus for annual depreciation where as the assets were re-valued at the year end.

** These prior year adjustments are in respect nonaccrual of gratuity expenses in the previous year and non reversal of audit fee paid during the year.

The Notes on pages 77 to 92 form an integral part of these financial statements
Report of the Independent Auditors Pages 68 to 72.

**CREATING A LEVEL
PLAYING FIELD**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008

	Note	2008 TZS'000	2007 TZS'000 As restated
Operating activities			
Net cash used in operations	12 (a)	8,747,658	2,304,881
Investing activities			
Acquisition of fixed assets		(8,004,789)	(19,596,403)
Net cash used in investing activities		<u>(8,004,789)</u>	<u>(19,596,403)</u>
Net cash inflow generated during the year		742,869	17,291,522
Cash and cash equivalents at beginning		7,170,388	24,461,910
Cash and cash equivalents at end	12 (b)	<u>7,913,257</u>	<u>7,170,388</u>

The Notes on pages 77 to 92 form an integral part of these financial statements

Report of the Independent Auditors Pages 68 to 72.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of TCRA have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of fixed assets at fair value through income statement. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note (i).

i) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Authority*

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Authority will apply IAS 23 (Amendment) retrospectively from 1 January 2009 but is currently not applicable to the Authority as there are no qualifying assets.
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Authority will apply IAS 1 (Revised) from 1 July 2009.
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent. The Authority will apply the IAS 19 (Amendment) in the financial year 2008/2009.

(b) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Authority's operations

- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Authority's operations because none of the Authority's ordinary activities comprise renting and subsequently selling assets.
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009). The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the Authority's operations as there are no loans received from the government.
- The minor amendments to IAS 20 'Accounting for government grants and disclosure of government assistance', and IAS 29, 'Financial reporting in hyperinflationary economies', IAS 40, 'Investment property', and IAS 41, 'Agriculture', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments will not have an impact on the Authority's operations as described above.
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009). The interpretation clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the Authority's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Regulatory fees

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

(c) Other income

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

(d) Interest

Interest payable and receivable are recognised on the accruals basis.

(e) Grants

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

(f) Inventories

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

(g) Property, plant and equipment

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

CREATING A LEVEL
PLAYING FIELD

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits are associated with item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are charged to the income statements during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land, buildings, frequency monitoring equipment, motor vehicles, office furniture, fittings and fixtures, motor cycles and computer accessories are credited to other reserves in the Authority's equity. Decreases that off-set previous increases of the same asset are charged against other reserves directly in equity, all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'

(h) Depreciation

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

The depreciation rates used are:	(Annual) rate
Buildings	3.0%
Frequency monitoring equipment	20.0%
Motor vehicles	20.0%
Computers and accessories	33.3%
Office equipment	10.0%
Office furniture, fittings and fixtures	10.0%
Motor cycles	10.0%

(i) Intangible assets

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

Expenditure which enhances and extends the computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives, estimated at four years. However, during the year there were no costs associated with developing computer software programmes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leases

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

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

(k) Foreign currencies

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

(l) Financial instruments

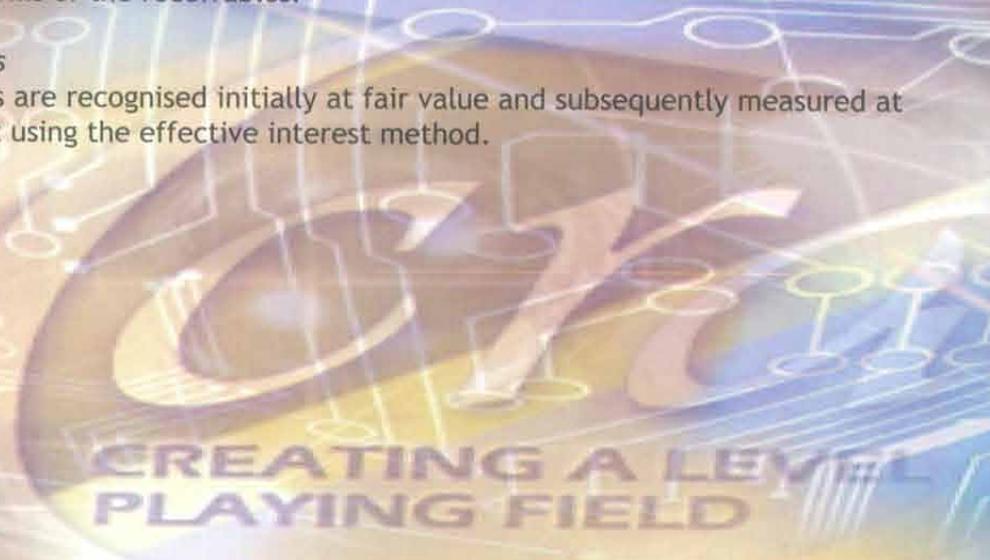
Financial assets and liabilities are recognised on the Authority's balance sheet when the Authority has become a party to the contractual provisions of the instrument.

Trade receivables

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

Trade payables

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



CREATING A LEVEL
PLAYING FIELD

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

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

(m) Provision for liabilities and charges

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

(n) Impairment

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

(o) Retirement benefits obligations

(i) Pension obligations

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Other Entitlements

The estimated monetary liability for employees' accrued entitlements at the balance sheet date is recognized as accrued expenses.

(iii) Post-retirement medical aid benefits and retirement gratuities

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

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents therefore includes all the short term deposits.

2. REGULATORY FEES

	2008 TZS'000	2007 TZS'000
Network Facility Fee (NF)	1,675,149	1,725,063
Network Services Licence (NS)	7,010,182	7,053,742
Application Services Licence (ASL)	860,336	441,513
Content Services Licence (CSL)	487,234	453,225
Postal licence (PL)	401,586	220,767
Installation and Maintenance (I&M)	39,732	34,653
Importation and Distribution (I&D)	30,291	25,825
Radio Frequency Spectrum User Fees (RFS)	12,110,120	6,136,452
Numbering Resources	3,371,279	1,176,795
	25,985,909	17,268,035

3. OTHER OPERATING INCOME

	2008 TZS'000	2007 TZS'000
Interest income	1,181,401	1,611,500
Gain on foreign exchange	-	65,425
Other incomes	96,410	126,272
	1,277,811	1,803,197

4. SURPLUS INCOME

	2008 TZS'000	2007 TZS'000
The operating surplus is arrived at after charging:		
Loss on disposal of assets	25,491	-
Provision for specific trade debts	3,715,564	85,285
Irrecoverable trade debts	232,633	-
Auditors' remuneration	68,700	13,200
Staff costs (Note 6)	4,609,584	3,605,770
Amortisation	80,951	80,951
Loss on foreign exchange	476,242	-
Directors emoluments	26,000	21,000
Board of director's expenses	500,539	481,422
Legal fees	44,341	8,946

5. STAFF COSTS

Wages and salaries	2,588,139	1,871,976
Terminal benefits	154,623	308,669
Bonus	102,000	-
Recruitment costs	30,351	102,296
Social security costs (TCRA, PPF, ZSSF & PSPF)	310,054	227,072
Transport/ house allowance	919,677	655,032
Long service awards	15,900	42,438
Medical expenses	93,052	76,071
Gratuity expenses	122,160	103,895
Staff welfare	174,931	100,783
Staff uniforms	38,234	28,732
Industrial relations	43,464	67,075
Other staff benefits	16,999	21,731
	<u>4,609,584</u>	<u>3,605,770</u>

The average number of employees during the year of operation was 124 (2007:121).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TAXATION

Neither corporation nor deferred taxes have been provided as the Authority revenues are exempt from income taxation per the provisions of Income Tax Act, 2004, item 5 of the Third Schedule.

7. PLANT, PROPERTY AND EQUIPMENT

	Land	Buildings	Frequency monitoring equipment	Motor vehicles	Office Furniture, fixture & fittings	Office equipment	Total As restated	
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	
COST/VALUATION NBV/Cost at 1 July 2007	873,300		5,000,000	1,369,629	149,318	232,856	154,060	9,364,263
Disposals	-	-	-	(24,959)	(4,303)	(7,780)	-	(57,065)
Additions	-	-	202,923	112,707	34,958	74,516	71,781	496,885
Revaluation	226,700	822,900	783,777	554,123	51,152	158,602	79,832	2,677,086
As at 30 June 2008	1,100,000		5,986,700	2,011,500	231,125	458,194	285,650	
COST/ VALUATION								
As at 30 June 2008	1,100,000		5,986,700	2,011,500	231,125	458,194	285,650	
DEPRECIATION								
As at 1 July 2007	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
As at 30 June 2008	-	-	-	-	-	-	-	-
NET BOOK VALUE								
As at 30 June 2008	1,100,000		5,986,700	2,011,500	231,125	458,194	285,650	
As at 30 June 2007	873,300		5,000,000	1,369,629	149,318	232,856	154,060	9,364,263

In June 2008, all TCRA's assets (property and equipment) were re-valued by independent professional valuers - M/S ARDHI UNIVERSITY. Land and buildings/ (property) were re-valued using open market values where as frequency monitoring equipment, motor vehicles, office furniture, fixtures and fittings, office equipment and computers and printers were re-valued using depreciated replacement costs. During the year a revaluation surplus of 3.1 billion was recognised.

** Comparative prior year adjustments are in respect of reducing revaluation surplus for annual depreciation where as the assets were re-valued at the year end.

8. CAPITAL WORK IN PROGRESS

	2008 TZS'000	2007 TZS'000
Cost at 1 July	19,269,341	-
Addition	7,507,904	19,269,341
Cost at 30 June	26,777,245	19,269,341

Work in progress balance of TZS 26.8 billion represents amounts spent on construction of TCRA head quarters and commercial complex at Sinza in Dar es Salaam and the extension of TCRA offices at Mikocheni Dar es Salaam.

CREATING A LEVEL PLAYING FIELD

9. INTANGIBLES

	2008 TZS'000	2007 TZS'000
Cost		
At 1 July	350,650	350,650
Additions during the year	-	-
At 30 June	<u>350,650</u>	<u>350,650</u>
Accumulated amortisation		
At 1 July	161,904	80,952
Amortised during the year	80,951	80,952
At 30 June	<u>242,855</u>	<u>161,904</u>
Net book value		
At 30 June	<u>107,795</u>	<u>188,746</u>

10. TRADE AND OTHER RECEIVABLES

Trade receivables	9,282,635	6,387,793
Provision for specific bad debts	(3,715,564)	(85,285)
Net trade receivables	<u>5,567,071</u>	<u>6,302,508</u>
Staff receivables	494,796	358,513
Other receivables	363,764	313,086
	<u>6,425,631</u>	<u>6,974,107</u>

11. TRADE AND OTHER PAYABLES

Trade payables	94,130	54,885
Accruals	258,242	463,544
Other payables	1,547,900	1,172,404
	<u>1,900,272</u>	<u>1,690,833</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CASH GENERATED FROM OPERATIONS

	2008 TZS'000	2007 TZS'000
(a) Reconciliation of operating surplus to net cash used in operations		
Surplus income for the year	9,101,726	3,478,679
Adjustments:		
Amortisation of intangibles	80,951	80,951
Loss on assets disposal	25,491	-
Prior year adjustments (net)	1,128,526	(41,154)
Surplus before working capital changes	<u>10,336,694</u>	<u>3,518,476</u>
Movement in trade and other receivables	(548,475)	(2,616,216)
Loan issued to the Government/ATC	(1,250,000)	-
Movement in trade and other payables	209,439	1,402,621
Net cash used in operations	<u>8,747,658</u>	<u>2,304,881</u>

(b) Cash and cash equivalents

Bank balances		1,838,966	850,442
	Cash on hand	-	44
Short term investments/deposits		6,074,291	7,404,344
		7,913,257	8,254,830

13. CAPITAL COMMITMENTS

Capital expenditure authorized and contracted for	-	-
Capital expenditure authorized but not contracted for	-	-
	-	-

14. RISK MANAGEMENT POLICIES

The financial risk management policies are outlined below:

Exchange risk

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

Interest rate risk

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

Credit risk

The Authority's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on past experience and their assessment of the current economic environment.

Fair value

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

15. CURRENCY

These financial statements are prepared in Tanzania Shillings thousands (TZS'000)

16. COMPARATIVES

Where necessary, comparative figures have been adjusted or reclassified to conform to changes in presentation in the current year.

17. COMPARATIVES PRIOR YEAR ADJUSTMENTS

Comparative prior year adjustments are in respect of reducing revaluation surplus for annual depreciation where as the assets were re-valued at the year end, nonaccrual of gratuity expenses in the previous year and non reversal of audit fee paid during the year.

18. RELATED PARTY TRANSACTIONS

(a) Key Management compensation

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

Remuneration of directors and other members of key management during the year were as follows:

	2008 TZS'000	2007 TZS'000
Short term benefits	_____	_____
Post employment benefits	_____	_____

(b) Loans to related parties

	2008 TSh'000	2007 TSh'000
Loans to key management of the Authority As 1 July 2007	_____	_____
Loans advanced during the year	_____	_____
Loans repayments received	_____	_____
Interest charged	_____	_____
Interest received	_____	_____
As at 30 June 2008	_____	_____

The loans advanced to key management have the following terms and conditions:

Name of key management	Amount of loan	Term	Interest rate
		Repayable monthly over--- years	0%

30 June 2008 Assets as per balance sheet	Loans and receivables	Assets at fair value through the profit and loss	Derivatives used for hedging	Available for sale	Total
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Trade and other receivables	6,470,427	-	-	-	6,470,427
Loan receivable from ATCL	1,250,000				1,250,000
Short term deposits	6,074,291	-	-	-	6,074,291
Cash and bank balances	1,838,966	-	-	-	1,838,966
Total	15,633,684	-	-	-	15,633,684

30 June 2008 Liabilities as per balance sheet	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	TShs'000	TShs'000	TShs'000	TShs'000
Trade and Other payables	-	-	1,900,271	1,900,271
Total	-	-	1,900,271	1,900,271

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**CREATING A LEVEL
PLAYING FIELD**

Appendix I

ADMINISTRATIVE EXPENSES	2008	2007
	TSh'000	TSh'000
Travelling on duty (local and abroad)	450,711	473,559
Stationery and printing	93,454	105,268
Advertisement and publicity	356,831	401,446
Newspapers, books and periodicals	30,819	29,558
Postage & courier, fax, emails and telephone	224,016	211,994
Content monitoring	96,470	110,561
Electricity and water charges	64,227	107,762
Corporate social responsibility/donations	370,703	281,833
Office rents	69,532	56,692
Office security expenses	41,080	32,685
Maintenance of fire fighting equipment	38,471	33,954
Buildings repairs costs	100,860	76,968
Post code project expenses	60,697	39,353
Board of Directors expenses	500,539	481,422
Directors fees	26,000	21,000
Training expenses	1,297,795	876,783
Seminar and workshops	974,427	329,836
Conference and meeting expenses	1,076,215	880,498
Motor vehicles running expenses	161,947	107,840
Consultancy fee	189,143	199,223
Insurance premiums	161,156	38,420
Bank charges	54,716	31,340
Field and inspection costs	308,362	179,104
General expenses	66,594	31,985
Revenue collection costs	46,007	22,220
Complaints committee expenses	87,401	40,594

Sectoral/ management meetings costs	46,702	56,645
Content committee costs	54,746	97,171
Land rent	1,538	1,183
Finance and audit committee expenses	65,453	17,715
Nomination committee expenses	8,437	21,324
Research and development costs	529,074	228,653
Study groups expenses	479,410	428,665
Planning and budgeting expenses	71,128	72,395
Office cleaning and fumigation costs	47,398	34,698
Inquiry expenses	368,812	18,353
Legal advisory costs	44,341	8,946
Contribution to TCRA Consumer Consultative Council	229,557	253,000
Games and sports	3,929	22,850
Emergency police call centre	6	522,786
Licence processing expenses	56,007	15,260
Review panel expenses	6,225	6,672
Tender board expenses	100,464	53,740
Public register	1,296	-
Loss on foreign exchange difference	476,242	-
Contribution to Tanzania Network Information Centre	162,473	-
Contribution to internet exchange projects	27,908	-
Audit fee	68,700	13,200
Subscription to professional bodies	3,787	-
Specific bad debts expenses	232,633	-
Loss on disposal of fixed assets	25,491	-
Amortisation of intangibles	80,952	80,952
	10,140,882	7,156,106

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Appendix II

CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS

	2008	2007
	TSh'000	TSh'000
Pan African Postal Union – (PAPU)	35,786	31,496
African Telecommunication Union – (ATU)	33,971	33,971
International Telecommunication Union – (ITU)	72,262	73,170
Universal Postal Union – UPU)	34,321	20,832
Commonwealth Telecom Organisation – (CTO)	58,511	40,042
Communication Regulators Association for Southern Africa	49,150	24,700
Commonwealth Broadcasting Association – (CBA)	9,542	9,362
Digital Solidarity Fund	-	489,319
ACRAN	1,725	-
African Advanced Level Telecommunication Institute – (AALTI)	47,944	46,100
	343,212	768,992

Appendix XVI

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	East African Regulatory, Posts and Telecommunication Organisation
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	National Internet Exchange Point NGN Next Generation Networks
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	National Consultative Committee on Frequency spectrum Utilization
IMSO	International Mobile Satellite Organisation
NTFA	National Table of Frequency Allocation
GMDSS	Global Maritime Distress and safety Systems
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



