

The United Republic of Tanzania
Tanzania Communications Regulatory Authority

ANNUAL REPORT

For the year ended 30th June, 2009

CREATING A LEVEL PLAYING FIELD



Tanzania
Communications
Regulatory
Authority

Vision

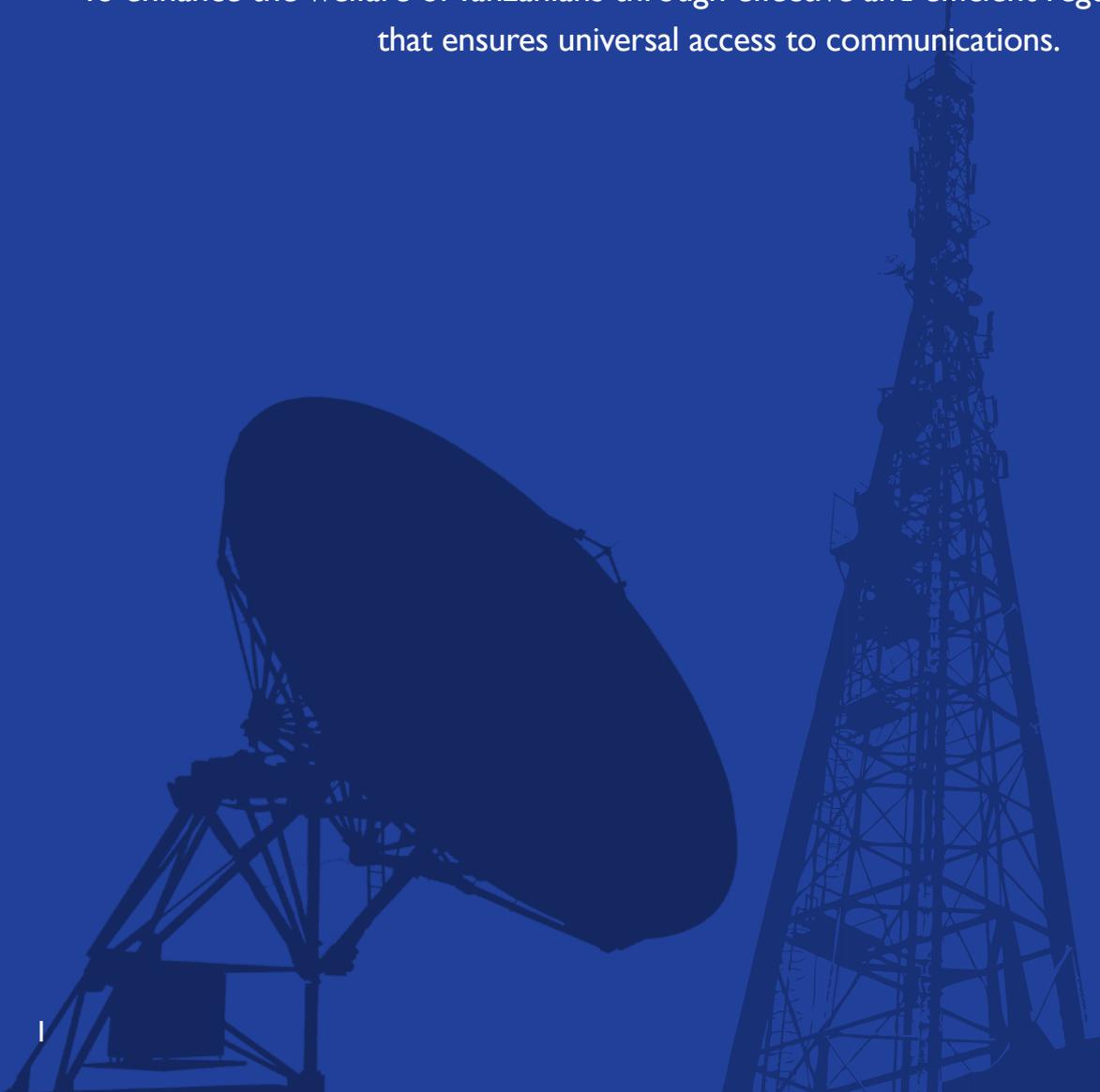
To be a world-class Communications Regulator creating a level playing field among communication service providers, and promoting environmentally friendly, accessible and affordable services to consumers.

Mission

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

Strategic Goal

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



Core values

- (a) **Professionalism:** We maintain the highest degree of professionalism and ethical standards, building value-added relationships with customers and stakeholders to deliver quality services.
- (b) **Respect:** We are an organization that values its Employees and respects its customers.
- (c) **Empowerment:** We believe in empowerment and effective delegation enabling Employees to make decisions and take challenges commensurate with their own levels of responsibility.
- (d) **Innovation:** We encourage creativity and innovation leading to enhancement of our capacity in handling regulatory issues.
- (e) **Integrity:** We believe in integrity and we are determined to treat customers and each other with trust, confidentiality and honesty.
- (f) **Accountability:** We are accountable, undertaking our duties fairly, with care and transparency.
- (g) **Team Work:** We benefit from team work, putting together diverse expertise to achieve success.
- (h) **Objectivity:** We undertake our activities objectively and we are result oriented.
- (i) **Efficiency:** We believe in providing our regulatory services in an efficient way.
- (j) **Non discrimination:** We believe in equal opportunity and treatment for our internal and external stakeholders and do not discriminate against gender, religion, race, affiliation or origin.

HELLO



Definitions of Terms and Abbreviations	Page 5
Mission and Vision Statement of National Audit Office.	Page 6
Directors' Report	Pages 8 - 11
Statement of Directors' responsibilities in respect of the financial statements	Page 12
Operational Review	Pages 13 – 16
ICT Developments and Standards	Pages 17 – 32
Report of the Controller and Audit General	Pages 33 – 34
Statement of Comprehensive Income	Page 36
Statement of Financial Position	Page 37
Statement of Changes in Equity	Page 38
Statement of Cash Flow	Page 39
Notes to the Financial Statements	Pages 40 - 58

Definition of Terms and Abbreviations

Financial Statements mean: Balance Sheet, Income Statement, Cash Flow Statement, Directors' Report, a summary of significant accounting policies and other related notes and supporting schedules of the Tanzania Communications Regulatory Authority for the Financial Year ended 30th June, 2009.

AR	Audit Report
BOT	Bank of Tanzania
CAG	Controller and Auditor General
G.N.	Government Notice
ICT	Information and Communication Technology
INTOSAI	International Organization of Supreme Audit Institutions
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
PAA	Public Audit Act
POAC	Public Organizations Accounts Committee
PFR	Public Finance Regulations
PMU	Procurement Management Unit
PPA	Public Procurement Act No. 21 of 2004
PPF	Parastatals Pension Fund
PPR	Public Procurement Regulation of 2005
Reg.	Regulations
Sect.	Section
TCRA	Tanzania Communications Regulatory Authority
Tshs	Tanzania Shillings
URT	United Republic of Tanzania
US\$	United States Dollar



◀ We believe in empowerment and affective delegation enabling Employees to make decisions and take challenges commensurate with their own levels of responsibility.

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

The statutory duties and responsibilities of the Controller and Auditor General are enshrined under Article 143 of the Constitution of the URT of 1977 (revised 2005), and further elaborated under Sect. 10 (1) of the Public Audit Act No. 11 of 2009.

Vision

To be a centre of excellence in public sector auditing.

Mission

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



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

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

We do this by:-

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

© This audit report is intended to be used by Stakeholders. However, upon adoption by the Board of Directors, the report becomes a matter of public record and its distribution may not be limited.

THE UNITED REPUBLIC OF TANZANIA

TANZANIA COMMUNICATIONS REGULATORY AUTHORITY

Telegram : TUMEWASILI, Dar Es Salaam
Telephone : 55 22 2412011 – 2 & 255 22 2199760 - 9
Fax : 255 22 2412009 & 255 22 2412010
E-mail : dg@tcra.go.tz
Website : www.tcra.go.tz



Mawasiliano Towers
Plot No.2005/5/1, Block C Sinza
Sam Nujoma Rd
P. O. Box 474
DAR ES SALAAM TANZANIA

Ref: No. TCRA/C/O.20/19

14th January, 2011

Hon Prof. Makame M. Mbarawa (MP),
Minister for Communications, Science and Technology,

DAR ES SALAAM

Honourable Minister,

**RE: ANNUAL REPORT OF THE TANZANIA COMMUNICATIONS
REGULATORY AUTHORITY FOR THE YEAR ENDED ON 30TH JUNE 2009**

In pursuance of the provisions of Section 53.-(1) of the Tanzania Communications Regulatory Authority Act No.12 of 2003, I have the honour to submit the Annual Report of the Tanzania Communications Regulatory Authority for the year ended on 30th June 2009.

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

The Report provides for the activities performed by the Authority during the financial year 2008/09. 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 the composition of the Board had changed following appointment of Dr. Justinian Anatory to serve as Member of the Board on 2nd April 2009.

On behalf of the Board, Management and Staff, I wish to convey our sincere gratitude to the government and particularly your Ministry for the support and guidance extended to the Authority which made it possible to fulfil our obligations enshrined in the Tanzania Communications Regulatory Authority Act No. 12 of 2003, sector legislation and policies. In addition, we thank the Ministry for Information, Culture and Sports for the support extended to the Authority particularly on matters relating to content issues during the entire period of our operations. We also thank Members of the Infrastructure Committee of the Parliament for their cordial cooperation accorded to the Authority during the period under review.

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

Judge Buxton Chipeta

CHAIRMAN OF THE BOARD

Directors' Report for the Year ended 30 June 2009

1.0 INTRODUCTION

Members of the Board of Directors of the Tanzania Communications Regulatory Authority (TCRA) are delighted to once again present their report on the performance of the Authority during the financial year 2008/09. During the year under review the Authority went through a number of challenges in both regulation and administrative spheres. In regulation demand for radio frequency spectrum for provision of mobile communication services continued to rise while on administration, the Authority continued to comply with the Public Procurement Act 2004.

The overall performance of the Authority during the year under review was quite good. The Authority continued to implement its activities as provided for in the Strategic Plan 2006/07 to 2010/11. On this basis, the Board is pleased to report that the Authority had managed to fulfil its duties and functions as provided in the Tanzania Communications Regulatory Authority Act No. 12 of 2003, Sector Policies and Legislation. The Board acknowledge the contribution of the management and members of staff for their hard work and commitment in the implementation of the action plan that led to the realisation of our vision and mission. The Board further recognises the contribution made by other stakeholders which helped the Authority to realise its overall objectives.

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, 2009 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
Judge Buxton Chipeta (Rtd)	Chairman	Tanzanian
Dr. Suleiman J. Omar*	Vice Chairperson	Tanzanian
Prof. John S. Nkoma	Member	Tanzanian
Eng. Baruany E. Luhanga	Member	Tanzanian
Dr. Vuai Iddi Lila	Member	Tanzanian
Hon. Peter J. Serukamba (MP)	Member	Tanzanian
Dr. Justinian Anatory**	Member	Tanzanian
Mrs. Elizabeth M. Nzagi	Secretary	Tanzanian

NB: * Passed away on 1st October 2009

** Appointed on 2nd April 2009

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 PERFORMANCE DURING THE YEAR UNDER REVIEW

5.1 Construction of TCRA Headquarters Building

The project for construction of the proposed TCRA Headquarters Building on Plot 2005/5/1 Block C Sinza Dar-Es-Salaam that started in 2006/07 financial year was partially completed by end of June 2009. Practical completion and handing over was delayed by work in progress in the basement which was initiated later to accommodate the communications museum. The building was handed over in October 2009 and effectively occupied in November 2009.

5.2 Licensing

During the year 2008/09 the Authority issued licences to 5 Network Facilities operators, 4 Network Services and 20 Application Services; 8 Courier Service and 8 Content Service providers including two television operators and six radio broadcasters. The issuance of these licences led to increase in the number of service providers, consumer base and also had a positive impact on the income from regulatory fees including initial licence fees, frequency user fees, numbering resource fees and royalty.

5.3 Spectrum Management

The study on telecommunications market in Tanzania and the Radio frequency spectrum audit initiated by the Authority in early 2008 was completed. As it would be recalled the purpose of the study was to establish the optimal number of operators the sector can sustain; while the spectrum audit was intended to establish the actual amount of spectrum currently in use and the portion that is considered idle or utilised inefficiently. The audit report showed that there were some frequencies that were economically useful. As a result, the Authority reopened the licensing process of new investors which was suspended in February 2008.

5.4 Broadcasting Services

In 2008/09 the Authority invited tenders from prospective investors to provide multiplex (MUX) services to terrestrial television broadcasting content operators in the country. The purpose of licensing MUX operators was to facilitate implementation of the migration from analogue to digital broadcasting.

5.5 Postal Affairs

The pilot project for the proposed Physical Address and Post Code System implemented in Arusha in 2007/08 was expanded to cover Moshi, Dodoma and Zanzibar. The Arusha project covered all wards in the central business district.

6 EMPLOYEE WELFARE

6.1 Employee 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 the Authority registered good progress in a 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 management continues to encourage them to maintain their membership.

6.2 Medical Care Services

Implementation of the Authority's policy on medical care continued smoothly in 2008/09. To ensure that services were provided efficiently, the Authority invited tenders from authorised health service providers. Through competitive selection M/SAAR Health Services was awarded the tender to provide the services. In addition, the Authority continued to implement the Chronic Ailments policy through which preventive and curative services are provided to employees and their dependants against diseases such as HIV and AIDS, Cancer, Tuberculosis, Diabetes, etc.

7 CAPACITY BUILDING

The Authority 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 as 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 its priority areas for investment. This facilitated implementation of the annual capacity building programme. Some officers were sponsored to long term courses within and outside the country and others to short term capacity building programmes in ICTs regulation, radio frequency management, management and dispute resolution.

8 GENDER POLICY

The Authority is an equal opportunity employer which strives to build a broad-based organisation with balance in both gender and ethnicity to reflect the composition of the Tanzanian population. In achieving this objective, whenever processing recruitment to fill vacant posts in its establishment, the Authority provides equal opportunities to all people including women. During the year under review the Authority had 133 employees of which 93 were male and 40 were females.

9.0 CORPORATE SOCIAL RESPONSIBILITIES

In fulfilment of the principles of corporate governance, the Authority has committed itself to active participation in environment protection, and promotion of socio-economic development of our society

Directors' Report for the Year ended 30 June 2009 (continued)

through extension of financial and material support towards implementation of community development projects being part of its corporate social responsibility policy. In 2008/09 the Authority participated in implementation of a number of social and economic development initiatives throughout the country. These 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.

10 FINANCIAL PERFORMANCE

During the financial year 2008/09 it was planned and budgeted that the Authority would earn TZS. 34,789,244,600. However, the actual revenue earned was TZS, 43,480,067,000. This gives a surplus of TZS. 8,690,822,400.00 which is equivalent to 24.98% above the approved income. This is an assurance that the Authority's sources of revenue are sustainable in the foreseeable future.

During the year under review there were considerable increases in recurrent expenditure as the result of provision to write-off long outstanding debts of the defunct operators including the TRITEL amounting to TZS. 3,266,404,000; as well as cost of aging assets whose at the year-end was TZS. 1,869,834,000. The overall impact of these two items was the increase of recurrent expenditure from TZS. 18,161,993,000 in 2007/08 to TZS. 21,649,922,000 representing an increase of TZS. 3,487,929,000.

On capital investment the Authority spent TZS. 6,914,863,000 on implementation of projects carried forward from the previous years as well as new ones approved in 2008/09 annual plan and budget. Key projects include construction of the TCRA Headquarters building (the Mawasiliano Towers), Automation of Type Approval, Supply of computers and printers and automatic mail quality measurement equipment.

11 SOLVENCY

The Directors consider the Authority to be solvent on the basis of a working capital of TZS. 30,842,204,000 and annual surplus of TZS 21,830,145,000.

12 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 2008/09 accounts of the Authority.

BY ORDER OF THE BOARD



CHAIRMAN



DIRECTOR

DATE: 12 - 06 - 2010

Statement of Directors' Responsibilities in Respect of the Financial Statements

Section 25(4) of the Public Finance Act. No. 6 of 2001 (Revised 2004) 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: 12 - 06 - 2010

3 OPERATIONAL REVIEW BY THE DIRECTOR GENERAL

3.1 Introduction

3.1.1

The year under review was the fifth since the establishment of the Authority and the second since the Strategic Plan 2006/07 to 2010/2011 started to be operationalized. In pursuance of the Authority's duties and responsibilities as stipulated in the TCRA Act of 2003 and the key objectives set out in the Strategic Plan the Authority formulated and implemented an Action Plan and Budget that addressed all regulatory and operational issues.

As it may be recalled, during the previous two years the Authority was preoccupied with implementation of its primary regulatory tool, namely the Converged Licensing Framework (CLF). Through reflection of CLF, the Authority was able to identify the strengths and weaknesses, threats and opportunities. All these served as the basis for formulation and implementation of key strategic plans to enhance the regulatory process in the country.

3.1.2

In the planning process the CLF was reviewed in order to embrace technological developments and introduction of the New Generation Networks (NGN) in particular. In this area the Content licence was reviewed to include the new category of Support Services. This category of license enabled the Authority to issue new license (Satellite Licence) to Pay Television Operators delivering content developed within and outside the country.

3.1.3

Another important activity that preoccupied the Authority in 2008/09 was construction of the TCRA Headquarters building. Until end of the financial year 2008/09 construction was at a very advanced stage and is expected to be completed in July 2009. The completion of the Authority's office building is expected to bring all staff of the Authority based in Dar-Es-Salaam under one roof. Further, the completion will reduce operating cost especially conveyance of documents between headquarters and Mikocheni offices.

3.1.4

With regard to Spectrum Management, demand for frequency resources continued to grow as a result of the implementation of Converged Licensing Framework (CLF). The application of CLF created good regulatory climate in the country and attracted more investors into the communication industry. All available frequencies for GSM and CDMA technologies were assigned to operators, and new applicants could not get the frequencies to meet their requirements. The Authority was hoping for possible solution of frequency shortage in the forthcoming World Radiocommunication Conference (WRC-08) to be held in Geneva in October/November 2008. In order to ensure that the Authority is part of the solution, its staff participated actively in the studies organised under the auspices of the International Telecommunication Union and Regional African groupings in search for alternative solution to the high demand for the spectrum.

On telecommunications sector, the year 2008/09 saw unprecedented growth in both networks expansion and subscriber base. Vodacom (T) Limited and Zain (T) Limited emerged clearly as the market leaders in terms of the subscriber numbers.

Operational Review (continued)

Table I below show subscriber base of mobile and fixed phone companies between 2004 and 2009.

Table I: Fixed and Mobile Subscribers as at 30th June 2009.

YEAR	MOBILE CELLULAR (CELTEL, MIC(T) LTD, VODACOM & ZANTEL)	FIXED LINES (TTCL & ZANTEL)	TOTAL
2004/2005	2,963,737	154,420	3,118,157
2005/2006	5,076,310	152,720	5,229,030
2006/2007	6,720,072	169,135	6,889,207
2007/2008	10,268,673	159,370	10,428,043
2008/2009	14,723,175	179,849	14,903,024

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. It is expected that migration to digital will generate more frequencies that may 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.

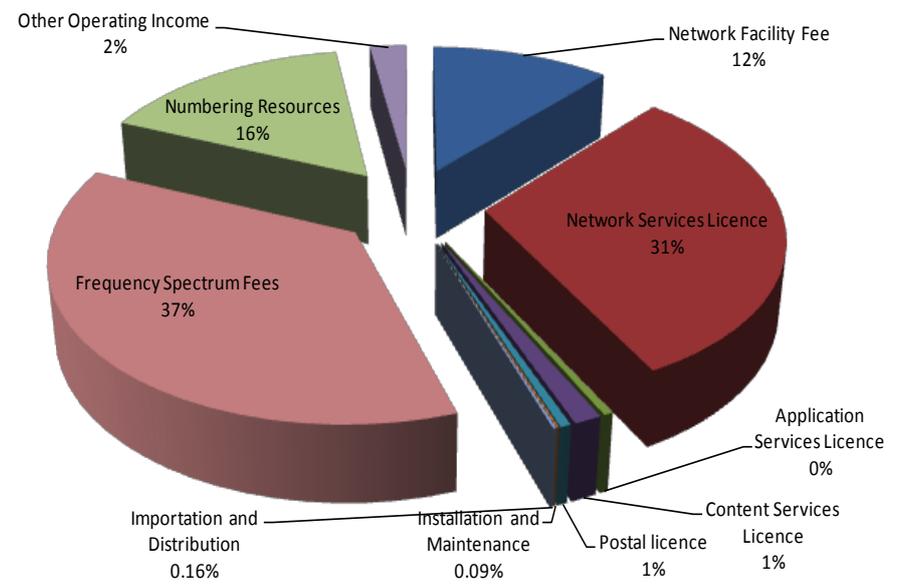
3.1.6

Regarding the Postal Sector, the year under review witnessed 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. Another development was the introduction of a pilot project for the proposed Physical Address and Post Code System which started to be implemented in Arusha in 2007/08. During the year under review the pilot project was extended to cover other three cities namely Moshi, Dodoma and Zanzibar.

3.1.7

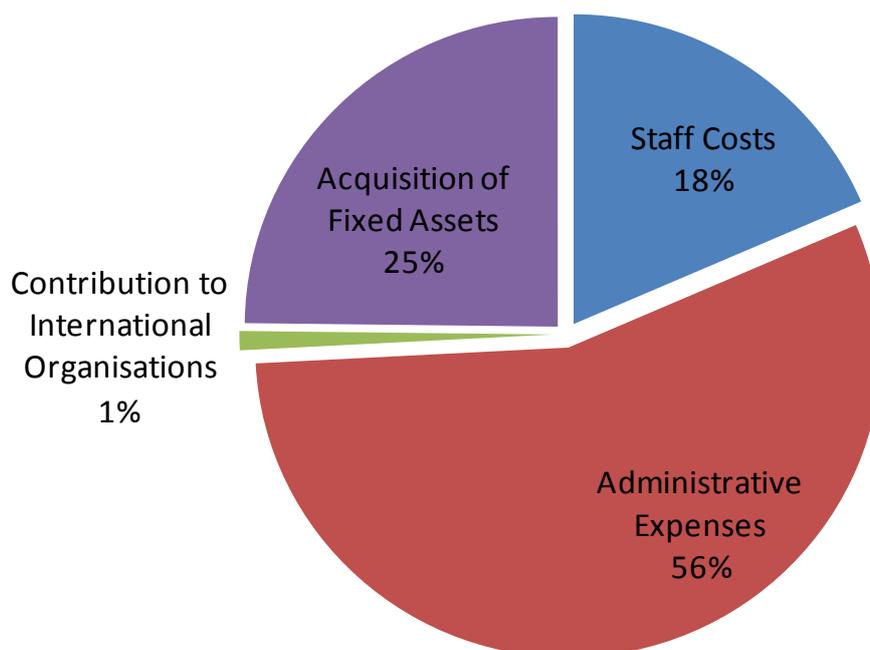
Financial Performance: During the year 2008/09 the Authority continued to improve its financial management by improving the rules governing payment of royalties from operators, automation of accounting system through installation of integrated financial management software and building the capacity of finance and accounting staff. Overall, as it would be noted in the income statement the total income increased by 59.5% as compared to the previous year. Figure I herein shows the main sources of income during the year 2008/09 were Radio Frequency Spectrum User Fees, Network Services Licence fees, Numbering Resource Fees, Network Facility Licence fees, Content Services Licence fees, and Other Income.

Figure 1: Main sources of income for the year 2008/09



During the same period expenditure increased by 19.2% as compared to the previous year. The increase in expenditure was due to increase in the number of activities performed as well as increase in the number of staff. Items with higher expenditure as shown in figure 2 include Administrative/operations, Acquisition of Assets, Staff costs and Contribution to international organisations. The impact of such expenditure is signified by the improvement in performance of the Authority as compared to the previous year as shown herein.

Figure 2: Expenditure per Category



3.1.8 Concluding remarks:

To conclude, let me take this opportunity to commend the TCRA Board under the chairmanship of Judge (Rtd) Buxton Chipeta for their dedicated service and commitment to the Authority throughout the period under review. Their contribution towards development of the Authority is highly appreciated and will continue to be valued in the foreseeable future. I also wish to acknowledge the support and guidance from the government and the cooperation I received from colleagues in the management team and the entire TCRA staff. Lastly I wish to recognise the support and cooperation from all stakeholders including our service providers. I am happy to say that with this strong partnership TCRA is poised to make a lasting impact in the communications industry.

Lastly I wish to recognise the support and ►
cooperation from all stakeholders including our
service providers.



Prof. John S. Nkoma

DIRECTOR GENERAL

3.2 ICT Developments and Standards

3.2.1 Standardization

3.2.1.1 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, 88 applications for type approval were received and processed as tabulated in table 2.

Table 2: Number of Type Approved Equipment, 2008/09

S/N	Type of Equipment	Number of Processed Applications
1.	Terminal Equipment	49
2.	Network Equipment	39
3.	Radio Communication Equipment	-
4.	Short Range Devices	-

During the period under review, the Authority finalised the exercise of taking stock of used/sold non-type approved communications equipment in the market country-wide. About 726 vendors were visited throughout the country. The exercise started in Dar es Salaam and was done in conjunction with Tanzania Revenue Authority (TRA), Tanzania Police Force (TPF) and BSc Telecom Engineering Students from Dar es Salaam Institute of Technology (DIT) under the supervision of TCRA department of ICT Head Office whereas in the regions the exercise was carried out by ten (10) students from Dar es Salaam Institute of Technology (DIT) under the supervision of TCRA Zonal offices.

The report was produced and submitted to the TCRA management. In the report a number of recommendations were made mainly to help the Authority on decision making on the best way to enforce licensing and regulatory regimes.

3.2.2 Online Type Approval System (OTAS) Project

During the period under review, the Tender for Automation of On-line **Type Approval process** was floated and four bidders submitted their proposals. The evaluation of the bidding documents was done and contracts were awarded to the following companies:-

- (a) M/S Techno Brain (T) Limited - Software part of the project
- (b) M/S Business Connexion (T) Limited - Hardware part of the project

Implementation of the project will be carried out during the first and second quarters of 2009/10.

3.2.3 Type Approval Laboratory

During the period under review, the Authority hosted a joint workshop with ITU. During the workshop it was proposed that pre-feasibility study on the establishment of Type Approval Laboratory in the United Republic of Tanzania be carried out. The workshop further agreed on a checklist of the electronic communication areas to be covered by the feasibility study.

Following the workshop deliberations and the need for a Type Approval Laboratory in Tanzania, the Authority planned to prepare specifications that would help to engage a consultant to carry out feasibility study on the establishment of the type approval testing laboratory during the financial year 2009/10. The document will address among other things, the scope of the feasibility study, design of the room(s) and equipment.

3.2.4 Numbering and Routing Activities

Numbering in communications is defined as limited national resources that must be managed fairly in the long-term best interests of the country as a whole. The Authority is mandated by law to plan and manage the numbering resource in the United Republic of Tanzania.

3.2.4.1 Applications for Numbering Resources

During the year under review the Authority received a total of 77 applications for numbering resources as shown in table 3. Out of which 55 were processed and 51 of those were issued with certificates.

Table 3: Numbering Resources Application Received in 2008/09

S/N	Type of Numbering Resources	Number of Processed Applications
1.	VAS CODES	36
2.	ISPC	1
3.	SPC	11
4.	MNDC	2
5.	MNIC	1
6.	SIM HEADER	1
7.	SPECIAL NUMBER	3

3.2.4.2 Additional Opening of Number Range

The Authority has established a numbering plan which provides free phone numbering range that enables customers of corporate companies to call free of charge. To comply with the current National Numbering Plan (NNP) with ten (10) digits, including network/service access codes, the allocation of the 0800 block is assigned in such a manner that the operator is given a block of ten thousand numbers (10,000) as shown below:

0800YY XXXX; where **YY** is the operator code while **XXXX** ranges from **0000** to **9999**.

The operator assigned this range/block of numbers can assign to individual customers up to **10,000** numbers.

ICT Developments and Standards (continued)

In this setup the respective operator will be serving the subscribers for all their free phone requirements including entering into contracts with other operators for the services and provide them with single invoice.

The Authority has been receiving requests from individual customers who have already entered into agreements with operators on providing Free Phone services to them. They do require an individual number and not an assignment from a range/block assigned to operators.

To meet this growing demand, during the year under review, a special block **0800 - 00** was designated for this specific use. The proposed range/block is **0800-00-XXXX** where **00** denoting the **individual Free Phone numbers** where respective operators will not be required to route outside their networks but **map** it to a local number **XXXX** assigned to the individual customer.

3.2.5 Review of the use of VAS Short Codes

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

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

The Authority has been receiving requests from Banks and other financial institutions in respect of short codes for e-commerce.

To meet this demand of banking and financial related Wasp applications, the service category “**I**”, i.e. **15 I YY**, was designated for e-commerce applications.

3.2.6 Common Short Codes for East African

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

During the period under review, the Authority participated actively in the East Africa Posts and Telecommunications Organisations (EARPTO) activities relating to harmonization of communications numbering resources within East African Countries.

As requested by Lake Victoria Basin Commission (LVBC), EARPTO approved the use of the short code **110** for **emergency services in Lake Victoria** during its annual meeting held in Dar es Salaam in May 2009.

Therefore the current short code assignments for common use in East Africa is as tabulated in table 4.

Table 4: The Current Short Code Assignment in East Africa

S/N	IXX Range	Application	Status
1.	Customer Service	100	Approval was made in May 2008 and May 2009 by EARPTO's and EACO Congress respectively
2	Emergency Services in Lake Victoria	110	
3.	Recharge	130	
4	Check Balance	131	
5	Voicemail deposit	121	
6	Voicemail retrieval	123	
7	Emergency, Police & SOS	112	
8	Carrier selection	17X (18X in reserve)	

3.2.2 Internet – Related Activities

3.2.2.1 dot-tz ccTLD Management

The Authority is charged with among other responsibilities, management of the national resources namely Numbering, Naming and Addressing as used in communications.

The country code Top Level Domains (**ccTLDs**) are among the national resources that must be managed in the public interest of each individual sovereign country. Domain Names are unique identities on the internet, however, a **dot -tz** Domain Name, unlike other generic domain names like **dot -com**, provides an identity that is distinctly associated with Tanzania.

Through a consultative process, the Authority contributed hugely in the establishment of the Tanzania Network information Centre (**tzNIC**) and continues to finance its operations. tzNIC is established as a not for-Profit Company with an objective to administer and manage operations of the Tanzania country code Top Level Domain Name (**.tzccTLD**) and it's associated Second Level Domains.

During the period under review, tzNIC was able to establish point to point link between tzNIC servers and TIX's. Tender for Procurement of global internet link was floated and the link was installed in December 2008; On the other hand tender for supply of Global internet link was awarded to SIMBANET (T) Limited who carried out the installation of the link and were able to finalize the project and commissioned in March 2009.

tzNIC also completed successfully the installation of registry system (FRED) with one week training for both secretariat and members of technical advisory working group, on management and administration of the system, by resource person from Republic of Czech. Population of data from current registrars to tzNIC name servers was progressing. Successful population determines commencement of re-delegation of .tz to tzNIC.

Further tzNIC established working global independent internet connectivity. The link is one of the prerequisites for re-delegation during testing stage as it acts as back up link to the secondary servers and that Czech Republic Network Information Centre (.czNIC) has agreed to host tzNIC secondary name server.

Other activities the Centre did during the period under review include: Application to IANA for the listing of the tzNIC DNS server as secondary to the .tz root server of which the technical contact had agreed and promised to list tzNIC server as secondary to the primary .tz name servers. Once this is finalised the registration of Tanzanian domains (.tz) will be registered at tzNIC offices; the centre managed to list its DNS servers as secondary server with current technical contacts servers (Sangiwa and UCC). Internal arrangements are ongoing with the technical contacts to upgrade the centres servers to primary of all .tz secondary level domains (SLDs) and demote the current primary servers to secondary of all .tz servers. Successful arrangement of the above will put the centre in a position of taking over registration of all .tz domain names. Formal re-delegation process will then be finalized.

ICT Developments and Standards (continued)

During the period under review the centre had managed to register a total of 5,037 domain names as itemized in table 5.

Table 5: Registered Domain Names in 2008/09

S/N	Secondary Level Domains (SLDs)	Sub-Total
1.	.ac.tz	168
2.	.go.tz	276
3.	.mil.tz	3
4.	.co.tz	3,916
5.	.ne.tz	35
6.	.or.tz	639
Grand Total		5,037

3.2.3 Internet Exchange Points (IXPs) Implementation Project

The objective of Internet Exchange Points is to keep internet traffic local within Tanzania and/or East Africa. Localizing the internet traffic reduces costs and improves speed. It also ensures security of data as the traffic remain in the local servers.

In this regard TCRA in partnership with Tanzania Internet Service providers (TISPA) financed the project of establishing the Internet Exchange Points in various parts of the country in order to rip the benefits of this technology.

3.2.3.1 Tanzania Internet Exchange Points

Dar es Salaam and Arusha Internet Exchange Points progressed well with gradual increase of peering members. Currently Dar es Salaam has 22 while Arusha has 5 peering members with a maximum recorded traffic of 6Mbps and 613Kbps respectively.

Installation of Dodoma and Mwanza Internet Exchange Points servers were finalized but failed to kick off due to insufficient number of 3 peers required before it qualify to be an exchange point.

To tackle the setback, the Authority decided to organise and facilitated a meeting with Tanzania Internet Service Providers Association Executive Committee (TISPA EC) and manager of TIX, who also manages operations of Dar Es Salaam Internet exchange Point, to collectively draw way forward to successful deployment of Dodoma and Mwanza points.

3.2.3.2 Lake Zone Internet Service Providers meeting

The Authority together with TISPA EC organized and facilitated a meeting with Lake Zone ISPs which was conveyed in Mwanza with an objective of sensitising the Lake Zone ISPs and other internet stakeholders on the importance of IXPs.

The outcome of the meeting was the election of MIXP leadership. Further two companies namely M/s Auvionics and M/s Africa Online (T) Ltd, committed to peer while others showed great interest but requested for more time to consult their management.

3.2.3.3 East Africa Internet Exchange Point (EAIX)

The Internet Exchange Points in Tanzania are also linked to other Exchange Points in Kenya and Uganda under the umbrella of EARPTO.

During the period under review peering members from Tanzania remained 5, whereas in Kenya there was an

additional of one peer making a total of 10 peers. The consultant who was engaged by EARPTO to link the exchange points for the three countries had a plan of taking Uganda on board by middle of the year 2010.

3.2.4 ICT Access and Knowledge

3.2.5 ICT Week 2009 Event

The Authority coordinated and chaired a committee which organised the ICT week 2009 event activities. The event, which was flanked by a two-day interactive forum with Product/Services exhibitions by various Stakeholders and the general public, took place at Blue Pearl Hotel (Ubungo Plaza) from 14th - 15th May, 2009. It was followed by an outreach program on 16th and 17th May 2009 that enabled members to visit some Internet Cafes in the city as well as taking part in various Radio and TV programmes. Prior to the Forum, there was a News Editors' Seminar held at Kilimanjaro Kempinski Hotel on 13th May 2009.

The theme adopted by the ITU Council for 2009 event was: "Protecting Children in Cyberspace" to recognize the needs of children and young people and their protection in cyberspace. About 20 representatives of stakeholders, show cased various ICT applications and products relevant to the theme.

3.2.5 Public Safety Issues

3.5.1 Call Centre for Police Emergency Numbers 111/112

The Authority assisted the Tanzania Police Force (TPF) to establish a state of the art Call Centre System.

The system was set to provide communication links from different telephone operators. During the year under review three telephone operators namely; Vodacom (T) Ltd, Celtel (T) Ltd and BOL were linked to the centre as such their subscribers were able to access the Emergency Call Centre through short code 112 designated for the service.

Testing and commissioning of the Centre is scheduled for the next financial year, 2009/10.

3.5.2 Curbing of stolen mobile phones through Central Equipment Identification Registers (CEIR)

The Authority participated in the preparation of inputs on technical issues for implementation of CEIR and SIM Card registrations in the draft Electronic and Postal Communication Bill. As a way of collecting inputs for the bill, the Authority convened a stakeholders meeting comprising of the general public, operators, Ministry officials and Attorney General Chambers.

On the other hand, the use of private number (Calling Line Identification/Restriction - CLI/R) with mobile calls was ceased by March 2009 and SIM card registration exercise was scheduled to start during the first quarter of 2009/10 for six months.

3.3.0 Legal Services

The Authority's Legal Services provides various legal services to the Authority. Such services include representing the Authority in Courts of law, co-ordinating evidence and witnesses for the Authority's cases handled by external Lawyers, preparation of contracts for provision of goods and services to the Authority, acting as secretariat of Management and Board meetings, coordination of drafting/review of communications legislations (Principal Legislation, Regulation, Rules etc) and; generally, provision of legal advice pertaining to various aspects of the Authority's business. The legal services is also responsible for processing of licences and enforcement of compliance to legislations and licence conditions.

3.3.1 Drafting/Review of Communication Legislations

During the period under review, the Authority was involved in reviewing the then communication legislations, namely; the Tanzania Communications Act, No. 18 of 1993, the Broadcasting Services Act, No. 6 of 1993, the Tanzania Communications Regulatory Authority Act, No. 12 of 2003, the Communications Regulations, 2005 and the Broadcasting Services (Content) Regulations, 2005 with a view to drafting a new communication legislation that takes aboard new developments in the communications sector. This was a preparatory work for enactment of the Electronic and Postal Communications Act.

3.3.2 Board of Directors' Affairs

Four (4) Ordinary and three (3) Special meetings of the Board were convened. The meetings deliberated on regulatory and administrative issues. Some of the issues during the meetings include approvals of:

- i. Performance reports of the Authority;
- ii. Issuance of licences;
- iii. Cancellation of licences;
- iv. Transfer of funds/contributions to various international and national organizations including Tanzania Communications Regulatory Authority Consumer Consultative Council, the Universal Communications Services Access Fund, tzNIC and the Consolidated Fund;
- v. Adoption of audited accounts of the Authority for the year 2007/08;
- vi. Approval of the budget of the Authority for the year 2009/10;
- vii. Review of the Authority's organization structure, and;
- viii. Appointment and confirmation of various officers to various posts within the Authority's organization structure.

Furthermore, the Board approved issuance of the following licences:

- (i) International and National Network Facilities License, International and National Network Services License, International and National Application Services License, and; Frequency User License to M/S Smiles Communications (T) Limited,
- (ii) National Network Facilities licences for Digital Terrestrial Broadcasting (Multiplex) to M/S Star Media (Tanzania) Limited, Agape Associates Limited and Basic Transmission Limited

3.4.0 Broadcasting Sector

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

3.4.1 Content Applications

The Authority processed sixty three (63) Content Service applications. Out of which twenty six (26) applicants qualified and were granted Construction Permits (CP). Out of (26) applicants who were granted the CP, six (6) were granted new Content Services Licences.

The new licensed applicants were M/S Kasibante FM Radio of Bukoba in Kagera, M/S Living Water FM Radio of Mwanza, M/S Boma Hai Radio of Hai in Kilimanjaro, M/S Kitulo FM Radio of Makete in Iringa), M/S Uplands FM Radio of Njombe in Iringa), and Qiblatain FM Radio of Iringa.

3.4.2 Inspection and Monitoring

During the period under review, the Authority conducted inspection of one hundred twenty two (122) broadcasting stations countrywide. The inspections were carried out to establish compliance to technical and professional ethics. Broadcasters who failed to comply were either warned, fined or their stations closed.

3.4.3 Compliance to Broadcasting Regulations

The Authority continued to encourage content services providers to produce and use more local programmes in their TV and Radio stations. A joint meeting between the Content Committee and the Tanzania Independent Producers Association (TAIPA) was held on 06/03/09 to encourage local producers to produce more local content and sell them to the local broadcasters in order to increase local content in local TV and radio stations in country.

The Authority through Content Committee attended a number of hearings of complaints relating to broadcasting matters and issued a number of Compliance Orders and other measures in accordance to the rules and regulations.

3.4.4 Digital Broadcasting

During the period under review, the Authority continued to organise consultation workshops and meetings on Digital Broadcasting with its stakeholders to discuss the development of the migration from analogue to digital in Tanzania. The Authority organised a workshop to discuss a Cabinet Paper on Migration from Analogue to Digital Broadcasting for the officials from Ministry of Communications, Science and Technology and the Ministry of information, Culture and Sports.

The workshop deliberated that the Authority had to present a draft Cabinet Paper to the Ministry for Communications, Science and Technology. The Authority prepared the draft cabinet paper and presented it to the ministry as required and the joint meeting between TCRA and the Minister was held in February, 2009.

The Authority also organised a second joint meeting between TCRA and Zanzibar Broadcasting Commission (ZBC) to deliberate and share experiences and challenges of migration from Analogue to Digital Broadcasting.

The Authority further organised a digital broadcasting consultation meeting in Arusha from 15th to 17th June, 2009, for regulators from member states of the East African Community to discuss issues pertaining to digital broadcasting in the region. The consultation meeting drew 30 participants from Tanzania, Kenya, Uganda, Rwanda and Burundi. The meeting was aimed at harmonisation of technical and content issues in relation to digital broadcasting industry in the region.

3.4.5 Content Committee

On 10th October, 2008 the Minister of Information, Culture and Sports, Hon. Capt. (Retired) George Huruma Mkuchika appointed members of the Content Committee (CC) for the next three (3) years. The appointed CC members were Dr. Wilbard Lori, Dr. Amos Mwakilasa, Mr. Walter Bgoya and Mrs. Maria Kashonda.

Immediately after their appointment, the Content Committee started to carry out their duties and responsibilities in accordance to the Law. Among the duties performed include consultation meetings with TBC and the Ministry of Information, Culture and Sports on the finalisation of the TBC Charter and TBC licences.

3.5.0 Consumer And Industry Affairs

Among the functions of the Authority include monitoring of market behavior, competition and pricing by commercial providers of communication services; undertaking of systematic market studies, assessments and comparison of pricing of communication services, nationally and internationally; intervene, act and use the regulatory powers conferred under the TCRA Act to influence pricing of services in the interest of the consumers; collect, process, analyze and organize data about markets, products, services, service providers, etc.; analyze and determine tariff, rates, commissions and other charges for communications services; inform the market and the general public on the state of the communication sector in the country and undertake Economic and Financial analysis of business plans submitted by operators/potential operators to the Authority for approval.

3.5.1 Comparative Study on Tariffs for Voice Telephone in East Africa

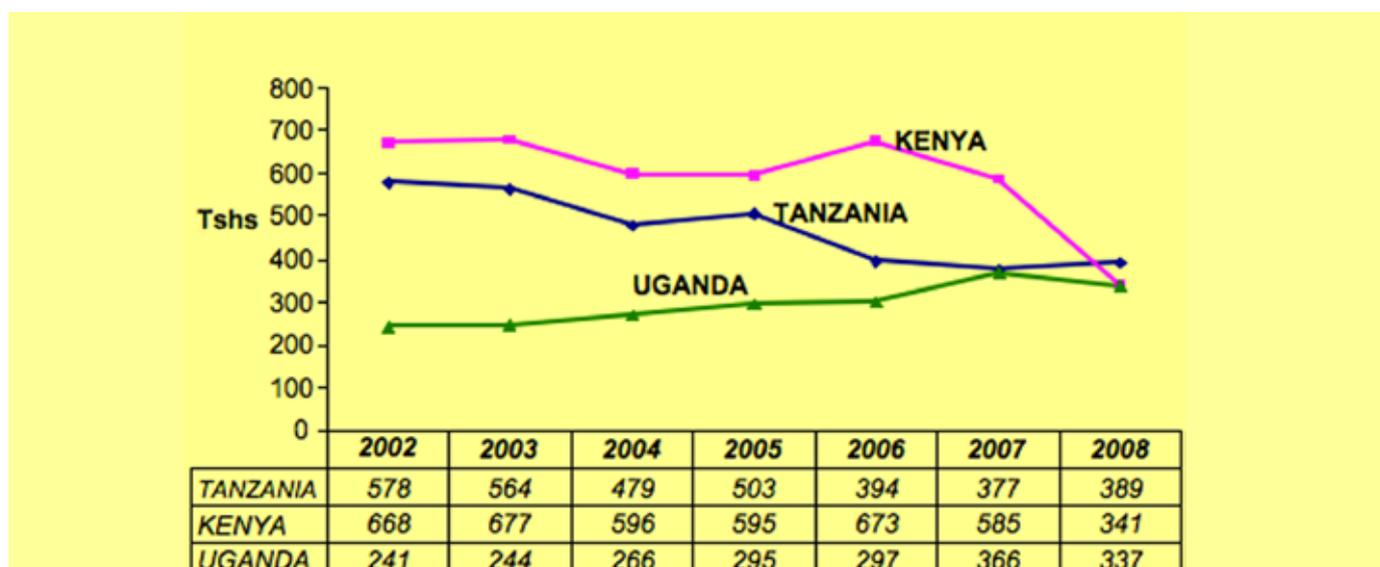
The Authority conducted the study on tariff in three countries; Tanzania, Kenya and Uganda with the main aim of creating understanding to stakeholders and/or consumers of voice telephone services in Tanzania particularly on tariffs of voice telephone.

The overall average tariff trend, which combines all the five call types for the three countries, is shown in figure 3. The figure shows clearly that average tariff for voice telecommunication services for Kenya and Tanzania have continued to decrease over time throughout the entire period under review. On the other hand the pattern of tariff trend for Uganda has been increasing gradually over time.

Looking at the figures, it is obvious that between the year 2002 and 2007 Kenya was the most expensive country followed by Tanzania and Uganda. The figure further shows that Tanzania became more expensive in 2008 as compared to Kenya whereas Uganda remained cheapest throughout the time period.

It was further found that tax rates for voice telephone in all three countries had been increasing while the tariffs had been decreasing. Tanzania had higher tax rate on average for the voice telephone services over the period than Kenya and Uganda. On the other hand, the study has shown that taxes have significant effect/burden to consumers and that the existing difference of tariffs on the same call type between countries is significant.

Figure 3: Average Tariff



Source: TCRA

ICT Developments and Standards (continued)

These findings helped the Authority to advise the government on the possibility of revising the formula for the calculation of Effective Tariffs and to lower the taxes especially Excise Duty. The findings also assisted the Authority to see the need to conduct a cost study for determining methodology used by operators to calculate their tariffs in order for the Authority to be able to regulate price for the interest of consumers.

3.5.2 Competition Forum on Communications Sector

The Authority organized a Competition Forum in collaboration with the Fair Competition Commission (FCC) in June 26, 2009. The Forum brought together stakeholders from Telecommunications, Broadcasting and Postal sub-sectors to discuss matters relating to competition in the communications sector. Among the papers presented and discussed were as follows:

- a) Theory and concepts of competition and regulation;
- b) Competition policy: prospects and challenges for Tanzania;
- c) The role of TCRA in promoting competition in the communication sector;
- d) Consumer protection model and the Tanzania legal compliance framework;
- e) Experience on competition in broadcasting;
- f) Competition on competition in posts and courier services;
- g) Experience on competition in telecommunication sector.

Key issues raised during the discussions include among others:-

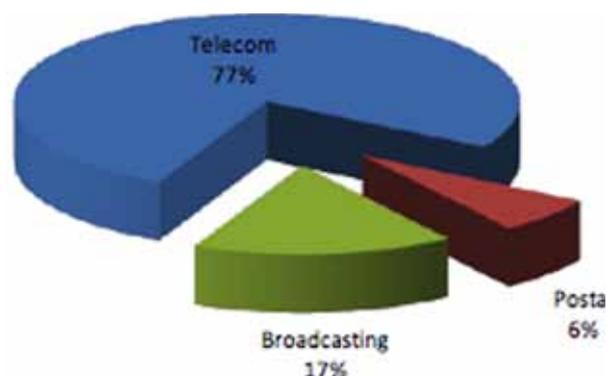
- a) Unfair competition between private Broadcasting institutions and TBC which receives government subvention;
- b) Denial of right of way for telecom operators to build Fibre Optic Cable network along Roads and Railways;
- c) Simcard registration and related cost and time frame;
- d) Concern over sharing of network facilities such transmission towers;
- e) Proposal to have a specific forum for courier operators.

The forum enabled the Authority get feedback that will help in day to day decision making from the stakeholders.

3.5.3 Consumer Protection

The Authority carried out a 12 radio and TV programmes that aimed to boost the understanding of the general public on their rights, obligations and complaints process.

Figure 3: Average Tariff

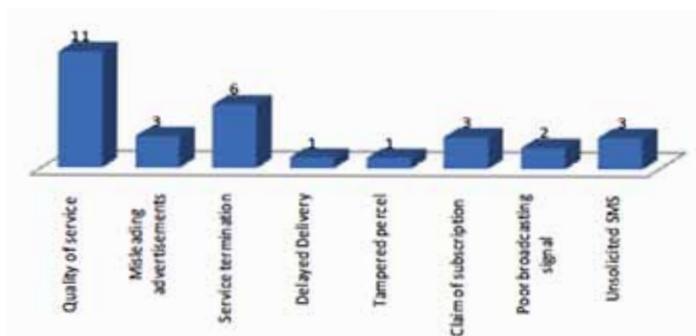


Source: TCRA

ICT Developments and Standards (continued)

Following the awareness campaign a total of thirty complaints from Telecommunications, Broadcasting and Postal services were received and resolved as illustrated in figure 4.

Figure 5: Type of Complaints 2008/09



Source: TCRA

3.6.0 POSTAL AFFAIRS

One of the duties and responsibilities of Authority is to regulate postal operations in the Tanzania. During the period under review 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;

3.6.1 Licensing of New Postal Operators

The Authority through licence designated 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 the fact that TPC alone cannot meet the demand of consumers of postal services, the government policy 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 under review licences for courier services were issued to new applicants and renewal of licences for the existing courier operators. A total of 29 licensees were issued to postal operators after they had qualified for the conditions provided for under the licensing framework. The licence categories in Tanzania are also in harmony with other East African partner states. Table 6 shows a total of 45 valid licences for the year 2008/09.

Table 6: Status of the Licensed Operators in 2008/09

S/N	Licence Category	Number of Licensees
1	Public Postal Operator	1
2	International Courier	5
3	East Africa Courier	3
4	Domestic Courier)	7
5	Intracity Courier	2
6	Intercity Courier	27

3.6.2 Enforcement of Postal Operators Licensees

During the year under review, monitoring of postal operators were carried out through inspection in the regions of Rukwa, Mbeya, Iringa, Morogoro, Lindi, Dar es Salaam, Mtwara, Zanzibar and Pemba regions, Kibaha and Bagamoyo districts. The aim was to examine compliance to licensing conditions and take appropriate action.

The inspection exercise established that Postal Operators including Tanzania Posts Corporation were doing well in terms of speed of mails and parcels delivery. It was noted that there were few cases of illegal operators in Mtwara. The Authority took appropriate measures including re-categorisation of licence as well as giving them time frame to comply.

The enforcement exercise carried out during the year under review increased the number of courier operators in the country.

3.6.3 Quality of service Measurement

The testing of quality of service to ascertain the operations of Public Postal Operator (Tanzania Posts Corporation-TPC) was done using Automatic Measuring Quality of Mail (AMQM) System.

The results of the tests indicated that quality of services standards attained through report generated from the server located at the international Postal Corporation (IPC) in Brussels, Belgium in terms of speed was good.

3.6.4 Establishment of New National Postal Address System and Post Code

The aim of establishment of the new address system and Post Code is to facilitate delivery of mails and other postal articles to addressees at their physical addresses (door – to door delivery). The new system is expected to contribute to other socio-economic development activities including enhancing revenue collection, expedite provision of rescue services, security, financial services, research and provision of utility services.

During the year under review the Authority evaluated the implementation of the street naming in seven wards of Arusha Municipality and agreed to link Arusha pilot project with Moshi Municipality. Also various workshops that aimed at enhancing the operational synergy for the implementation of the project and creation of awareness on the importance of the Post Code were conducted with the Urban Planning committee, Full Council and Stakeholders of Dodoma and Moshi Municipal Councils, Tanzania Posts Corporation and Temeke and Kinondoni Municipalities.

Following the vigorous campaign by TCRA the Dodoma Municipal Council agreed to start the implementation of Post Code Project in January 2009 whereas the Moshi Municipal Council was ready to start the implementation, and agreed to start with the activities which could be financed from the fiscal year 2008/09 or sponsored by other stakeholders in the region.

The Authority also prepared the National addressing standards and rules and forwarded them to Universal Postal Union (UPU) for comments.

To expedite the project, the Authority convened a meeting with the Ministry of Communication Science and Technology to discuss on the preparation of the Cabinet paper for the Postcode Project.

3.6.5 Establishment of Communications Museum

The objective of establishment of Communications Museum is to enhance knowledge for the general public through education, research and consultancy in the communication field. TCRA will preserve the movable cultural and natural heritage for the use by present communities and future generation and provide general

ICT Developments and Standards (continued)

background of the communication industry hence help to bridge the current generation with the past in terms of communication.

During the period under review, two meetings were held with a consultant to discuss on the establishment of the archive. After the discussions the following were done:-

1. A draft agreement between TCRA and National Museum of Tanzania was prepared for consideration by both parties before being signed.
2. The Consultant prepared a concept paper with the proposed action plan.
3. The Consultant and his team visited the building and prepared a proposed layout of the museum which was considered by the Communication Museum Committee. The proposed layout was submitted to the building contractor to carry out renovations.

3.6.6 Participation in the International Meetings and Conferences

The Authority participated in various meetings at national, regional and international levels such as UPU Postal Operation Council (POC) and Council of Administration (CA), Southern Africa Postal Regulators Association (SAPRA), Posts and Telecommunication Organization (EARPTO) meeting, PAPU Extraordinary Plenipotential Conference and Administrative Council, SADC meeting of Ministers responsible for Telecommunications, Postal and ICT.

Some of major conferences and meetings attended by the TCRA in collaboration with other stakeholders to represent Tanzania in the financial year 2008/09 were Forum on ICT and Modernization of Posts, PAPU Management Board and UPU 24th Congress.

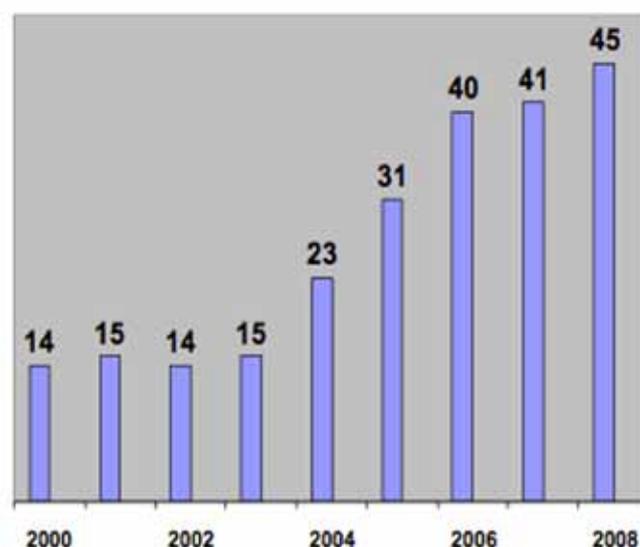
3.6.7 State of the Postal Industry

Tanzania has been progressing very well in the courier/express market. The market has witnessed steady growth in terms of network expansion and number of operators as indicated in table 7 and the figure 6.

Table 7: Number of licensed Operators

S/N	Year	Number of Licensed Operators
1	2000	12
2	2001	15
3	2002	14
4	2003	15
5	2004	23
6	2005	31
7	2006	40
8	2007	41
9	2008	45

6: The Number of Courier Services Providers From 2000 to 2008



3.7.0 CORPORATE RESOURCES MANAGEMENT

The Authority through the directorate of Corporate Resources Management is responsible for the management of Authority's resource namely Human, Financial and Physical. The directorate is also responsible for provision of administrative and support services to the Authority.

3.7.1 Human Resources and Administrative Services

3.7.1.1 Recruitment, Selection

During the year under review, the Authority appointed 12 new employees in the positions of Deputy Director Finance; Manager Northern Zone; Manager Zanzibar; Manager Procurement Management Unit; Principal Financial Analyst III; Senior Internal Auditor; Senior Frequency Management Engineers; Senior Accountant; Senior Administrative officers and Senior Motor Vehicle Driver II.

In addition, the Authority confirmed 22 officers who successfully completed their probationary period in different levels.

3.7.1.2 Training and Development

The nature of TCRA functions requires highly skilled and trained workforce. According to the TCRA Training Policy, training of employees is guided by the philosophy of "training by objective". During the year under review, the Authority sponsored 3 employees to a long term training programmes in the fields of Management, Finance, Accounting and Telecommunications Engineering. Also the Authority sponsored 125 Employees and Board members to a short term training programmes and workshops in the areas of Postal Regulations, Human Resources Policies, Spectrum Management, Project Management, Monitoring and Evaluation, Cost Modelling and Analysis, Management, Broadcasting Digital Migration, Alternative Dispute Resolution, Corporate Branding and Media Relations, Electronics Postal Services, E-Commerce and Cyber Crime Laws and CISCO Certified Network professionals among others. The competence attained through these programmes helped TCRA to achieve one of the highly respected award by becoming the best regulator in Africa for the year 2008/09.

3.7.1.3 Employee Relations

During the year under review, the Authority conducted seminars on various issues relevant to the life of its officers across the country. The objective was to enhance employee's knowledge on issues such as Labour Laws, Labour Relations and Work/Life balance. These seminars were conducted together with family get together events. The overall objectives were to bring together top management, staff and their families in order to build and maintain good industrial and social relations.

3.7.2 Procurement of Goods and Services

During the period under the review a total of twenty one (21) tenders were Advertised, Evaluated and Awarded.

The tenders were as follows;

1. Tender for provision of Air Travel Service: Awarded to M/s Wing link Travel Services Ltd.
2. Tender for Provision of Service for Event Management During ICT Week: Awarded to M/s Press and Public Relations at tender Price of shillings 60,000,000.00
3. Tender No. AE-020/2008-09/G/18, supply of stationeries and computer consumables: awarded to M/s Paula Inter Business Company Ltd at a tender price of shillings 146,800,000.00
4. Tender No. AE-020/2008-09/N/09, Lot , for provision of courier Services; awarded to M/S Diamond

ICT Developments and Standards (continued)

Express Ltd

5. Tender No.AE-020/2008-09/G/21, for supply of computer hardware for post code project. Awarded to M/s Computer Logix at a tender Price of shillings 23,976,000.00
6. Tender No.AE-020/2008-09/G/22, for supply of GIS Software for post code project. Awarded to M/s EASRI Eastern Africa at a tender Price of USD 24,000.00
7. Tender No.AE-020/2008-09/G/05, for supply and assembly of office furniture for TCRA headquarters. Awarded to M/s The Living Room at a tender price of shillings 639,805,884.00
8. Tender for supply of laptop Computers. Awarded to M/s ComputerTech Solutions (T) Ltd at a tender price of USD. 97,185.00
9. Tender for supply of staff uniforms: awarded to M/s Metayan Enterprises at a tender price of shillings 20,587,800.00
10. Tender for supply of Servers for Tanzania Network Information Centre awarded to M/s Computer Connections. at a tender price of shillings 12,568,000.00
11. Tender for supply of Computers for Directorate of Public Prosecution: awarded to M/s Computer Connections at a tender price of shillings 16,214,000.00
12. Tender for Call centre and Customer Care Training for Tanzania Police Force: awarded to M/s National Institute FOR Productivity at a tender price of shillings 30,415,000.00.
13. Tender for supply and Installation of hardware for online type approval of the electronic communication Equipment: Awarded to M/s Business Connections (T) Ltd at a tender price of shillings 79,075,318.00
14. Tender for supply and Installation of Software for online type approval of the electronic communication Equipment: Awarded to M/s Techno Brain(T) Ltd at a tender price of USD 137,660.00
15. Tender for supply of Diaries, awarded to Karen General Supply for shs.38,000,000.00 and Calendars to M/S Colour Prints (Tanzania) Ltd for shs.15,456,000.00.
16. Tender for provision of consultancy service for design and development of TCRA Information System was awarded to M/S Data Vision International (T) limited for USD 119,952.
17. Tender for provision of consultancy service for telecommunication market in Tanzania was awarded to Sunrise Consultants Limited for GBP 72,700.
18. Tender for supply of Desk Top Computers and UPS was awarded to M/S ATMA Electronics and Software for Tshs.21,830,000.00
19. Tender for provision of services for letting and management of TCRA proposed Head Office was awarded to M/S proper Consult (T) Ltd at a rate of 3% of the annual gross rent.
20. Tender for supply of printed stationeries and TCRA forms was awarded to M/DVision and Technologies limited for shs.44,218,100.00
21. Tender of servicing and Maintenance of computers network.

3.7.3 Provision of Library and Information Technology Services

During the period under review, the broadband Internet services at the TCRA Head Office was installed and initial ground work for Wide Area Network (WAN) between Head Office and Zonal Offices was undertaken. Also Information Technology Procedures and Operations Manuals to be used by the staff of the Authority was finalised. On top a total of 108 publications for the library were also acquired.

3.7.4 Finance and Accounts

3.7.4.1 Income Earned

During the financial year 2008/09 the Authority had budgeted to earn a total of **Shs 34,789,244,600.00** 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 43,480,067,000.00** thus providing for **24.98 %** above the approved revenue. The increase in revenue was due to increase in the number of licences issued under the converged licensing framework which turned out to be very popular following awareness programme conducted by the Authority.

3.7.4.2 Recurrent Expenditure

The Authority had budgeted **Shs 20,736,527,000.00** for Recurrent Expenditure during the year under review. However, until end of the financial year the actual expenditure was **Shs 19,699,137,000.00** equivalent to **95 %** 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.

3.7.4.3

Capital Investment and Expenditure The Authority had planned to invest **Shs 10,902,806,000.00** into implementation of development projects. The planned projects include completion of TCRA Headquarters building, procurement of office furniture & fittings, computers and equipment. Actual expenditure until end of the financial year was **Shs 7,146,938,000.00**. In addition, there were capital commitments amounting to **Shs 3,558,745,000.00** at the year end.

The Financial Statement for the period is shown on pages 44 to 67.

We maintain the highest degree of professionalism and ethical standards, building value-added relationships with customers and stakeholders to deliver quality services. ►



Professionalism

Report of the Controller and Auditor General

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, 2009

1. I have audited the financial statements of Tanzania Communication Regulatory Authority set out on pages 36 to 58 of this report, which comprise the balance sheet as of 30 June 2009, 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, 2009.

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, 2009 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 TCRA has generally complied with the requirements of the PPA No 21 of 2004 together with its related Regulations of 2005.


Ludovick S.E. Utouh

CONTROLLER AND AUDITOR GENERAL



Office of the Controller and Auditor General,
The National Audit Office,
DAR ES SALAAM.

13th October, 2010

Copy to: The Permanent Secretary,
Ministry of Infrastructure Development,
P.O. Box 9144,
DAR ES SALAAM.

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



Statement of Comprehensive Income for the Year Ended 30 June 2009

	Note	2009 TZS'000	2008 TZS'000
Regulatory fees	2	42,444,888	25,985,909
Other income	3	1,035,179	1,277,810
		<u>43,480,067</u>	<u>27,263,719</u>
Staff costs	5	5,335,245	4,609,584
Administrative expenses		16,027,455	10,140,882
Contributions to Government		-	3,068,315
Contributions to International organisations		287,222	343,212
		<u>21,649,922</u>	<u>18,161,993</u>
Surplus income for the year	4	<u>21,830,145</u>	<u>9,101,726</u>

The financial statements on pages 36 to 39 were approved by the board of directors on 12 - 06 - 2010 and were signed on its behalf by:

)
) Directors
)

The Notes on pages 40 to 58 form an integral part of these financial statements

Report of the Controller and Auditor General Pages 33 to 34.

Statement Of Financial Position as at 30 June 2009

	Note	2009 TZS'000	2008 TZS'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	10,843,411	12,481,169
Capital work in progress	8	33,692,108	26,777,245
Intangible assets	9	26,844	107,795
		<u>44,562,363</u>	<u>39,366,209</u>
Current assets			
Ministry of Infrastructure (loan to ATC)			
Trade and other receivables	10	11,747,860	4,874,243
Cash and cash equivalents	12 (b)	17,844,344	7,913,257
		<u>30,842,204</u>	<u>14,037,500</u>
Total assets		<u>75,404,567</u>	<u>53,403,709</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Capital funds		18,508,157	18,508,157
Accumulated surplus		51,248,576	29,093,742
Revaluation surplus		2,067,209	2,337,481
Universal service fund		1,459,641	1,209,641
		<u>73,283,583</u>	<u>51,503,438</u>
Current liabilities			
Bank overdraft		-	-
Trade and other payables	11	2,120,984	1,900,272
			<u>1,900,272</u>
Total equity and liabilities		<u>75,404,567</u>	<u>53,403,710</u>

The financial statements on pages 36 to 39 were approved by the board of directors on 12 - 06 - 2010 and were signed on its behalf by:

)
) Directors
)

The Notes on pages 40 to 58 form an integral part of these financial statements

Report of the Controller and Auditor General Pages 33 to 34.

Statement of Changes in Equity for the Year ended 30 June 2009

	Capital funds TZS'000	Accumulated surplus TZS'000	Revaluation surplus	Universal funds	Special funds	Total as restated TZS'000
As at 1 July 2007	18,508,157	20,292,016	1,566,199	909,641	-	41,276,013
Revaluation surplus	-	-	2,677,087	-	-	2,677,087
Transfer to Universal funds	-	(300,000)	-	300,000	-	-
Prior year adjustment*		(1,551,388)				(1,551,388)
Prior year adjustment***		1,905,805	(1,905,805)			-
Surplus for the year	-	9,101,726	-	-	-	9,101,726
As restated 30 June 2008	18,508,157	29,448,159	2,337,481	1,209,641		51,503,438
As at 1 July 2008				1,209,641	-	51,503,438
Amortisation of revaluation surplus	270,271	(270,271)	2,337,481			-
Transfer to Universal funds		(300,000)		300,000		-
Payment to Universal funds				(50,000)		-50,000
Surplus for the year		21,830,145				21,830,145
At 30 June 2009	18,508,157	51,248,575	2,067,210	1,459,641	-	73,283,583

*This prior year adjustment is in respect of correcting a cut off error, which caused revenue for numbering resources for 2008/2009, to be processed in year 2007/2008

***These prior year adjustments are in amortisation of revaluation surplus in the previous year, which was omitted.

The financial statements on pages 36 to 39 were approved by the board of directors on 12 - 06 - 2010 and were signed on its behalf by:

)
) Directors
)

The Notes on pages 40 to 58 form an integral part of these financial statements

Report of the Controller and Auditor General Pages 33 to 34.

Statement Of Cash Flows for the Year ended 30 June 2009

	Note	2009 TZS'000	2008 TZS'000
Operating activities			
Net cash used in operations	12 (a)	17,128,026	8,747,658
Investing activities			
Acquisition of fixed assets		(7,146,938)	(8,004,789)
Net cash used in investing activities		<u>9,981,088</u>	<u>(8,004,789)</u>
Financing activities			
Funds transferred to Universal Access Fund		(50,000)	-
Net cash inflow generated during the year		9,931,088	742,869
Cash and cash equivalents at beginning		7,913,257	7,170,388
Cash and cash equivalents at end	12 (b)	<u>17,844,345</u>	<u>7,913,257</u>

The financial statements on pages 36 to 39 were approved by the board of directors on 12 - 06 - 2010 and were signed on its behalf by:

)
) Directors
)

The Notes on pages 40 to 58 form an integral part of these financial statements

Report of the Controller and Auditor General Pages 33 to 34.

GENERAL INFORMATION

1. 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). The Authority has applied IAS I (Revised) from 1 January 2009 but no impacts in the Authority's accounts.

(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.

Notes to the Financial Statements (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 is 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.

(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.

Notes to the Financial Statements (continued)

(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.

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.

Notes to the Financial Statements (continued)

(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.

(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

	2009	2008
	TZS'000	TZS'000
Network Facility Fee (NF)	5,021,400	1,675,149
Network Services Licence (NS)	13,452,829	7,010,182
Application Services Licence (ASL)	187,157	860,336
Content Services Licence (CSL)	547,010	487,234
Postal licence (PL)	217,658	401,586
Installation and Maintenance (I&M)	37,029	39,732
Importation and Distribution (I&D)	68,625	30,291
Radio Frequency Spectrum User Fees (RFS)	15,873,443	12,110,120
Numbering Resources	7,039,737	3,371,279
	<u>42,444,888</u>	<u>25,985,909</u>

Notes to the Financial Statements (continued)

3. OTHER OPERATING INCOME

	2009	2008
	TZS'000	TZS'000
Interest income	581,512	1,181,401
Gain on foreign exchange	380,282	-
Other incomes	73,385	96,410
	<u>1,035,179</u>	<u>1,277,811</u>

4. SURPLUS INCOME

	2009	2008
	TZS'000	TZS'000
The operating surplus is arrived at after charging:		
Loss on disposal of assets	-	25,491
Provision for specific trade debts	1,426,428	3,715,564
Irrecoverable trade debts	1,822,518	232,633
Auditors' remuneration	86,870	68,700
Staff costs (Note 5)	5,335,245	4,609,584
Amortisation	80,952	80,951
Loss on foreign exchange	-	476,242
Directors emoluments	35,000	26,000
Board of director's expenses	394,544	500,539
Legal fees	23,959	44,341

Notes to the Financial Statements (continued)

5. STAFF COSTS

	2009	2008
	TZS'000	TZS'000
Wages and salaries	3,024,564	2,588,139
Terminal benefits	71,170	154,623
Bonus		102,000
Recruitment costs	34,979	30,351
Social security costs (TCRA, PPF, ZSSF & PSPF)	435,001	310,054
Transport/ house allowance	1,207,286	919,677
Long service awards	43,400	15,900
Medical expenses	179,333	93,052
Gratuity expenses	202,321	122,160
Staff welfare	77,460	174,931
Staff uniforms	59,731	38,234
Industrial relations	-	43,464
Other staff benefits	-	16,999
	<u>5,335,245</u>	<u>4,609,584</u>

The average number of employees during the year of operation was 131 (2008: 124).

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

Year ended 30 June 2009

	Land	Buildings	Frequency monitoring equipment	Motor vehicles	Office Furniture, fixture & fittings	Office equipment	Computers & printers	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Opening balance	1,100,000	2,408,000	5,986,700	2,011,500	231,125	458,195	285,650	12,481,170
Additions	-	-	159,088	-	9,628	41,203	22,157	232,075
Disposals	-	-	-	-	-	-	-	-
Closing balance	1,100,000	2,408,000	6,145,788	2,011,500	240,753	499,398	307,807	12,713,245
Accumulated depreciation								
Opening balance	-	-	-	-	-	-	-	-
Disposals	-	72,240	1,227,517	402,300	23,845	47,681	96,251	1,869,834
Charge for the year	-	72,240	1,227,517	402,300	23,845	47,681	96,251	1,869,834
Closing balance	-	72,240	1,227,517	402,300	23,845	47,681	96,251	1,869,834
NET BOOK VALUE								
As at 30 June 2009	1,100,000	2,335,760	4,918,271	1,609,200	216,907	451,717	211,556	10,843,411
Opening balance	1,100,000	2,408,000	5,986,700	2,011,500	231,125	458,195	285,650	12,481,170
Additions	-	-	159,088	-	9,628	41,203	22,157	232,075
Disposals	-	-	-	-	-	-	-	-
Closing balance	1,100,000	2,408,000	6,145,788	2,011,500	240,753	499,398	307,807	12,713,245

PLANT, PROPERTY AND EQUIPMENT (Continued)

Year ended 30 June 2008

COST/VALUATION

NBV/Cost at 1 July 2007	873,300	1,585,100	5,000,000	1,369,629	149,318	232,856	154,060	9,364,263
Disposals	-	-	-	(24,959)	(4,303)	(7,780)	(20,023)	(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	2,408,000	5,986,700	2,011,500	231,125	458,194	285,650	12,481,169

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	2,408,000	5,986,700	2,011,500	231,125	458,194	285,650	12,481,169
--------------------	-----------	-----------	-----------	-----------	---------	---------	---------	------------

Board Members



1. **Judge B. Chipeta (Rtd)**

Board Chairman

2. **Prof. John S. Nkoma**

Director General

3. **Dr. Vuai Lila**

Board member

4. **Hon. Peter Serukamba (MP)**

Board member

Management Team



5.



8.



6.



7.

5. Dr. J.S. Kilongola

Director of ICT

6. Prof. John S. Nkoma

Director General

7. Mr. N. Habbi Gunze

Director of Broadcasting Affairs - Management

8. Mr. Goodluck Ole Medeye

Director of Corporate Resource - Management

Management Team (continued)



9. Dr. R. Mfungahema

Director of Consumer and Industry Affairs

10. Mr. Boniface Shoo

System Manager - Management

11. Mrs. Rehema Makuburi

Director of Postal Affairs - Management



◀ Seacom was the First Sub Marine Cable to be Licenced in Tanzania. Prof. Nkoma hands over the Licence to Sir. George Kahama of Seacom



◀ TCRA Content Committee members and The Minister of Information, Culture and Sports, Hon. George Mkuchika



◀ TCRA Family Day - 2009 Children having a light moment with entertainers

Notes to the Financial Statements (continued)

8. CAPITAL WORK IN PROGRESS

	2009 TZS'000	2008 TZS'000
Cost at 1 July	26,777,245	19,269,341
Addition	6,914,863	7,507,904
Cost at 30 June	33,692,108	26,777,245

Work in progress balance of TZS 33.6 billion represents amounts spent on construction of TCRA head quarters and commercial complex at Sinza in Dar es Salaam . Included in this amount, are advance payments to contractors and construction supervisors for the following amounts; advance to contractors Shs 922 million and advance to construction supervisors Shs 365 million.

9. INTANGIBLES

	2009 TZS'000	2008 TZS'000
Cost		
At 1 July	350,650	350,650
Additions during the year	-	-
At 30 June	350,650	350,650

Accumulated amortisation

At 1 July	242,855	161,904
Amortised during the year	80,951	80,951
At 30 June	323,806	242,855

Net book value

At 30 June	26,844	107,795
------------	---------------	----------------

10. TRADE AND OTHER RECEIVABLES

Trade receivables	15,808,618	7,731,247
Provision for specific bad debts	(5,119,557)	(3,715,564)
Net trade receivables	10,689,061	4,015,683
Staff receivables	531,303	494,796
Other receivables	527,496	363,764
	11,747,860	4,874,243

In the opinion of the Board of Directors, the carrying amounts of the current portion of trade and other receivables approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the weighted average cost of capital that directors expect to be applicable at the statement of financial position's date.

Notes to the Financial Statements (continued)

11. TRADE AND OTHER PAYABLES

	2009 TZS'000	2008 TZS'000
Trade payables	195,000	94,130
Accruals	163,065	258,242
Other payables 1,547,900	1,762,919	
	<u>2,120,984</u>	<u>1,900,272</u>

In the opinion of the Board of Directors, the carrying amounts of the current portion of trade and other payables and accruals approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the weighted average cost of capital that directors expect to be applicable at the statement of financial position's date.

12. CASH GENERATED FROM OPERATIONS

	2009 TZS'000	2008 TZS'000
(a) Reconciliation of operating surplus to net cash used in operations		
Surplus income for the year	21,830,145	9,101,726
Adjustments:		
Depreciation	1,869,834	
Amortisation of intangibles	80,951	80,951
Loss on assets disposal	-	25,491
Prior year adjustments (net)	(1,551,388)	1,128,526
Surplus before working capital changes	22,229,542	10,336,694
Movement in trade and other receivables	(5,322,228)	(548,475)
Loan issued to the Government/ATC	-	(1,250,000)
Movement in trade and other payables	220,712	209,439
	<u>17,128,026</u>	<u>8,747,658</u>
(b) Cash and cash equivalents		
Bank balances	9,139,226	1,838,966
Short term investments/deposits	8,705,118	6,074,291
	<u>17,844,344</u>	<u>7,913,257</u>

Notes to the Financial Statements (continued)

13. CAPITAL COMMITMENTS

	2009 TZS'000	2008 TZS'000
Capital expenditure authorized and contracted for	1,167,225	-
Capital expenditure authorized but not contracted for	2,391,520	-
	<u>3,558,745</u>	<u>-</u>

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.

Notes to the Financial Statements (continued)

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.

The following transactions were carried out with related parties:

	2009 TZS'000	2008 TZS'000
(a) Directors fees	35,000	26,000
(b) Key management remuneration	774,811	486,172
(c) Loans/Advances to key management personnel	175,640	221,840

19. FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2009 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
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other receivables	11,747,860	-	-	-	11,747,860
Loan receivable from ATCL	1,250,000				1,250,000
Short term deposits	8,705,118	-	-	-	8,705,118
Cash and bank balances	9,139,226	-	-	-	9,139,226
Total	30,842,204				30,842,204

30 June 2009 Liabilities as per balance sheet	liabilities value through the profit and loss	Assets at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Trade and other payables	-		-	2,120,984	2,120,984
Total	-		-	2,120,984	2,120,984

Notes to the Financial Statements (continued)

20. ADMINISTRATIVE EXPENSES	2009	2008
	TZS'000	TZS'000
Traveling on duty (local and abroad)	727,085	452,762
Stationery and printing	32,315	51,133
Advertisement and publicity	428,458	327,622
Newspapers, books and periodicals	28,971	30,819
Postage & courier, fax, emails and telephone	297,652	224,016
Content monitoring	122,842	96,470
Electricity and water charges	89,546	64,227
Corporate social responsibility/donations	383,643	370,703
Office rents	104,609	69,532
Office security expenses	50,160	41,080
Maintenance of fire fighting equipment	1,220	3,541
Buildings repairs costs	103,337	135,790
Post code project expenses	97,972	60,697
Board of Directors expenses	394,544	500,539
Directors fees	35,000	26,000
Training expenses	1,526,662	1,297,795
Seminar and workshops	1,347,106	974,427
Conference and meeting expenses	1,285,542	1,076,215
Motor vehicles running expenses	157,301	161,947
Consultancy fee	285,323	184,307
Insurance premiums	210,943	161,156
Bank charges	79,099	54,716
Field and inspection costs	281,895	308,362
General expenses	489,290	66,594
Revenue collection costs	37,190	44,607
Complaints committee expenses	59,085	87,401
Sectoral/ management meetings costs	68,740	45,102
Content committee costs	103,450	54,746
Land rent	3,000	1,538
Finance and audit committee expenses	33,590	65,453
Nomination committee expenses	18,965	8,437

Notes to the Financial Statements (continued)

20. ADMINISTRATIVE EXPENSES (continued)	2009	2008
	TZS'000	TZS'000
Research and development costs	77,903	529,074
Study groups expenses	547,706	479,410
Planning and budgeting expenses	88,723	71,028
Office cleaning and fumigation costs	56,008	47,398
Inquiry expenses	1,900	368,812
Legal advisory costs	23,959	44,341
Contribution to TCRA Consumer Consultative Council	292,173	229,557
Games and sports	4,844	3,929
Emergency police call centre	-	6
Licence processing expenses	57,785	56,007
Review panel expenses	19,595	6,225
Tender board expenses	208,153	100,464
Public register	-	1,296
Loss on foreign exchange difference	-	476,242
Contribution to Tanzania Network Information Centre	227,133	162,473
Contribution to internet exchange projects	34,779	27,908
Audit fee	86,870	68,700
Subscription to professional bodies	3,715	3,787
Specific bad debts expenses	3,266,404	232,633
Loss on disposal of fixed assets	-	25,491
Amortisation of intangibles	80,952	80,952
Contribution to internet exchange projects	34,779	27,908
Audit fee	86,870	68,700
Subscription to professional bodies	3,715	3,787
Specific bad debts expenses	3,266,404	232,633
Loss on disposal of fixed assets	-	25,491
Amortisation of intangibles	80,952	80,952
Depreciation	1,869,834	-
Performance Audit	12,948	1,600
Automation of Type Approval Activities	39,435	-

Notes to the Financial Statements (continued)

20. ADMINISTRATIVE EXPENSES (continued)	2009	2008
	TZS'000	TZS'000
Database Development	1,200	-
Hospitality	34,014	28,759
Service Charges	7,074	-
Computer Consumables	66,262	47,248
Zonal office operations	33,554	-
Total	<u>16,027,455</u>	<u>10,141,071</u>

21. CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS

	2009	2008
	TZS'000	TZS'000
Pan African Postal Union – (PAPU)	34,409	35,786
African Telecommunication Union – (ATU)	33,971	33,971
International Telecommunication Union – (ITU)	24,133	72,262
Universal Postal Union – UPU)	27,743	34,321
Commonwealth Telecom Organisation – (CTO)	37,404	58,511
Communication Regulators Association for Southern Africa	40,000	49,150
Commonwealth Broadcasting Association – (CBA)	-	9,542
Digital Solidarity Fund	-	-
ACRAN	1,875	1,725
African Advanced Level Telecommunication Institute – (AALTI)	53,886	47,944
SAPRA	33,800	-
	<u>287,222</u>	<u>343,212</u>



▲ Board Members

Board of Directors and Management of TCRA in a group photo after a meeting held in Dodoma in 2009.

From left to right (seated) Board of Directors:

Dr.Vuai Lilla, The Late Dr. Suleiman Omar (Vice Chairman), Judge Buxton Chipeta (Chairman), Prof. John S. Nkoma (Director General) and Eng. Baruany Luhanga.

Standing from left to right Management Members:

Mr Boniface Shoo, Mr Goodluck Ole Medeye, Mrs Elizabeth Nzagi, Mr Fredrik Ntobi, Dr Raynold Mfungahema , Mr Haruni Lemanya and Dr Joseph Kilongola.



National Audit Office, Samora Avenue/Ohio Street, P.O. Box 9080, Tel: 255 (022) 2115157/8 Fax: 255 (022) 2117527
E-mail ocag@nao.go.tz Website: www.nao.go.tz