

# ANNUAL REPORT

A YEAR FULL OF **ICT** NEWS.

2016

## FIVE YEARS OF INTEGRITY AND STRONG CORPORATE GOVERNANCE

BY: THE BOARD AND COMPANY SECRETARY

The Communications Regulatory Authority of Namibia (CRAN) as an independent regulator, was effectively and successfully governed by two appointed non-executive Board teams. The Founding Board, with the Authority's inception, introduced its operational framework with the assistance of the then Chief Executive Officer, Mr Stanley Shanapinda, and also set up the initial regulatory framework as mandated by the Communications Act No. 8 of 2009 by means of passing certain regulations to start up the organisation and the regulation of the Information and Communication Technology (ICT) industry. The Authority and the ICT industry is forever grateful to the founding Board for setting the scene by introducing the regulation of the ICT sector in the country.

### CRAN WELCOMES NEW BOARD OF DIRECTORS

The Founding Board's term of office ended in February 2016 and the Authority welcomed a newly appointed Board in February 2016, consisting of six (6) members.

The Board is headed by Ms. Frieda Kishi, a Director at Weder, Kauta & Hoveka Inc. Frieda is a seasoned attorney with over eighteen (18) years of experience in criminal law, family law and matrimonial law. She holds a Baccalaureus Procuratoris (B. Proc. Degree) obtained from the University of Potchefstroom in 1995. Kishi is an admitted attorney of the Namibian High Court and was previously employed as a State Advocate for several years. Frieda is passionate about transforming Namibia into an active knowledge-based society.



### BOARD AND MANAGEMENT CAPITALISE ON SUCCESSES OF PREDECESSORS

As a young public enterprise, the Authority has always ensured compliance with the principles of good corporate governance, ethics, transparent procedures and adherence to the provisions of both the Communications Act and the State-Owned Enterprises Governance Act No 2 of 2006 that govern it.

Both management and the Board of the Authority take sound corporate governance seriously in the execution of its mandate as a public administrative body. With

the inception of the new Board, the members were formally introduced to the Authority's operations, its current strategic objectives and its policies and laws which are equally applicable to the Board. This was to provide the Board with an in-depth overview of the Authority's mandate, operations, strategic objectives, vision, mission and values enabling the Board to effectively lead the Authority and make informed decisions on the Authority's business. The Board will also attend a Corporate Governance Workshop with the Ministry of Public Enter-

prises during October 2016. The aim of the workshop is to provide the Board with insight on the Nam-Code on Corporate Governance and to train them on how to effectively apply it in the execution of their mandate.

The Board reports to the Minister of ICT, and its members' vast experience and background in Law, Accounting, Human Resources, ICT and Regulation aid the Authority in effectively steering the execution of its duties. The Board has the mandate to regulate Namibia's ICT industry through the different

sub-departments. In so doing, it is mandated to, amongst others:

- To provide strategic direction to the organisation and ensure that the strategic objectives are met;
- To approve the Annual Financial Budget;
- To present the Annual Report with the Annual Financial statements, to the Minister of ICT for tabling at the National Assembly;
- To ensure that the organisation has effective risk-based internal audit and internal financial controls in place;
- To make regulations pursuant to the Communications Act and National ICT Policy in order to effectively regulate the ICT environment;
- To approve telecommunications and broadcasting service licences and spectrum use licence applications;
- To reconsider any decision that the Authority has made; and
- To ensure that the objectives of the Act are implemented and adhered to.

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### Strategic Plan up for review

The Authority's current Strategic Plan is effective from April 2015 to March 2018 and is up for review in September this year to incorporate the ICT infrastructure development objectives as per the Harambee Prosperity Plan 2016/2017 - 2019/2020 and the Ministry of ICT's Strategic Plan. The Strategic Plan was duly submitted to the Ministry of ICT and Ministry of Public Enterprises in June 2015.

The Plan focuses on ICT Market Development through the addition of new licensees and creation of a new service licence category namely network facilities as well as the implementation of the 2nd Market Dominance Study, Postal Market Study, a study on convergence, infrastructure sharing regulations, Public Switched Telephony Network cost study and a national numbering plan supporting number portability. The Plan also focuses on the establishment of a universal service regulatory framework, conducts analysis of gaps in

broadband services in rural areas, reviews the spectrum band plan after World Radio Conference 2015 to provide more spectrum for broadband services and develops a spectrum assignment strategy.

Further, to monitor and enforce adherence to quality of service, type approval regulations, consumer protection regulations and investigations, broadcasting code, SIM registration and cyber security, the Authority can propose amendments to the Communications Act to address new realities.

The Plan further focuses on enhancing other key organisational aspects such as the Human Resources (HR) Development, Governance, Communications and Business Continuity to mention but a few.

The Authority's 2016/2017 Budget was approved by the Board on 29 March 2016 and was duly submitted to the Ministries of ICT and Public Enterprises.



The Communications Regulatory Authority of Namibia's mission is to purposefully regulate telecommunication services and networks, broadcasting, and postal services and the assignment and efficient use of radio spectrum so that all Namibians derive the full socio-economic benefits of ICTs

**Our goal is to see consumers who are:**  
• Empowered • Informed • And engaged in the regulatory process

Just as you own your quirks and talents you have the responsibility to cultivate them. As a consumer of ICT products and services you have rights, but you also have responsibilities.

**With every right comes a responsibility....Will you OWNit?**

| YOUR RIGHT  | YOUR RESPONSIBILITY   |
|---|---|
| Fair and transparent contracts and billing                            | Read the terms and conditions before you sign and/or pay                    |
| Purchase any handset or device  | Ensure that you only purchase authentic, type approved handsets and devices |
| Children have the right to use mobile devices and access the Internet | Children must protect themselves from inappropriate online content          |
| To complain, be heard and receive recourse                            | Follow appropriate consumer complaints procedures                           |

**OWNit! with CRAN on Facebook, Twitter and Instagram**

For more information: Call us on 061 222666 Email CRAN at [cran@cran.na](mailto:cran@cran.na)  
Find CRAN at No. 56 Robert Mugabe Avenue, Communications House, Windhoek



CRAN  
Communications Regulatory Authority of Namibia

@CRANAMIBIA CRANAMIBIA Communications Regulatory Authority of Namibia (CRAN)

### STAFF MEETS CEO OVER BREAKFAST IN SEPTEMBER 2015



The Authority's Chief Executive Officer, Mr. Festus K. Mbandeka was officially introduced to his members of staff at a breakfast meeting in September 2015.

With almost every employee present, Mr. Mbandeka greeted his team and said he looked forward to leading the Authority into the future.



## COMMITTEES UNITE FOR COMMON GOAL

BY: THE BOARD AND COMPANY SECRETARY

The Board of the Authority is constituted by three Board committees which are mandated to make recommendations to the Board. These include the Legal and Technical Committee, the Audit and Risk Committee and Human Resources and Remuneration Committee.



TANSWELL DAVIES, COMPANY SECRETARY

The Legal and Technical Committee is headed by Ms. Anne-Doris Hans-Kaumbi, a legal practitioner by profession, who is passionate about human rights, especially for marginalised communities. She has extensive experience in drafting pleadings in the High Court, litigation, administration of wills and estates, criminal law, motor vehicle accident claims, divorce matters, registration of companies and reviewing legislation.

This Committee is mandated to consider all regulations drafted under the Communications Act No. 8 of 2009 before final submission to the Board for approval and final gazetting; to consider all licence and spectrum applications excluding persons that may provide telecommunications services without a licence; to consider all

final complaint submissions by both consumers and licensees; to consider all compliance and enforcement matters on the Communications Act and the Regulations issued thereunder; to advise on the initiation, opposition, settling, or withdrawing of legal proceedings by or against the Authority; to review all tariff and rates applications before they are submitted to the board for approval and final gazetting; and to consider spectrum management policies and strategies as they may arise.

The Audit and Risk Committee is headed by Ms. Beverley Gawanas-Vugs who has broad experience in auditing, finance, taxation, management accounting and project management. Gawanas-Vugs holds a Bachelor of Accounting Degree from the University of Na-

mibia and is currently pursuing a Master of Business Administration Degree at the Namibia Business School of the University of Namibia.

The Audit and Risk Committee is mandated to review the integrity, completeness, fairness, accuracy and reliability of the quarterly and annual financial statements and related notes, and make recommendations to the Board, as appropriate. The Committee is further mandated to review and recommend the annual budget of the Authority for approval by the Board; to oversee the Internal Audit function of the organisation; to oversee the development and monitor the implementation of the Authority's IT Governance Framework; to monitor and evaluate the effectiveness of IT investments

and expenditure and review the effective use and management of IT assets.

The Committee assists the Board to ensure that the Authority implements an effective policy for Risk Management, based on recognised risk management and internal control models, which will enhance the Authority's ability to achieve its strategic objectives; ensure the disclosure regarding Risk Management is comprehensive, timely and relevant. The Committee is also tasked to ensure that Internal Control Systems of the Authority are adequate and effective; oversee annual reporting of the organisation and ensure that a combined assurance approach is applied for adequate coverage; provide a coordinated approach to all assurance activities and over-

see Compliance Management in the organisation.

The Human Resources and Remuneration Committee is headed by Mr. Mpsi Haingura who has outstanding skills in administration, leadership and labour relations and is the holder of a Bachelor of Administration Degree, obtained from the University of Namibia. He also holds a Human Resource Management Certificate from the Corporate Training and Research Institute.

This Committee is mandated to consider the human resources and remuneration matters of the organisation before final submission to the Board for approval.

## CRAN'S BOARD RESPECTS THE PILLARS OF GOVERNANCE

The Board has always respected the four pillars of governance, responsibility, accountability, fairness and transparency, in the execution of its duties and has taken decisions in the Boardroom with integrity and ethical consideration. At all times, the Board takes responsibility for its decisions and appreciates that it is accountable to the Minister of ICT and its stakeholders. Fair consideration is given to licence, tariff and rates applications and all stakeholders are engaged by means of a public consultative process prior to the approval of licence and tariff applications and regulations. All regulatory decisions of the Authority are published in the Namibian

*Government Gazette* with the reasons for the Authority's decisions in order to comply with the governance principles of transparency and fairness.

The Authority's Board is assisted by a Company Secretary, under the Office of the Chief Executive Officer, Tanswell Davies, who has a legal background and holds a LLB Degree from the University of Namibia. Davies was a former Legal Advisor of the Authority and is currently pursuing a Master in ICT Policy and Regulation Degree from the University of Witwatersrand. The Company Secretary is responsible for the secretarial duties of the Board; advises the Board

on matters of good governance and compliance; ensures that the Board and Board Committee Charters and Terms of Reference are kept up to date; is responsible for the proper compilation and timely circulation of Board papers; and assists the Chairperson of the Board with the drafting of yearly work plans.

The Company Secretary's role at the Authority is to further raise matters that may warrant the attention of the Board; ensure that the proceedings of the Board and Board Committees are properly recorded and that minutes of meetings are held and circulated timeously for approval. The

Company Secretary has a direct channel of communication to the Board and is available to provide comprehensive practical support and guidance to the Board when required. The Secretary is also the communication link between the Authority's management and the Board.

The Board appreciates that the application of good corporate governance principles within the organisation will maximize the public enterprise's leadership role within Namibia and will maintain long-term business perspective. It will also ensure the achievement of organisational objectives, ensure greater transparency to help

root-out potential fraud or mismanagement that might otherwise remain hidden in the organisation and it will ensure, for a more stable Board and management, clearer decision making, business continuity and tighter risk controls. The Board further acknowledges that the implementation of governance and ethical principles in the organisation will reduce conflict of interests and will improve public, media, balance economic and social results, to strengthen public relations and communication with both internal and external stakeholders.

# Meet the CRAN BOARD OF DIRECTORS

The men and women entrusted with leading CRAN for the next three years.



## **FRIEDA KISHI (Chairperson)**

Ms. Frieda Kishi, is a director at Weder, Kauta & Hoveka Inc's northern office and was appointed as the Chairperson of the CRAN Board of Directors effective February 2016. She is a seasoned attorney with over 18 years of experience in criminal law, family law and matrimonial law. She holds a B. Proc degree obtained from the University of Potchefstroom in 1995. Ms. Kishi is an admitted legal practitioner of the High Court and was previously employed as a state advocate for several years. She is passionate about transforming Namibia and its people into an active knowledge-based society.



## **ANDREAS NEKONGO**

Mr. Andreas Nekongo is a highly knowledgeable and experienced technical expert with over 20 years in the telecommunications industry. He holds a National Diploma in Business Computing from the Polytechnic of Namibia and a National Technical Certificate in Electrical Training (N3). He enjoys sports and reading subject matters on the latest research in technology.



## **ANNE-DORIS NASTASSJA HANS-KAUMBI**

Ms. Anne-Doris Hans-Kaumbi, the darling of the legal fraternity in Namibia, is a well-seasoned legal professional who is passionate about human rights, especially for marginalised communities. She has extensive experience in drafting pleadings in the High Court, litigation, administration of wills and estates, criminal law, motor vehicle accident claims, divorce matters, registration of companies and reviewing legislation.

She holds a B. Juris and LLB degrees, from the University of Namibia, which she obtained in 1999 and 2001, respectively. She is an admitted legal practitioner in the High Court of Namibia and received various accolades, including, best Justice Training Centre Student, Best Postgraduate Student in the Faculty of Law and the Best Merit Award – Vice Chancellor's Medal, to mention a few.



## **MOSES MOLATENDI MOSES (Vice - Chairperson)**

Mr. Moses Moses is a multifaceted and talented professional with an impressive resume. He obtained a Master's Degree (with distinction) in Intellectual Property Studies from the Institute of Peace, Leadership and Governance Africa University in Zimbabwe, 2014; a Bachelor of Arts Degree in Criminal Justice Studies (with distinction) from the Namibia University of Science and Technology, previously known as the Polytechnic of Namibia in 2011; and a Diploma in Intellectual Property Law from the University of South Africa. Mr. Moses has over 10 years experience in the ICT industry.



## **MPASI HAINGURA**

Mr. Mpasi Haingura has outstanding skills in administration, leadership and labour relations. He is a holder of a Bachelor of Business Administration Degree, obtained through the University of Namibia; a Management Development Programme Certificate obtained from the Namibia Institute for Public Administration and Management and a Leadership Certificate obtained from the African Leadership Institute. In addition, he holds a Human Resource Management Certificate from the Corporate Training and Research Institute.

Mr. Haingura is an avid sports enthusiast and spends his free time in sport development activities particularly football. He is also keen on the latest news and current affairs.



## **BEVERLEY GAWANAS-VUGS**

Gawanas-Vugs is a technology savvy, intelligent and analytical woman, who has a broad spectrum of experience in auditing, finance, taxation, management accounting and project management. She holds a Bachelor of Accounting Degree from the University of Namibia and is currently pursuing a Master's Degree in Business Administration at the Namibia Business School of the University of Namibia.

Mrs. Gawanas-Vugs has over 20 years experience in accounting, taxation, finance and management accounting. She completed her five year auditing articles with Price Waterhouse Coopers in 2005.

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# WE REMAINED FOCUSED

BY: CHAIRPERSON, MS. FRIEDA KISHI

During the 2015/2016 period, the Communications Regulatory Authority of Namibia (CRAN) was geared fully towards achieving the goals set out in its strategic plan. The Authority, remained focused and headstrong in ensuring that it fulfils its mandate in creating a level playing field within Namibia's Information and Communication Technology (ICT) sector as well as ensuring that the industry grows, enhances and nurtures a knowledge-based society that uplifts its inhabitants.

**On behalf of the Board of Directors**, it is my privilege to congratulate the Authority's management and staff for their commitment and hard work during the 2015/2016 financial year. You have not toiled in vain, and the fruits of your labour, the innumerable milestones and the ground-breaking accomplishments as set out in this report, bear testimony to another productive year at the Authority.

The Authority has been instrumental in fostering a conducive ICT environment in Namibia, allowing for market growth, innovation and the development of new products and services, at a staggering pace. Despite being classified as a developing country, Namibia's sound performance in areas such as press freedom and access to ICT products and services, are contrary to this label. According to the 2016 Reporters without Borders World Press Freedom Index, Namibia ranks 17<sup>th</sup> in the world and 1<sup>st</sup> in Africa<sup>1</sup> in terms of press freedom. While other countries in Africa are challenged by press freedom violations, the Namibian public is able to share the stories they want to tell and communicate without fear.

Freedom of expression is not only reserved for print media, as the right extends to all channels of communication. Thus, the Authority, as the independent regulator of Namibia's television, radio, spectrum, mobile, fixed line, internet and postal services, has the responsibility of ensuring that this right is not infringed upon and that all people have the ability to communicate freely and effectively.

In order for this to happen, the Authority ensures that no company issued with a licence may act in a contrary manner to fair competition. By placing barriers to the creation of a monopoly in the communication sector, the Authority is able to ensure that unfair pricing is not implemented, a practice that ultimately segregates those in society that do not have the means

to pay steep prices.

The Authority's brand promise is to transform Namibia into an active knowledge-based society by creating a framework for an open, competitive ICT sector whilst stimulating product development and investment. This is unequivocal and a promise the Authority aims to keep to all Namibians, from North to South, East to West, no one will be left behind. According to the International Telecommunication Union (ITU)<sup>2</sup>, Namibians have not been strangers to utilising digitally-mediated communication channels, specifically when it comes to mobile telephone use. ITU findings concluded that 89.5 out of 100 people had mobile telephone subscriptions during 2010. As of 2015, 113.74 out of 100 people had subscriptions. The data certainly speaks volumes and makes the Authority even more relentless in its pursuit to deliver as the regulatory authority in Namibia.

With the amount of mobile users in the market, it is now more important than ever for the Authority to act democratically and with transparency to ensure that it regulates telecommunications companies with integrity while protecting consumers' rights.

Mobile telephone usage allows for people to communicate in real time, no matter where they are located geographically and with whomever they wish. In the past, people had to travel vast distances and incur high costs, to allow for face-to-face exchanges of messages and information to one another. Modern telecommunications opens a door for communication, which traditional interpersonal communication cannot. A man in the Kunene Region can share news via text message, telephone call or through a messaging application to his family member on the other side of the country within seconds.

As the world dives into the digital age, people are increasingly mov-



FRIEDA KISHI, CHAIRPERSON, BOARD OF DIRECTORS

ing towards using digital platforms that transcend time and space to find out information and to share stories. Since the Authority's existence, Namibia's Information and Communication Technology (ICT) growth has been in line with this global trend.

*The Authority has been instrumental in fostering a conducive ICT environment in Namibia, allowing for market growth, innovation and the development of new products and services, at a staggering pace.*

Based on the findings of the International Telecommunication Union (ITU), World Bank estimates and World Telecommunication/ICT Development Report and database<sup>3</sup>, 10 out of 100 people in Namibia used the internet in 2010. This number has risen to 14.84 out of 100 people as of 2015.

However, according to ITU<sup>4</sup> about 75% of all people in Africa do not use the internet, and a vast majority of people in Namibia still do not as well. Out of households in Namibia, only 16.53% have a computer and 17.27% have internet access. This population is part of the 3.9 billion people, over half of the world's population, that is not using the internet.

ITU also found that there still is an unequal distribution of bandwidth across the globe, and that, "Africa has the lowest international connectivity of all regions: there is twice as much bandwidth per inhabitant available in Asia and the Pacific, four times as much in the CIS region, eight times as much in the Americas and more than twenty times as much in Europe."

With internet access, comes access to endless information, aiding in improving education, health understanding and overall livelihood. Thus, going into its fifth year of existence, the Authority will continue to strive towards ensuring that barriers such as access to reliable service will be eliminated for people across the country.

This also means that immense efforts will need to be focused on

addressing the socio-economic barriers in existence to ICT usage. ITU found that a gender gap exists with internet usage, as internet penetration rates are higher for men than for women in all regions of the world. This gap is largest in Africa, where it stands at 23%. This gap also extends to the ICT industry, where far less women than men have careers.

In an interview with *Africa Renewal*<sup>5</sup>, an online publication of the United Nations, Judith Owigar, a founding member of Akirachix, a training and mentorship programme aiming to increase the number of girls in the technology sector, said, "ICT is important because it can be used for development, especially in developing countries. It is a tool that can be used to lift most of the population from poverty to a level where they can make money to support themselves and their families."

In the 2010 *Gender Assessment of ICT Access and Usage in Africa*<sup>6</sup>, out of the 885 people sampled in Namibia, 30.4% of men and 24.2% of women knew what the internet was, 11.2% of men and 7.2% of women used the internet, and 6.7% of men and 4.7% of women had email addresses. The researchers also found that in general, people access the Internet through school, work or public access.

Besides just solely consuming information, mass communication channels, such as social media, provide individuals with a space to generate their own messages and spread knowledge to an infinite number of people. With this power to tell stories, the Authority must also play its role in ensuring that laws of libel are adhered to and that those most vulnerable are protected.

Specifically this year, the Authority took part in a meeting and a workshop on invitation from the United Nations Children's Fund (UNICEF) with regards to Child Online (Sexual) Exploitation. The conference, the first of its kind for Namibia, focused on the need to ensure that children have a safe online experience. After the conference, the Authority made policy proposals to the Minister of ICT with regards to promoting child online protection.

Looking forward to the next five years, the Authority aims to be a dynamic regulator of the Information and Communications Technology (ICT) sector that transforms Namibia and its people into an active knowledge-based society that derives the full socio-economic benefits from the sector. The Authority will remain innovative and flexible, adapting to new trends in ICT with the aim of protecting consumers and engaging with its valuable stakeholders. Through this, the Authority will continue to provide a voice for the voiceless by increasing access to ICT for people across the country.

The Authority envisions to transform Namibia into a place where students are able to seek out tutorials of how to solve a long division math problem on YouTube, a Namibia where a mother can look up the symptoms of dehydration and save the life of her child, a Namibia where all people have access to the abundance of knowledge and thus have the tools to improve their own standard of life and a Namibia where all children can achieve their dreams.

I would like to thank my fellow Board members as well as the management of the Authority for their continued dedication to achieving the Authority's strategic goals and striving to ensure that all Namibians have access to ICT and can tell their stories.

Ms. Frieda Kishi, Chairperson

(Endnotes)  
 1 '2016 World Press Freedom Index'. Reporters Without Borders. Accessed Online Aug. 2016. <https://rsf.org/en/ranking>.  
 2 ICT Development Index 2015. International Telecommunication Union (ITU). Accessed Online Aug. 2016. <http://www.itu.int/net4/ITU-D/idi/2015/#di2015country-card-tab&NAM>.  
 3 'Internet users (per 100 people)'. International Telecommunication Union. World Telecommunication/ICT Development Report and database, and World Bank estimates. World Bank. Accessed Online Aug. 2016. <http://data.worldbank.org/indicator/IT.NET.USER.P2?locations=NA>.  
 4 ICT Development Index 2015. International Telecommunication Union (ITU). Accessed Online Aug. 2016. <http://www.itu.int/net4/ITU-D/idi/2015/#di2015country-card-tab&NAM>.  
 5 Sambira, J. 'Girls in ICT: Technology lifting thousands out of poverty'. *African Renewal*. Accessed online Aug. 2016. <http://www.un.org/africarenewal/web-features/girls-ict-technology-lifting-thousands-out-poverty>.  
 6 Gillwald, A., Milek, A., & Stork, C. *Gender Assessment of ICT Access and Usage in Africa*. researchICTAfrica.net. 2010: Volume 1, Policy Paper 5. Accessed August 2016. [http://www.ictworks.org/sites/default/files/uploaded\\_pics/2009/Gender\\_Paper\\_Sept\\_2010.pdf](http://www.ictworks.org/sites/default/files/uploaded_pics/2009/Gender_Paper_Sept_2010.pdf).



## CRAN SETS THE BALL ROLLING TO BRING ICT SERVICES CLOSER TO THE PEOPLE

The Authority hosted a public hearing in an effort to operationalise the Universal Service Fund for information communication technology (ICT) services. Two proposed regulations were shared and parties affected by the proposed regulations had the opportunity to voice their opinions and formally submitted their comments regarding the regulations.

The draft regulations are as follows:

1. The proposed regulations to impose a universal service levy on telecommunications service providers; and
2. The proposed regulations prescribing the provision of universal services by telecommunication service licensees.

The Authority is mandated by Part 4 of the Communications Act to establish the Universal Service Fund and to prescribe the minimum set of services that should be made available by licensees in the target areas. The context in which the Fund will be managed is set out in the Government's Universal Service Policy for ICTs, which seeks to foster the existence of a society and economy where information and knowl-

edge are abundantly available for individuals, communities and businesses, in homes and offices, or via public access points, at schools and institutions of further education, at libraries, post offices, hospitals, clinics and government offices, for small entrepreneurs, for women, children and men, for those with disabilities and other marginalised groups, in towns, urban townships and rural settlements.

Melvin Angula, Head of Universal Access Services (UAS) & Projects

## CRAN HOSTS DOMINANCE STUDY PUBLIC HEARING



Invited stakeholders at the Dominance Public Hearing



Helene Vosloo, presenting her closing remarks

The Authority hosted stakeholders from the telecommunications industry to ensure the implementation of the provisions set out in the Communications Act No.8 of 2009, Section 78, dealing with licensees who hold a dominant position in the market.

As the initiator of this process, the Authority commissioned its first dominance study in 2012, where the dominant players in the telecommunications market were identified. In 2015, as required by the Act, the Authority carried out a market study, which formed the basis of the public hearing. The Act requires the Authority to name dominant players in the market so as to better safeguard fair competition for all players, especially the smaller industry participants.

The public hearing, hosted at the Windhoek Country Club Resort and Casino, is a statutory requirement and must be held every three years.



### Is your equipment **Type Approved?**

Type Approval regulations are applicable to all persons who use, sell, offer for sale or connect telecommunications equipment to an electronic telecommunications network within the Republic of Namibia.

|  |  |
|--|--|
| <p>What is Type Approval?</p> <p>How can I apply for a Type Approval Certificate?</p> <p>How long is the certificate valid?</p> <p>What happens if my equipment is not Type Approved?</p> <p>When is the deadline for obtaining a Type Approval certificate?</p> <p>How can I find out more?</p> | <p>The process of authorising and verifying the use of all telecommunications equipment, ensuring it conforms to the applicable technical standards set by CRAN.</p> <p>All applicants must submit the application form that can be found in the Type Approval regulations on CRAN's website.</p> <p>A Type Approval certificate is valid for a period of 3 years and may be renewed after the period lapses.</p> <p>The Authority may seize non type approved telecommunications equipment that does not comply with the applicable technical standards as set by CRAN.</p> <p>The period for any service provider to obtain their Type Approval certificate ends on 31 April 2016.</p> <p>To find out more about these regulations and the list of type approved devices, visit our website.</p> |
|--|--|

**Remember** as an ICT Service Provider, you have a right to sell any telecommunications equipment of your choice, but you have a responsibility to ensure that you only sell authentic, type approved telecommunications equipment.

**OWNit! with CRAN on Facebook, Twitter and Instagram**





CEO, FESTUS K. MBANDEKA

## IMPECCABLE LEADERSHIP AND SEAMLESS TEAMWORK

BY: CEO, FESTUS K. MBANDEKA

A newsroom has one united goal, and that is to bring stories to its readers. In order to achieve that goal, a team of skilled professionals seamlessly work together to create an informative, dynamic publication. Journalists are sent out to cover events, photographers find the best image to capture, sub-editors read through all content and editors ensure that the paper is cohesive and informative.

Similar to the production of a newspaper, the Authority's success is not the product of solely one person, instead it is the collective effort of an entire team. Thanks to the dedication of the Authority's entire staff throughout its existence, we not only boast a total of twenty eight (28) broadcasting service licenses and fourteen (14) telecommunications service licences, but also lead in the Information and Communication Technology (ICT) industry, serving as the Chairperson of Communications Regulator's Association of Southern Africa (CRASA) and a role model in the Southern African Development Community (SADC).

Under the impeccable leadership of the Board of Directors and the Authority's management, the Authority's Departments have exhibited seamless teamwork, collaborating to purposefully regulate electronic communications services, networks, broadcasting and postal services and the use and allocation of spectrum, so that all Namibians derive the full socio-economic benefits of Information Communication Technologies (ICT).

The Stakeholder Communication and External Relations (Comms) Department serves as journalists to the Authority's mission, communicating the Authority's story as well as engaging with the public and stakeholders alike. This year, the Comms Department launched the #OWNit! *The Right To Connect* campaign which seeks to empower, inform and engage consumers on the regulatory process and at the same time educate consumers on their rights and responsibilities, on ICT services and products and the industry in general. Utilising live activations as well as an engaging social media campaign, the Comms Department capitalised

on all channels of communication to weave together the Authority's story and actively listen to consumers. The Comms Department also engaged with various stakeholders throughout the year to communicate the importance of the ICT industry.

Just as a photographer for a newspaper, the Economics and Sector Research Department worked to ensure that the Authority's story coincides with the whole picture of the ICT industry. Thus, through the meticulous evaluation of the market and the Authority's role in regulating the dynamic ICT sector, the Economics and Sector Research Department ensured that the Authority and its licensees thrived in line with global and economic trends. The Economics and Sector Research Department was key in ensuring that the Authority was depicted as a competitive regulator, releasing its second Market Report and approving changes in tariff and rates to meet current trends.

Similar to a layout designer, who artistically and strategically places articles and serves as the foundation for production, the Human Resources (HR) Department made it possible for the Authority's human capital, the driving force and foundation of the company, to perform to its highest ability. The Authority's hardworking employees, who put in immense effort and exhibit relentless passion, are the most important characters in our story of success. For this reason, the HR Department promoted a healthy work environment throughout the past year by not only implementing new personal and professional development programmes for the Authority's employees, but also celebrating the exceptional work of those who strive to go above and

beyond their job descriptions, solidifying the Authority's position as an employer of choice.

The sub-editor at a newspaper works to ensure that stories being told are true and that they are told accurately. Similar to this position, the Audit Department evaluated the Authority and its work, objectively providing an independent assurance, risk assessment and consulting service designed to add value and improve the Authority's operations and control mechanisms. Through this, the Audit Department found that although there are areas that require improvement such as compliance with internal policies and procedures, the Authority's internal control mechanism environment is sound and robust.

The Legal Advice Department ensures that the Authority operates in line with Communications Act (Act No. 8 of 2009). Through the Authority's Strategic Plan for the period of 01 April 2015 to 31 March 2016, the Legal Advice Department achieved various milestones, including but not limited to introducing a draft broadcasting code, commissioning a study on the Regulation of the Postal Sector, providing technical and legal support to the Ministry of Information and Communication Technology (MICT) on an amendment to the Communications Act and formulating various legal frameworks and intricate market studies.

Without funds, a newspaper cannot go to print. Likewise, the Finance Department evaluates the Authority's revenue and operational costs to ensure that it operates efficiently and that it can continue being successful. Remarkably, the Authority's revenue increased by 14.6% from N\$71.8 million in 2015 to N\$82.2

million in 2016, indisputably portraying the Authority's superb service delivery while also showing the benefits of implementing strategic, prudent and efficient management and control of resources. On top of this, the Authority is financially independent and submitted audited financial statements for four consecutive years.

The staff of successful newspapers work together seamlessly in a systematic and organised manner under the supervision of an editor. Likewise, the Operations Department ensures that the Authority's working environment functions at its highest level and with synergy. With the support and coordination of the Operations Department, the Authority met the needs of the evolving telecommunications industry by implementing two new licence categories, worked to ensure fair competition by commencing with various initiatives including broadband policy, infrastructure sharing and number portability and established itself on the international stage at the World Radiocommunication Conference (WRC-15) and in Sub-Saharan Africa, attending multiple conferences and summits.

The editor-in-chief of a newspaper evaluates the whole newsroom and ensures that the paper covers the stories that its readers want to consume. Similarly, the CEO's Office worked to ensure the Authority's united work coincides with its mission and is geared towards achieving its vision, with the primary aim to achieve the objectives of the Authority in terms of the Act and the Strategic Plan.

All Departments have seen many successes throughout the past year. However, just as a newspaper re-

tains readership and loyalty as a result of consistency with content, the Authority must continue to perform with the same integrity and transparency going forward.

As the Authority enters into its fifth year of existence, it will continue utilising its knowledge and expertise in being innovative to meet the fast-evolving ICT industry and overcome key challenges to meet the fast growing demands for diversified ICT services across the country and to align with the key national initiatives such as the Vision 2030, the Fifth National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP).

It will continue to write its story, a story defined by successfully achieving its mission, promoting employee wellness, investing in consumers and leading in the ICT industry. Through its second Strategic Plan, the Authority hopes to continue growing and increasing access to ICT in order to improve the livelihood of all Namibians.

For the Authority's newsworthy success and numerous accomplishments, I would like to thank the Ministry of Information and Communication Technology (MICT) and our management and staff members for their hard work, dedication and integrity. Above all, I would like to recognise and thank the Board and its Chairperson, Ms. Frieda Kishi, for their selfless dedication and support to the Authority.

Ms. Festus K. Mbandeka, CEO



## CRAN SPARKS BUZZ ACROSS NAMIBIA

BY: HEAD: COMMUNICATIONS AND EXTERNAL RELATIONS



Katrina Siken Head: Communication & External Relations

The role of the Communication and External Relations (Comms) Department, in any organisation, includes a wide range of responsibilities and activities. At the Authority, this department is responsible for internal communication, advertising, campaigns, event planning and external stakeholder relations, to highlight a few areas. The year under review was remarkably productive for the Authority's Comms Department, as illustrated through numerous headlining moments.



## OWNit! Consumer Campaign launched at Windhoek Show

The Authority shined at the launch of the #OWNit! Consumer Campaign at the Windhoek Industrial and Agricultural Show (Windhoek Show) in September 2015 and at the Erongo Trade Expo in October 2015.

The stands at the shows used various communication channels; activations, a selfie competition, and converged audio-visual technologies, to create a unique backdrop to introduce the campaign. The goal was to inspire consumers to tell the world how they 'OWN' their quirks and talents as well as to share their responsibilities as users of Information and Communication Technologies (ICTs). The Windhoek Show stand won a bronze award for the best stand.

## CRAN COFFEE



To illustrate the importance of taking responsibility as an ICT user, the Comms Department set up coffee stands at various shopping centres across the country as part of the #OWNit campaign. The irresistible offer was too good to be true; a coffee and a muffin for N\$10. Unsuspecting customers were amused when they were presented with a print out of their order, unaware of what was written in the fine print of the offer. Those who participated learned that everyone has the right to fair and transparent billing and in the same breath, the responsibility to read the terms and conditions before entering into any contract. The fine print sting also emphasised that each person should #OWNit when it comes to their ICT needs.

In order to achieve its goals, the campaign used vibrant and interactive live activations, but also tapped into mass communication with print and radio advertisements and an engaging social media presence. The campaign will run until August 2016 and covered a wide range of topics.



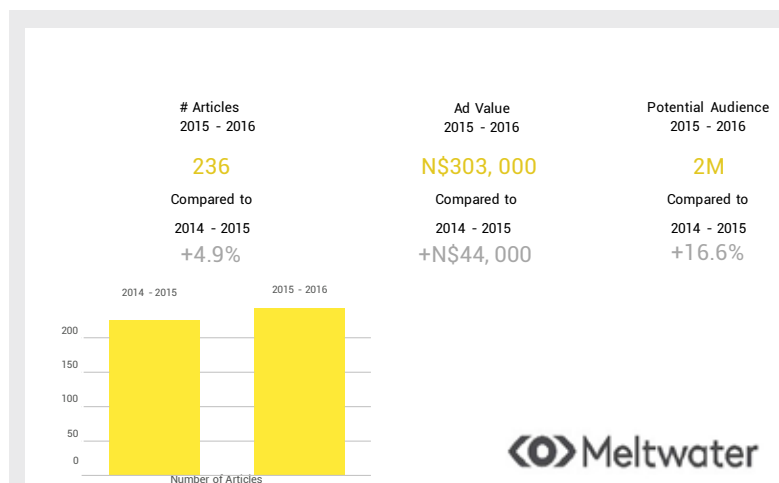
### Topics covered during #OWNit campaign include:

- **Type Approval; #OWNit!** The right to purchase type approved devices,
- **Internet Security; #OWNit!** The right to internet security and usage information and education,
- **Mobile Phone Usage; #OWNit!** The right to understanding mobile phone etiquette, usage and protection,
- **Child Online Protection; #OWNit!** The right to safe usage of Internet and mobile technology for children,
- **Billing and Contracts; #OWNit!** The right to fair and transparent billing and contracts; and
- **Consumer Complaints Procedures; #OWNit!** The right to lay a complaint regarding inferior service in the ICT sector.

## Social media engagement grows

Social media has been a crucial part of the #OWNit! Campaign and, as a result, The Authority's social media presence continues to grow. In addition to its Facebook page and a Twitter account, the Authority now also boasts an Instagram account and a Periscope profile.

The Authority's website is also considered a valuable online platform for stakeholder engagement. As such, the Comms Department has begun the process of re-vamping the website to ensure it remains informative and intuitive. This project should be completed early in the next review period.



Public Relations Return on Investment growth (ROI)

### Public Relations ROI proves lucrative

An assessment of the ICT industry's publicity through traditional media has shown a marked increase in the value of advertisements and articles placed. Compared to the previous reporting period, the number of articles placed is up 4.9%, locally. This increase has had a knock on effect resulting in the potential audience growing by 16.6% to 2 million people and the advertisement value increasing by approximately N\$44,000 to a total of approximately N\$303,000 for the year, proving an immense return on investment (ROI). (see graph above)

Mainstream media remains a primary avenue for disseminating information and engaging consumers of ICT.

## Comms Department involved in planning CRASA events

In early June 2015, the Comms Department assisted with organising the 2nd Workshop on Universalising Broadband in Southern African Development Community (SADC), held in Windhoek. This event aimed to capacitate regulators in the region to formulate a comprehensive national broadband policy. The workshop was a partnership between the Communications Regulators' Association of Southern Africa (CRASA) and Ericsson.

## ICT heavy-weights descend on Walvis Bay

Later in June 2015, the Comms Department formed part of the Ministry of ICT's organising committee that hosted the SADC Ministerial Meeting as well as the Digital Terrestrial Television Meeting in Walvis Bay. The workshops were diverse in their focus areas. They aimed at implementing the SADC Roadmap on Digital Broadcasting Migration, providing updates on the implementation of the SADC Home and Away Roaming Project, determin-

ing the SADC Regional Internet Exchange Points, providing updates on the preparations for the World Radio Communication Conference 2015 (WRC-15), meeting minimum Broadband standards and developing the SADC TV Bouquet, Open Access and Frequency Spectrum guidelines and management.

## CRAN's most important publications of the year

- The Authority's Strategic Plan was published in electronic format.
- The Market Report was finalised on 08 March 2016 and is currently available online: [www.cran.na](http://www.cran.na)
- The CRANicles, the Authority's quarterly newsletter, was released throughout the year under review and was geared towards external stakeholders.
- The CRAN Beats, a monthly internal newsletter, encouraged and celebrated interdepartmental communication and teamwork.

## CRAN raises the bar on employee engagement

At the start of this period, April 2015, the department administered an internal communications survey. The goal was to gauge the Authority's internal communication environment and communication needs by measuring employee connection to the Authority's goals, understanding of established work processes and policies, evaluating decision-making processes and promoting inter-departmental communication, among others. The results identified corrective actions to be taken, which were implemented to ensure a high level of internal and inter-departmental communication within the Authority.

Other internal communication activities included a brand management session with a renowned brand strategist on 12 February 2016. The strategist introduced the

Authority to the fundamentals of brand management and personal branding. She delivered practical examples and illustrated brand and reputation management through case studies. She further touched on matters regarding personal reputation and corporate reputation using interesting, well-known examples.

## The Benevolent ICT Regulator

The Authority envisions a 'knowledge-based society' through which the Namibian people derive 'the full socioeconomic benefits of ICTs'. The Comms Department realised the tangible results of working towards this vision through various corporate social responsibility initiatives.

During the previous review period, the Authority committed to sponsoring the University of Science and Technology. The sponsorship afforded the Authority with the opportunity to exhibit at the International Conference on Emerging Trends in Networks and Computer Communications. This period, the Comms Department facilitated the handover of the N\$50,000 donation. The event took place at the Windhoek Country Club Resort and Casino from 18 to 20 May 2015. In addition to handing over the donation, the Comms Department participated by means of an exhibition stand providing information on the Authority to the attendees. The Authority's anniversary and the international celebration of Information Society Day, 18 May, coincided with this event.

The Authority also worked in partnership with the Government of the Republic of Namibia in line with its vision. The Ministry of Information and Communication Technology (MICT), together with strategic industry stakeholders, hosted the 2nd National ICT Summit under the theme 'Bridging the Digital Gap'. The Authority was approached by MICT to take part in the event and sponsor the platinum category. The request was positively heeded, and a sponsorship of N\$95,000 was availed toward the summit.

The event was held at the Windhoek Country Club Resort and Casino from 6 to 7 October 2015 and aimed to position ICT as a vital tool in achieving Government's main national priorities of economic growth and development towards the goals of poverty eradication. Furthermore, it aimed to bring together strategic stakeholders to forge breakthrough partnerships that will deliver innovative ICT outcomes to stimulate good governance and the provision of much needed ICT services in Namibia.

The Authority continued with its efforts in achieving its vision of creating a 'knowledge-based society' by sponsoring the United Nations Educational, Scientific and Cultural Education Organisation (UNESCO) with an amount of N\$10,000. The sponsorship was for the preparations and planning of the 2016 World Radio Day celebrations that took place on 13 February 2016 at the Epako Community Hall in Gobabis. It was the first time the celebrations were held outside Windhoek.



The Authority's new Board. From left; Frieda Kishi, Moses Moses, Beverley Gwanas-Vugs, Mpsai Haingura and Hon. Tjekero Tweya (seated). Absent from photo: Anne-Dorris Hans-Kaumbi and CEO Festus K. Mbandeka (not present).

## CRAN honours out-going BoD and welcomes new members

On 18 March 2016, the Authority hosted a farewell dinner at the Hilton Hotel in honour of the founding and outgoing Board of Directors (BoD) and to welcome the newly appointed Board of Directors. The founding Board formed the Authority into a fully-fledged and functional regulator that has become well-respected, visible, professional and resourced with a highly skilled team.

## FIRST POSTAL CONSULTATIVE MEETING

Postal stakeholders gathered at a public consultative meeting hosted by the Authority on 24 August 2015 at the Windhoek Country Club Resort and Casino for an introduction to the Postal Legal Study.

With the assistance of Analysys Mason, the Authority is currently in the process of conducting a Study. It is aimed at assessing whether the current legal mandate is adequate, effective and responsive in dealing with the postal sector market changes and how this impacts on the efficient delivery of postal products and services in Namibia. This is in line with the Authority's mandate, as stated in Chapter 7 of the Communications Act No. 8 of 2009, to regulate the provision of postal services in Namibia. The research and stakeholder consultation process continued at a public consultative meeting hosted on 14 October 2015 where more information was gathered.



Panelists at meeting. From left: Jochen Traut, Phillip Bates of Analysys Mason and Emilia Nghikembua

## TYPE APPROVAL REGULATIONS ENFORCED

People can no longer import or purchase non-type approved telecommunications equipment as Type Approval Regulations became effective.

All telecommunications and electronic equipment must be type approved by 1 November 2016 prior to importation.

The Regulations are applicable to all persons who use, sell or connect telecommunications equipment to an electronic communications network within the Republic of Namibia. This includes all telecommunications equipment used, sold, offered for sale or connected to an electronic communications network within the Republic of Namibia; and all radio communications equipment or apparatus' pursuant to the Regulations regarding Licence Exempt Spectrum published in Government Gazette No. 4839, General Notice No. 395, dated 25 November 2011. The telecommunications equipment that is temporarily imported into Namibia for re-export does not require Type Approval.

The Type Approval application forms can be obtained at both reception areas. All enquires relating to Type Approval can be directed to the Operations Department.

### Never Ignore Software Update Notifications

**DID YOU KNOW?** Every time you connect to a network, CRAN aims to protect you, ensuring you are informed, engaged and empowered as an ICT consumer.

Getting the notification on your phone reminding you that it is time for an update, can be annoying at times and we always end up clicking "Remind me Later". But as irritating as this may be, software updates are important for ensuring you make the most of your phone usage.

Updating your mobile device will not only make your device run smoother, but it will make it more secure! To get the best performance and features from your smart phone or tablet, you should ensure that you always run the latest available software. Do not just update your applications, but also ensure your device is running on the latest operating system.

Here are some of the ways you can make the best use of your mobile device:

|   |   |
|---|---|
| <b>How can I keep my phone safe?</b>                            | Do not use your phone where it is unsafe.   |
| <b>Can I operate my phone while driving?</b>                    | It is illegal to handle your phone while driving, but, if you must take a call, please make use of a hands-free device. |
| <b>How can I safeguard my personal information on my phone?</b> | Ensure that you have a strong password or PIN code on your device.  |

**You have the right to use your device, but you also have a responsibility to protect your personal information**

For more information on Mobile Phone Usage and the OWNit! campaign, visit our blog / website.

**OWNit! Don't forget to check out our complaints handling procedure on our website.**

For more information: Call us on 061 222666 Email CRAN at [cran@cran.na](mailto:cran@cran.na)  
Find CRAN at No. 56 Robert Mugabe Avenue, Communications House, Windhoek

**CRAN**  
Communications Regulatory Authority of Namibia

[@CRANAMIBIA](#) [CRANAMIBIA](#) [Communications Regulatory Authority of Namibia \(CRAN\)](#)



## CRAN HOSTS CONSULTATIVE MEETING ON PROPOSED BROADCASTING CODE



Emilia Nghikembua Head: Legal Advice



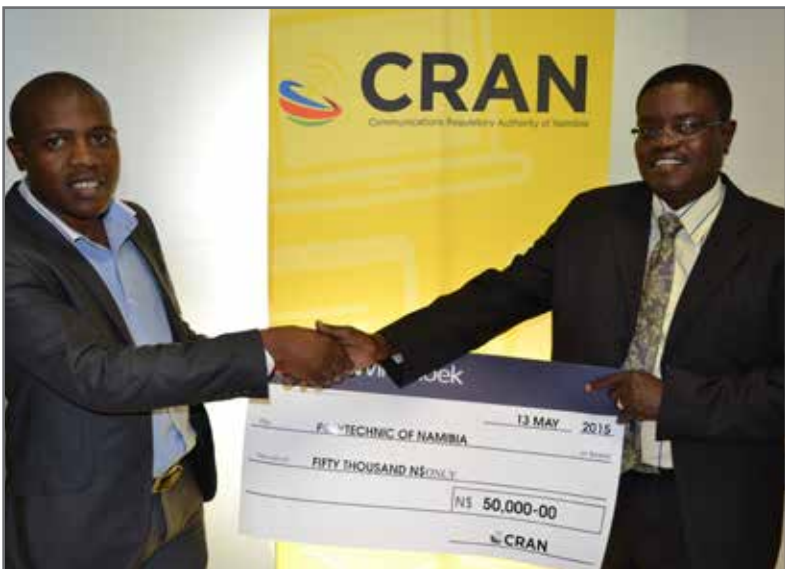
Invited guests at the Broadcasting Code consultative meeting

A stakeholder consultative meeting regarding the proposed Broadcasting Code was held Wednesday, 22 April 2015 at the GZ Function Centre in Windhoek. Many leaders from local media organisations, political parties and the broadcasting industry were present and utilised the platform to voice their opinions. A mixture of positive and negative comments were raised as some stakeholders felt that the

Broadcasting Code would duplicate the already existing Editors' Forum Code of Conduct for the media. They also felt that it would infringe on the freedom of expression of the media. Many expressed concern over the proposed local content quota due to the unavailability of quality and sufficient quantity content in the local music and film industry. Participants were assured that their comments, views

and opinions expressed would be taken into consideration by the Authority. Furthermore, a commitment was made by the Authority to hold a meeting with the Media Ombudsman and the Editors' Forum to consolidate and compare (where possible) the Editors' Forum's Code of Conduct with the proposed Broadcasting Code.

## CRAN SUPPORTS THE NUST SCHOOL OF COMPUTING AND INFORMATICS



From left: Dr. Nibert Jere, the Head of Department of Informatics at the NUST and Mr. Justus Tjituka, Head of Finance at CRAN

The Authority sponsored the School of Computing and Informatics at the Namibia University of Science and Technology (NUST), formerly known as the Polytechnic of Namibia, with N\$50,000. The funds were utilised for the International Conference on Emerging Trends in Networks and Computer Communications Conference that took place at the Windhoek Country Club Resort and Casino on 18 to 20 May 2015.

The Conference, hosted for the first time in Africa, was significant as it also celebrated the 150th Anniversary of the International Telecommunications Union (ITU) and the World Telecommunication and Information Society day on 18 May 2015. Attended by approximately 150 computer and communications professionals from both Namibia and abroad, the Conference's goal was to stimulate cutting-edge research discussions amongst academics, pioneering researchers, scientists, industrial engineers, technocrats and students. It proposed innovative technologies, shared experiences and achievements, and discussed future solutions for design and applications of Networks and Communications systems.

# MESSAGE OF CONDOLENCES

**CRAN is deeply saddened to learn of the passing of our beloved Acting CEO Ms Hilma Hitula and herewith express our sincere sympathy to her family and friends.**

Ms Hitula was highly respected by many and was regarded as a driven and visionary leader. Her contributions to CRAN were not only valuable and plenty but served as testament to her character, as a dedicated individual. Her exemplary contributions will be etched in the fabric of CRAN for many years to come.

To the bereaved family and friends CRAN extends heartfelt condolences at this difficult time, she was a remarkable woman who touched many and will be sorely missed.

**May her soul rest in eternal peace.**





Emilia Nghikembua Head: Legal Advice

## LEGAL ADVICE DEPARTMENT TAKES VARIOUS ACTIONS TO ACHIEVE OBJECTIVES OF COMMUNICATIONS ACT NO.8 OF 2009

BY: THE LEGAL ADVICE DEPARTMENT

In terms of CRAN's Strategic Plan for the period of 01 April 2015 to 31 March 2016, the Legal Advice Department has been assigned several action items in order to achieve the objectives of the Communications Act (Act No. 8 of 2009). The following are the actions taken by the department:

### Market Development: **Broadcasting Code**

Section 89 (2) of the Act mandates the Authority to draft a Code of Conduct along with enforcement mechanisms that will ensure consumers are protected from abuse by television and radio broadcasting service licensees.

A stakeholder's consultative meeting was held on 22 April 2015, thereafter, comments from the stakeholders were received and incorporated into the draft Code. As of 31 March 2016, the draft Code with stakeholders' comments was sent to the Legal Drafter for review before finalisation and commencement with the rule-making process.



Phillip Bates of Analysys Mason

### Postal Market Reform and Development: **Postal Legal and Market Study Report**

Section 98 read with Section 129 of the Communications Act mandates the Authority

to regulate and prescribe regulations for Postal Service. In an effort to ensure that the Regulations materialise, the Authority conducted the Legal and Market Postal Services Study within the Namibian Market. The study is aimed at assessing whether the current legal mandate is adequate, effective and responsive to the postal sector market and all the possible changes that would impact on the delivery of both postal products and services.

The Authority conducted interviews with all key stakeholders on 24 August 2015, 25 August 2015 and 27 August 2016. On 20 October 2015, the Authority held its second consultative workshop with the industry and provided feedback on the data that had been collected. The Authority further held training on the regulation of the postal sector from 27 January 2016 to 29 January 2016. The training was attended by the employees of the Authority as well as the industry in preparation of the regulation of the postal sector by the Authority.

The final report was concluded on 10 March 2016.



### Universal Service and Access: Regulations prescribing the provision of **Universal Service by Telecommunications Service Licensees** and Regulations to impose a **Universal Service Levy on Telecommunications Service Providers**

The Authority is mandated by Sections 56 read with 129 of the Communications Act to prescribe regulations to impose a universal service levy on telecommunications service providers. The purpose of the regulations is to impose a universal service levy to be paid into the Universal Service Fund in terms of Section 56(2) of the Act and to prescribe the criteria for the disbursement of Section 56 of the Act.

Section 57 of the Act further gives the Authority power to prescribe the regulations for the provision of Universal Service by Telecommunications Service Licensees. The purpose of the regulations is to prescribe which telecommunications services is the minimum set of services that should be made available by licensees, subsidies of universal service, fund disbursement and tenders as well as the imposition of penalties for non-compliance. The Authority commenced with the rule-making process and published a notice of intention to make the Regulations in the *Government Gazette* No. 5755, General Notice Numbers 235 and 236, dated 08 June 2015. There are thirty-one (31) days for public comments from the date of publication of the notices in the *Government Gazette*. The commenting period lapsed on 31 July 2015 and several comments were received from stakeholders.

On 28 July 2015, the Authority held a public hearing on both regulations. The Authority deliberated all written and oral comments submitted and some were incorporated in the draft Regulations that were sent to the Legal Drafter for review before the finalisation of the Regulations and approval by the Board.



### Market Development: **Amendment of the Communications Act**

The Legal Advice Department was tasked to provide guidance to the Ministry of Information and Communication Technology (MICT) and Parliament on the amendment of the Communications Act. The aim of the review is to align the Communications Act with emerging trends in Information and Communication Technology (ICT) policy, to ensure regulation and management and to remedy the provisions of the Act that have over time become obsolete.

An internal meeting was held on 19 May 2015 during which an in-depth discussion was held regarding provisions of the Act which require amendment. Furthermore, a meeting was held on 18 February 2016 with the staff from the MICT for their input on the proposed changes before the final recommendations are made to the Minister of ICT.

The input from MICT is incorporated in the final draft and recommendations on the Amendment of the Act will be made to the MICT in this regard.





## Support Cyber Security Policies: Child Online Protection

On 2 January 2016 and 25-26 February 2016, the Legal Advice Department attended a meeting and a workshop respectively, on invitation from the United Nations Children's Fund (UNICEF) with regards to Child Online (Sexual) Exploitation in Namibia. The conference focused on the need to ensure that children have a safe online experience.

The conference was the first of its kind for the country and drew attendees from global giants such as Google and Microsoft as well as various Government Ministries and non-governmental organisations such as Child-Line Life-Line.

After the conference, the Authority made policy proposals to the Minister of ICT with regards to promoting child online protection. The Authority proposed that the list of crimes listed under Section 65 of the draft Electronic Transactions and Cybercrime Bill is not exhaustive enough as it omits offences such as:

- (a) Cyber Bullying;
- (b) Grooming;
- (c) Sexting (primary and secondary)
- (d) Virtual child pornography;
- (e) Erotic posing by children;
- (f) Indecent or obscene material;
- (g) Corruption of a child;
- (h) Luring;

- (i) Defamation of a child;
- (j) Harassment of a child;
- (k) Fictional material of a child (comic style or text documents); and
- (l) Material involving an adult that looks like a child involved in sexual conduct.

The Authority in its submission further indicated the following:

- (i) Criminalisation should further be extended to: people who make information available on where to find child pornography or child abuse material online; people who provide a hyperlink on where to find child pornography or child abuse material.
- (ii) Section 65 further has to make provision for incidences where the perpetrator is a child because it was noted that there is an increase in incidences of this nature. It is the Authority's respectful position however, that the 'best interest of a child' principle be applied herein.
- (iii) Section 65 should place a duty on Namibians to report incidences where any of the above mentioned crimes have been committed to the Namibian Police.

## Enforcement matters of the Legal Advice Department

In terms of Section 115 of the Communications Act, the Authority is empowered to issue Summons with the view that any person has committed an offence in terms of Section 114 of the Act.

During the financial year from 1 April 2015 to 31 March 2016, the Legal Advice Department issued the following Summons:

### Summons against Namibia Broadcasting Corporation (NBC)

The Authority issued Summons against NBC on grounds of changing the location of the transmitter from Khorixas (20° 21' 33.4" S, 14° 58' 52.8" E) to Renosterkop (20° 31' 25" S, 15° 13' 38.1" E) without prior written consent of the Authority, as required by regulation 8(1)(c) of the Regulations Regarding Licence Conditions for Spectrum Use Licences as published in *Government Gazette* No. 5354. General Notice No. 469 dated 02 December 2013.

NBC pleaded to the offence and admitted to the offence. The Authority is in the process of settling the matter with NBC.



### Summons against Telecom Namibia

The Authority issued three sets of Summons against Telecom for the implementation of tariffs destined for Angola Mobile Networks, MTN RSA Network and Zambian Network without prior approval as provided for by Section 53(7) of the Act. Telecom pleaded not guilty to all the offences and the matters are being dealt with in terms of Section 115(6) of the Act.

### Summons against Equity Broadcasting CC t/a Equity FM

The Authority issued Summons against Equity Broadcasting CC trading as (t/a) Equity FM in respect of provision of broadcasting services without a licence and utilising spectrum without a licence in the geographical area of Otjiwarongo. Equity Broadcasting CC pleaded not guilty to the offences and the matter is being dealt with in terms of Section 115(6).

## Recommendations for Legislative, Regulatory and Policy amendments

During the year under review, the Authority commenced with the following proposed Legislative, Regulatory and Policy Reform changes, which are deemed appropriate to ensure that the ICT legal framework remains up to date with changing local and international ICT trends.

### Proposed amendments to the Communications Act

The Authority, in its strategic plan, identified the need to review the Communications Act No. 8 of 2009 in order to align the Communications Act with emerging trends in Information and Communication Technology policy, regulation and management and to remedy the provisions of the Act that have over time become obsolete. Some of the proposed changes are:

- Section 59(1) - Infrastructure Sharing

The Authority proposed that this section should be amended so as to apply to broadcasting as well.

- Part 4 - Universal Access and Service

Part 4 of the Act which pertains to universal service must be amended to include postal and broadcasting and this section must move up front within the Act.

The reason for the amendment is to ensure that this provision applies to all three sectors, namely telecommunications, broadcasting and postal, uniformly and that the consideration for universal access be made similarly in respect of all three sectors. This proposal is necessitated by the fact that post offices and broadcasters cover wider areas in terms of distribution and therefore the money raised from the universal access levy should be used to increase postal and broadcasting coverage as well.

- Section 79 - Consumer Protection

The section needs to be amended in order to make it applicable to broadcasting service licensees and postal service licensees. Further this section must be reviewed to set a framework for informal mediation or the appointment of expert mediators in order to expedite the adjudication process.

## Ensuring Consumer Protection

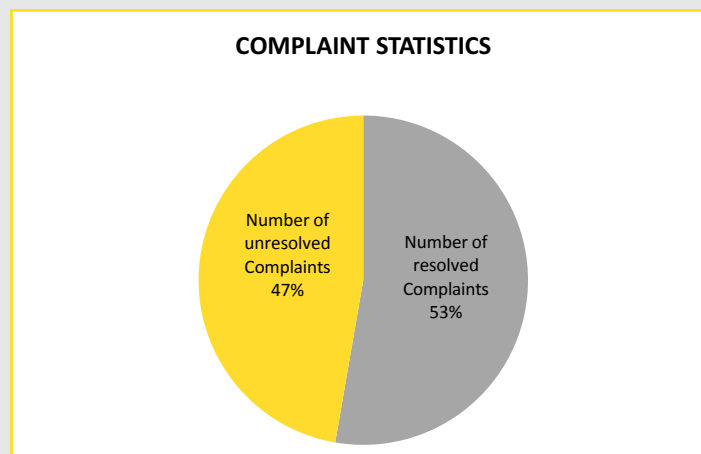
The Authority has a mandate in terms of Section 79 of the Communications Act (Act 8 of 2009) to ensure that consumers make informed choices and get affordable, efficient and high quality services. The Consumer Protection Mandate to the Authority has been implemented through the Regulations Regarding Consumer Complaints. Section 79 of the Communications Act read with the Regulations Regarding Consumer Complaints empowers the Authority to adjudicate over the following types of complaints:

- Non-compliance or breach of a licence or licence condition;
- Non-compliance or breach of a contract;
- Non-compliance or breach of the Act or regulations; and
- Including, but not limited to billing, charges and refunds, service delivery and product delivery, confidential information, customer services and customer treatment and service interruptions and dropped calls.

The Legal Advice Department handled fifty-five (55) official consumer complaints during the reporting period of 01 February 2015 – 31 January 2016.

The table below indicates the number of complaints received by the Authority. As earlier indicated, the Authority received 55 complaints, of which 29 complaints were resolved (53%) and 26 complaints were unresolved (47%).

The table below indicates the complaint statistics of the year under review.

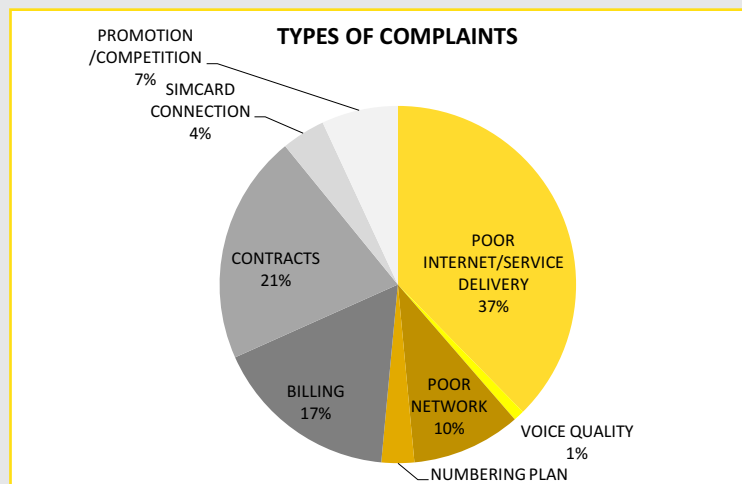


Graph: 1 (Number of Complaints Received From Consumers)

The Authority only received complaints against Mobile Telecommunications Limited (MTC) and Telecom Namibia Limited during the consumer complaint period under review.

### Consumer complaints received against Mobile Telecommunications Limited (MTC) during the period under review

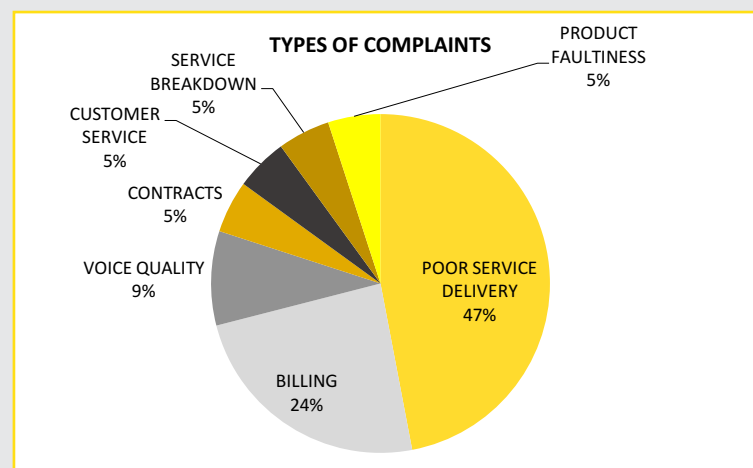
Twenty-nine (29) consumer complaints were received against Mobile Telecommunications Limited (MTC). (55% resolved as of 31 January 2016).



Graph: 2 (Type of Complaints Received Against MTC)

### Consumer complaints received against Telecom Namibia during the period under review

Twenty-three (23) consumer complaints were received against Telecom Namibia Limited during the period under review. (60% resolved as of 31 January 2016).



Graph: 2 (Type of Complaints received against Telecom Namibia)

## Consumer Protection Regulations in the works

|   |  |    |
|---|--|----|
| No. 4714  | Government Gazette 18 May 2011   | 41 |
| (3)   | by electronic mail to the following address: cran@cran.na;   |    |
| (4)   | by facsimile to the following facsimile number: +264 61 23 8646; or  |    |
| (5)   | in any other manner or at alternative addresses set out by the Authority from time to time.  |    |
| <b>applicability</b>                            |  |    |
| 3.  | (1) These regulations are applicable to all Complaints submitted by Complainants and specifically to -   |    |
| (a)   | Complaints contemplated in terms of section 90(1) of the Act; and  |    |
| (b)   | Complaints contemplated in terms of section 131 of the Act.  |    |
| <b>submission of complaints by complainants</b> |  |    |
| 4.  | (1) A Complainant may submit a Complaint in writing to the Authority on a form made available by the Authority -   |    |
| (a)   | after the Complainant has submitted the substance of the Complaint to the Respondent and after fourteen (14) days, the Respondent has not adequately resolved the matter; or   |    |
| (b)   | upon a showing of good cause why the substance of the Complaint was not first admitted to the Respondent.  |    |
| (2)   | Complaints shall contain -   |    |
| (a)   | the name and contact details of the Complainant and the name and contact details of the person submitting the Complaint, if different;   |    |
| (b)   | the name of the Respondent, or if the name of the Respondent is unknown, as many identifying details as are available in order to assist the Authority in identifying the Respondent;  |    |
| (c)   | an accurate and concise statement of the facts illustrating the Complaint and demonstrating that the Respondent acted wrongly;   |    |
| (d)   | a clear and concise statement of the specific relief or remedy sought; and   |    |
| (e)   | any other relevant information.  |    |
| (3)   | Licencees and persons providing services without a licence must establish clear and simple internal procedures for the resolution of Complaints submitted directly to them by customers and potential customers, which must include provisions ensuring the resolution of Complaints within fourteen (14) days of receipt of a Complaint and notifying complainants of the right to submit a complaint to the Authority in terms of these regulations if the matter has not been resolved within fourteen (14) days. |    |
| (4)   | Licencees and persons providing services without a licence must maintain records of all internal Complaints and Complaints submitted to the Authority in terms of these regulations, and provide an annual report to the Authority in the format and on the date set out by the Authority, along with a copy of their internal procedures.   |    |

The Legal Advice Department is in the process of developing Consumer Protection Regulations to increase consumer confidence and awareness of consumer rights and obligations. The regulations are currently on tender and a consultant will be appointed. The regulations should be finalised by 31 March 2017.

## Major decisions taken by the Authority for resolutions to consumer complaints

of the complaint and the conclusions of law resolved to dismiss the relief sought by the Complainant partly in that:

- The decision by MTC to list the Complainant's number as a prank caller was reasonable and fair taking into account the circumstances of the matter;
- MTC should amend Clause 20 of its service level agreement to include that it will first notify the consumers concerned about the alleged contravention and that as a result he/she shall be blacklisted as a prank caller accordingly.

In compliance with the Authority's decision, MTC amended clause 20 of their subscriber agreement. MTC informed the Authority that

as a precaution, prank callers are warned by the call centre staff that they will be blocked and charged a penalty should they continue to abuse the emergency 112 number.

### Consumer Complaint: Sjarhei Rastoustau // Mobile Telecommunications Limited

The complaint pertains to the Complainant exceeding his monthly credit limit in respect of data. The fact of the matter is that the Respondent failed to notify him of same and continued to render him the services, relying heavily on Clause 11g of the Subscriber Agreement.

The Authority resolved that Mo-

bile Telecommunications Limited should amend its terms and conditions to remove the presumption in favour of MTC (Clause 11g of their Subscriber Agreement).

Further, the Authority resolved that MTC should formulate terms and conditions pertaining to the payment of the foreign deposit to be included in the terms and conditions as required by Section 79 of the Communications Act 8 of 2009.

### Consumer Complaint: Multichoice Namibia Limited complaints

The Authority received notification regarding Multichoice Namibia Limited (herewith to be referred to

as Multichoice) having removed the English Premier League from its Compact Bouquet. During consultations with Multichoice, the Authority noted that Multichoice relied on Section 56 of its Subscriber Agreement to alter the Compact Bouquet without consulting its consumers.

The Authority resolved to consult Multichoice on the possible amendment of Section 56 of their Subscriber Agreement. The Authority held a meeting with Multichoice in respect hereof and Multichoice is in the process of addressing same.

|   |                                |          |
|---|--------------------------------|----------|
| 48  | Government Gazette 18 May 2011 | No. 4714 |
| <b>D. COMPLAINT</b>   |                                |          |
| Provide an accurate and concise statement of the facts illustrating the Complaint and demonstrating that the Respondent acted wrongly.  |                                |          |
|   |                                |          |
|   |                                |          |
|   |                                |          |
| <b>E. RELIEF SOUGHT</b>   |                                |          |
| Provide a clear and concise statement of the specific relief or remedy sought.  |                                |          |
|   |                                |          |
|   |                                |          |
|   |                                |          |
| <b>F. ANY OTHER INFORMATION</b>   |                                |          |
| Provide any other relevant information.   |                                |          |
|   |                                |          |
|   |                                |          |
|   |                                |          |
| Signed by _____ at _____ in his/her capacity as _____, duly authorised and warranting such authority and warranting that the information provided herein is true and correct, on the _____ day of _____ 20____. |                                |          |

### Consumer Complaint: Hofney Nananjembo // Mobile Telecommunications Limited

The complaint submitted pertains to the Complainant's number being listed as a prank caller by the Respondent. The Authority having considered the submission of the parties, finding of facts, the nature



## Q&A WITH THE CHAIRPERSON OF THE BOARD



FRIEDA KISHI, CHAIRPERSON, BOARD OF DIRECTORS

Ms. Frieda Kishi, who is currently the Authority's Board of Directors' Chairperson, is the only member who was re-appointed from the previous Board. Read Ms. Kishi's interview with CRAN Beats, the Authority's monthly internal newsletter!

**CRAN Beats:** What prompted you to accept the opportunity to be a member of the Authority and now Chairperson?

**FK:** I welcomed the opportunity to serve in the capacity of Chairperson because I want to make a difference. In this era of technological innovation, it is simply unacceptable that policies and regulations still conspire to keep internet access unaffordable to many people in Namibia. I have witnessed first-hand the incredible power of the web to improve health,

education and economic development. I believe with collaborative policy making, we can drive prices down and move ICT forward.

**CRAN Beats:** What do you aim to accomplish during your tenure as the Chairperson?

**FK:** Effective regulation has been proven to result in greater economic growth, increased investment, better quality of service, higher penetration of ICT products and services and rapid technological innovation in any nation. Access to information and communication technology is critical for the development of all aspects of the nation's economy. So, a good and effective regulatory environment is essential in order to foster development for a fast, affordable and reliable network coverage and move

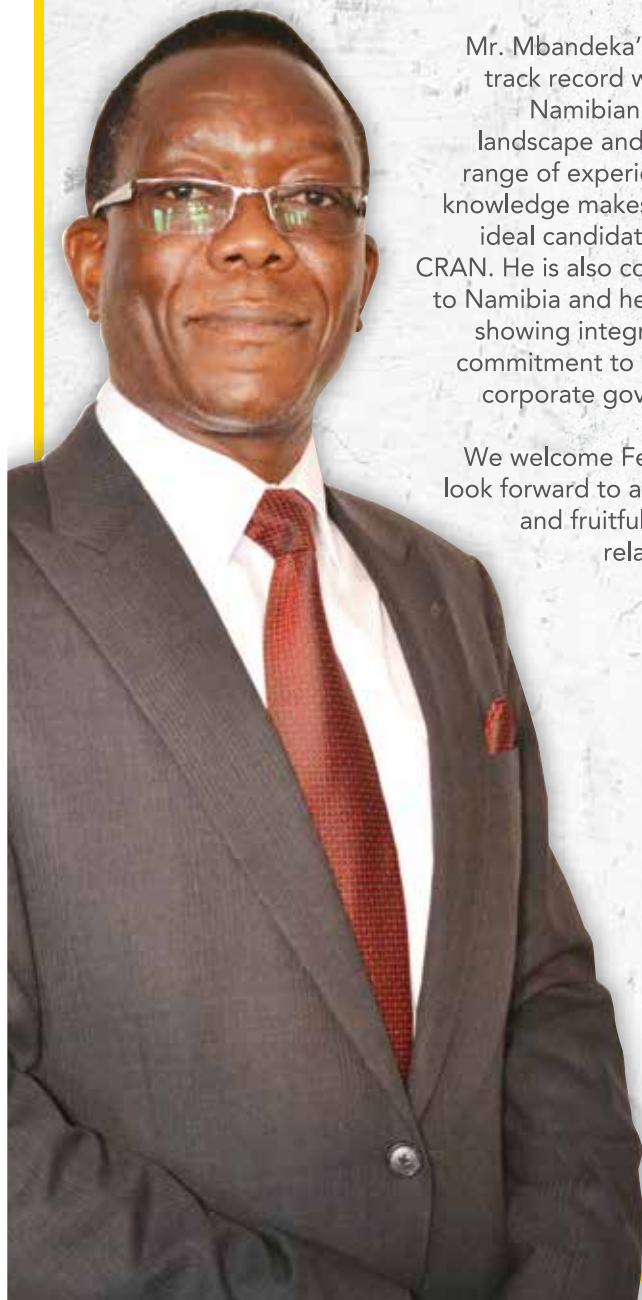
towards a digital economy.

**CRAN Beats:** What positive developments would you like to see in Namibia's ICT industry?

**FK:** There are various challenges affecting the effective regulation and growth of the ICT sector, such as quality of service, setting up adequate infrastructure and building relationships with key stakeholders.

## WELCOMING MR. FESTUS MBANDEKA

The Communications Regulatory Authority of Namibia (CRAN) is proud to announce the appointment of Festus Mbandeka, as the Authority's new Chief Executive Officer.



Mr. Mbandeka's 22 year track record within the Namibian business landscape and his wide range of experience and knowledge makes him the ideal candidate to lead CRAN. He is also committed to Namibia and her people showing integrity and a commitment to excellent corporate governance.

We welcome Festus and look forward to a dynamic and fruitful working relationship.

## OWNit! THE RIGHT TO CONNECT.



Don't let your personal information get into the wrong hands

**DID YOU KNOW?** Every time you connect to a network, CRAN aims to protect you, ensuring you are informed, engaged and empowered as an ICT consumer.

Our phones contain almost as much information as our wallets, if not more. Losing your phone might seem like the end of the world. For most people, the loss of their device and the cost of replacing it does not hurt as much as the information and data that might now be in the hands of someone else!

**Here is how you can protect your phone and personal information:**

- Keep your phone in a safe place at all times
- Set up an access password or pin code for your phone
- Never leave your phone unattended in a public place
- Always update your software and anti-virus programs
- Do not use your phone at places you know are unsafe

**What can I do if my phone is lost or stolen?**

- Immediately contact your service provider and provide them with the IMEI or serial number ( can be found at the back of your phone, when you remove your phone battery) and ask them to block or blacklist it
- Report it to the police

Remember, you have the right to use your device, but you also have a responsibility to protect your personal information.

For more information on Mobile Phone Usage and the OWNit! campaign, visit our blog / website.

**OWNit! Don't forget to check out our complaints handling procedure on our website.**

For more information: Call us on 061 222666 Email CRAN at [cran@cran.na](mailto:cran@cran.na)  
Find CRAN at No. 56 Robert Mugabe Avenue, Communications House, Windhoek



[@CRANAMIBIA](https://twitter.com/CRANAMIBIA) [CRANAMIBIA](https://www.instagram.com/CRANAMIBIA) [Communications Regulatory Authority of Namibia \(CRAN\)](https://www.facebook.com/CommunicationsRegulatoryAuthorityofNamibia)



## OPERATIONS DEPARTMENT KEY IN EXECUTING STRATEGIC PLAN

BY: THE OPERATIONS DEPARTMENT

Throughout the year under review, the following regulations were drafted and developed by the Operations Department in line with CRAN's Strategic Plan. The Legal Department provided support to the Operations Department to ensure legal compliance.



Ronel le Grange Head: Electronic Communications



Jochen Traut Chief Operations Officer

### Focus Area 1: Market Expansion and Development (Quality of Service, Telecommunications, Broadcasting and Postal Services)

The public consultation and rule making process for implementation of Quality of Service Regulations has been completed and the final regulations were published in *Government Gazette* No. 5713 dated 21 April 2015. Licensees submitted their respective quality of services reports on 31 July 2015 in compliance to the said regulations. The Authority has also proceeded with their own testing to measure quality of service in respect of customer administration, service quality, network quality and billing administration.

CRAN introduces two telecommunications service licence categories

The market structure regulations were reviewed and amended to introduce two new telecommunications service licence categories namely 'Network Facilities' and 'Non-Profit ECS/ECNS'. The Operations Department amended the *Regulations Setting our Licensing Procedures for Telecommunications and Broadcasting Services Licences and Spectrum Use Licences* to make provision for the new service licence categories.

The proposed amendment to the aforementioned regulations was published in *Government Gazette* No. 5947 dated 15 February 2016

for public comment. The amendment of these regulations formed an integral part in the development of a regulatory framework for infrastructure sharing.



Operations Department participates in CRASA Postal Study

The Operations Department actively participated in the Communications Regulators' Association of Southern Africa (CRASA) Postal Study as developed and finalised

within the CRASA Postal Committee.

Postal Sector Market Study concludes

The Operations and Legal Advice department also concluded a market study for the Namibian postal sector for the Authority. This study document will be submitted to the Minister.

CRAN awards 3 broadcasting service licenses

The Authority awarded two (2) commercial broadcasting service licences and one (1) community broadcasting service licence during the time period under review. To date, the Authority has awarded fourteen (14) telecommunications service licences and 28 broadcast-

ing service licences.

The Authority declined two (2) licence applications for telecommunications services and two (2) licences for commercial broadcasting services during the period under review. A further nine (9) licence applications (four telecommunications service licences and five broadcasting service licences) are still under consideration by the Authority.

The Authority's licensees vary in size and provide a variety of services that live up to the objectives of the Communications Act No. 8 of 2009. The licensees foster investment in the ICT industry and provide the consumer with a choice of service providers and services offered.





Melvin Hosea Angula Head: Universal Access and Services Projects

## FOCUS AREA 2: Fair Competition (Numbering, number portability and Infrastructure Sharing)

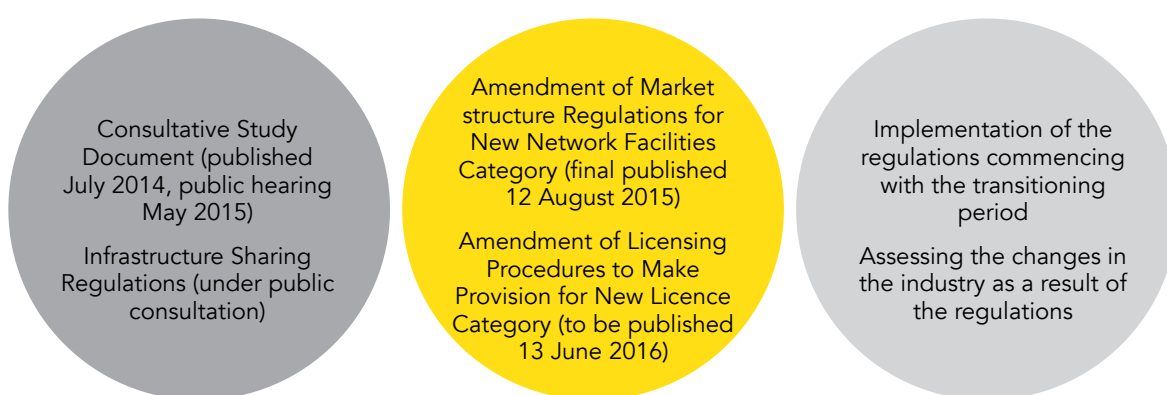
The Operations Department completed the studies on the Numbering Plan for Namibia and number portability. Implementation of number portability will require a National Numbering Plan and associated numbering regulations to ensure that all numbers utilised for telecommunications services will consist of the same number of digits. The final regulations regarding the National Numbering Plan for the use in the provision of Telecommunications Services in the Republic of Namibia, Numbering Licence Fees and Procedures for Number Licences is scheduled for publication in the *Government Gazette*. The successful implementation of these regulations is a pre-requisite for the implementation of number portability as required by the Communications Act.

### Steering committee to implement number portability

The Operations Department established a steering committee consisting of CRAN, Telecom Namibia Limited, Mobile Telecommunications Limited and Paratus Telecommunications (Pty) Ltd to implement number portability. A joint request for proposal (RFP) for the industry was prepared to appoint a vendor to provide a number portability solution to Namibia on 13 August 2015. The tender will be issued on 8 April 2016 once the final regulations pertaining to the numbering plan has been gazetted.

### Infrastructure sharing regulations in the spotlight

Draft regulations for infrastructure sharing were developed and published for public comment in *Government Gazette* No. 5836, Notice No. 446 on 24 September 2015. As per rule making procedures the Authority granted 30 days for public comment. The first consultative public hearing was held on 28 January 2016, and it is envisaged that these regulations will be finalised by the end of Quarter three of 2016. It should be noted that these regulations will form the final cornerstone of the regulatory framework for infrastructure sharing as depicted below:



Regulatory Framework for Infrastructure Sharing

### CRASA Electronic Communications Committee

The Operations Department acted as team leader within the Electronic Communications Committee of CRASA to develop and finalise (SADC) Guidelines on Infrastructure Sharing and a SADC Report of Open Access. The aforementioned documents are to be submitted to the CRASA Annual General Meeting for approval prior to the submission thereof to the SADC ICT Ministers.

## FOCUS AREA 3: Universal Service

The Universal Service Department within the Operations Department was established with the appointment of Mr Melvin Angula as *Head of Universal Service and Access* to commence his duties as from 1 October 2015.

### Provision of Universal Service Regulations pending

The draft Regulations prescribing the Provision of Universal Service by Telecommunications Service Licensees was published for public comment in *Government Gazette* No. 5755, Notice No. 236 on 8 June 2015. Pursuant to rule making procedures, the Authority allowed 30 days for public comments. Based on the comments received the Authority held a public hearing on 28 July 2015. The Regulations is now pending finalisation.

It should be noted that the Minister of Information and Communication Technology (ICT) needs to enable Part IV of the Communications Act prior to the publication of final regulations in respect of Universal Service.

## FOCUS AREA 4: Spectrum Management

The Operations Department attended the World Radiocommunication Conference (WRC-15) on behalf of Namibia. It also fulfilled Namibia's duties as SADC rapporteur on three agenda items in respect of spectrum for public protection and disaster relief (PPDR) and maritime service as well as the International Telecommunications Union (ITU) definitions for mobile and fixed services. It should be noted that various additional spectrum bands have been identified and allocated for international mobile telecommunications services to allow for wider implementation of broadband services.

Within CRASA, the Operations Department prepared the review of the SADC spectrum band plan for approval at the CRASA Annual General Meeting (AGM) to be held 7 April 2016 prior to submission to the SADC ICT Ministers for endorsement.

In addition, the Operations Department also reviewed and updated the Namibian spectrum band plan in accordance with the ITU WRC-15 final acts and SADC spectrum band plan. The proposed Namibian spectrum band plan will be gazetted for public comment on 3 June 2016.

The Operations Department also prepared the 700 MHz and 800 MHz Frequency Channeling Plan for SADC on behalf of CRASA in accordance with the ITU channeling plans approved at the ITU Radio Assembly on 28 October 2015. The aforementioned channeling plans are to be approved at the CRASA Annual General Meeting to be held 7 April 2016.

### Pending public comment on digital dividend spectrum bands

To make provision for the issuance of spectrum use licences for telecommunications services in the digital dividend spectrum bands (700 MHz and 800 MHz) following the migration of analogue televisions services to digital terrestrial television, the Operations Department prepared the frequency channeling plan gazette notices for public comment. These notices are pending publication in the *Government Gazette* for commencement of the rule making process.

## Focus Area 5: Monitoring, Compliance and Enforcement

Since the publication of the Regulations in respect of Type Approval and Technical Standards for Electronic Communications Equipment on 30 January 2015, the Authority has issued more than 1,300 type approval certificates to vendors offering equipment for sale and use in the Republic of Namibia.

The Authority has also signed an agreement with Customs and Excise to ensure enforcement and adherence to the regulations on importation of equipment into Namibia.

## CRAN OPENS DOORS IN THE ICT INDUSTRY

BY: THE ECONOMICS AND SECTOR RESEARCH DEPARTMENT

The Economics and Sector Research Department is responsible for the economic regulation and development within the ICT industry. The department analyses and monitors the performance of licensees, as well as prospective licensee applicants. The Department collects technical, financial and economic data from the industry, analyses the data and prepares reports. One of its biggest responsibilities is tariff and pricing evaluations which ensure fair competition amongst the operators.



Helene Vosloo Head: Economics and Sector Research

### Economics Department performs cost study

The Public Switched Telephone Network (PSTN)/Leased Line Cost model was finalised. The first hearing was held on 21 July 2015. The Regulations to set price caps under section 53(20)(a) of the Communications Act will be finalised in the next reporting period.

The severity of exceeding cost of the proposed price is less for a STM1 compared to an E1. A STM1 price at 16% OPEX would be twice the price of Telkom South Africa and seven times the price of Bofinet.

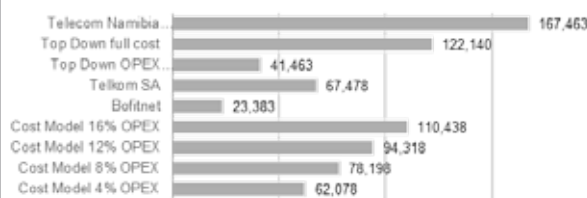


Figure: 155Mbps (STM1) leased line compared to wholesale prices from Botswana and South Africa

### NAMIBIA TAKES THE LEAD IN SADC ROAMING PROJECT



Attendees of SADC Roaming Project

During the Annual General Meeting (AGM) held from 27 to 28 March 2015, a CRASA Roaming Task Team (CRTT) was established to guide the implementation of and to oversee the project. The Authority is the Vice-Chairperson of this committee.

The committee started with the collection of information to calculate the new roaming tariffs according to the methodology as approved by the Information and Communication Technology (ICT) Ministers. A meeting for the SADC ICT Ministers was held in Walvis Bay, Namibia in June 2015. After this meeting, Namibia took the lead and invited Botswana, Zambia and Zimbabwe

to join in a pilot study to start with the implementation of the roaming glide path as of 1 September 2015. The implementation posed a number of challenges of which most were with the methodology.

The four countries that met in August 2015 in Windhoek, namely Botswana, Namibia, Zambia and Zimbabwe, started with the implementation of the pilot and reduced the roaming charges effective 1 November 2015. The MTN group joined the roaming initiative, meaning roaming tariffs in all the countries where MTN is represented, including South Africa, were reduced in December 2015.

The other countries in SADC are still experiencing problems, but the operators in Mozambique have contacted local operators to start negotiations regarding the SADC Roaming Project during March 2016.

### Licensed ICT operators submit bi-annual questionnaire data

For the first time, all licensed operators in the ICT industry were expected to submit data according to the bi-annual questionnaire, including all the broadcasting licensees. The Economics and Sector Research Department finalised the development of the database to capture collected licensee data in order to do fact-based ICT industry overviews and to monitor developments with specific, reliable referencing. The database allows licensees to submit the data and complete tariff submissions online. Customers can also do tariff comparisons on the portal. All information collected from the telecommunication service licensees were submitted through this portal for the June – December 2015 collection period. At the same time the broadcasting questionnaire was updated and added to the database.

### Operators providing call termination determined dominant

In terms of Section 78 of the Communication Act No. 8, every three years, the Authority has to determine which licensees hold a dominant position in the market. With the last study having been conducted in 2012, the Economics Department prepared the Dominance Study, and it was published for comment in the *Government Gazette* No. 5836 as General Notice No. 445, dated 24 September 2015.

The Dominance Study was finalised and approved by the Board as follows:

All operators providing call termination are dominant, i.e. Mobile Telecommunications Limited, Telecom Namibia and Paratus Telecom. Telecom Namibia Limited is dominant for the Wired End User Access and the National Data Transmission markets. Mobile Telecommunications Limited is dominant for the Wireless End User Access market.

### GIS project to address Universal Access Gap

The Economics and Sector Research Department awarded the tender for the development of a Geographical Information Mapping System (GIS). The main objective of the project was to develop a GIS system for the Authority that can provide important input in determining the Universal Access Gap. The project was finalised, and only the training component, delivery and installation of the software is outstanding.

### Second Market Report published

The Economics Department published the second Market Report. The report tried to expand on the first report published in 2015 and also included an overview of the broadcasting sector. The report is compiled annually to provide an overview of financial and prices of products of operators and compares customers, assets and infrastructure in the telecommunications and broadcasting industries. It is targeted for individuals who have an interest in the ICT industry, politicians, economists, students and the Authority's stakeholders.



## CRAN REVIEWS AND APPROVES TARIFFS AND FEES

During the period under review, the following rates and tariffs were submitted to the Authority for review and approval. There has been a substantial increase in the number of tariffs submitted by Telecom Namibia Limited for approval from the previous financial year for telecommunication service licensees.



Fillemon Shilongo, Researcher/Statistician; Helene Vosloo, Head: Economics and Sector Research; and Patrick Nandago, Junior Financial Analyst

| TARIFF | DAY SUBMITTED |
|--------|---------------|
|--------|---------------|

### TELECOM NAMIBIA LIMITED

| Approvals:   |                   |
|--|-------------------|
| Proposed Tariffs for Angola Mobile Network                                   | 19 May 2015       |
| Basic Telephone Line and ISDN Rental Charges                                 | 8 June 2015       |
| Talk International Small Office Home Office (SOHO) and Small Enterprise (SE) | 8 June 2015       |
| JIVA Package   | 10 July 2015      |
| Proposed Tariffs for Zamtel and MTN  | 20 November 2015  |
| Amendment of Call Rates- Inmarsat, International and Radio                   | 21 January 2016   |
| Fixed Line Pre-paid  | 25 January 2016   |
| Promotions:  |                   |
| Jiva Plus Package  | 9 March 2015      |
| Prepaid Data Bundles   | 7 April 2015      |
| Flexible Prepaid Unlimited Data Campaign                                     | 26 May 2015       |
| Best Friend Forever  | 27 May 2015       |
| Apple Mania Package  | 3 June 2015       |
| Crazy Weekend Campaign   | 16 June 2015      |
| Prepaid Data Bundles   | 30 July 2015      |
| JIVA Package   | 10 July 2015      |
| Flexible Prepaid Unlimited Data Campaign                                     | 27 August 2015    |
| JIVA Plus Socialite Package, JIVA Surf                                       | 11 September 2015 |
| Double Up Prepaid Data Bundles   | 24 September 2015 |
| Prepaid Data Bundles   | 1 October 2015    |
| Prepaid Data Bundles   | 4 February 2016   |
| Smart Connection   | 8 March 2016      |
| Jiva Plus and Jiva Surf Packages   | 14 March 2016     |
| Independence Prepaid Data Promotion  | 17 March 2016     |

### MOBILE TELECOMMUNICATIONS LIMITED (MTC)

| Approvals:                          |                   |
|-------------------------------------|-------------------|
| AWEH-O-Yeah                         | 16 June 2015      |
| AWEH Products Promotion and AWEH Go | 29 July 2015      |
| New NetMan Products                 | 1 October 2015    |
| New Prepaid NetMan Bundles          | 13 November 2015  |
| NetMan Turboboost                   | 30 September 2015 |
| New SmartShare Data Products        | 18 March 2016     |
| New Business Products - MOBIZ       | 18 March 2016     |

| TARIFF | DAY SUBMITTED |
|--------|---------------|
|--------|---------------|

| Promotions:                         |                   |
|-------------------------------------|-------------------|
| AWEG Products and Aweh Go           | 30 April 2015     |
| AWEH-O-Yeah                         | 16 June 2015      |
| MTC Appetite to Talk Campaign       | 18 June 2015      |
| AWEH SMS Competition                | 30 June 2015      |
| AWEH Products Promotion and AWEH Go | 29 July 2015      |
| NetMan Turboboost                   | 30 September 2015 |
| New prepaid NetMan Bundles          | 13 November 2015  |

### MWIRELESS (PTY) LTD t/a AFRICA ONLINE

| Approvals         |                |
|-------------------|----------------|
| New VSAT Products | 21 March 2015  |
| Nawagate          | 11 August 2015 |
| Nawaspot          | 5 August 2015  |
| Promotions        |                |
| New VSAT Products | 21 March 2015  |
| Nawagate          | 11 August 2015 |
| Nawaspot          | 5 August 2015  |

### SALT ESSENTIAL INFORMATION TECHNOLOGY (PTY) LTD

| Approvals               |                |
|-------------------------|----------------|
| General Tariff Increase | 31 August 2015 |

### PARATUS TELECOMMUNICATIONS (PTY) LTD

| Approvals            |                  |
|----------------------|------------------|
| Broadband 4G tariffs | 1 July 2015      |
| YUR VSAT Pricing     | 1 September 2015 |
| YUR VSAT Pricing     | 15 February 2016 |
| 4G LTE               | 5 February 2016  |
| Promotions           |                  |
| Broadband 4G tariffs | 1 July 2015      |
| YUR VSAT Pricing     | 1 September 2015 |
| 4G LTE               | 5 February 2016  |

### CONVERGED TELECOMMUNICATIONS SOLUTIONS (CTS)

| Approvals      |                  |
|----------------|------------------|
| WIMAX Products | 21 May 2015      |
| PURE Tariffs   | 24 November 2015 |
| PURE Tariffs   | 9 October 2015   |

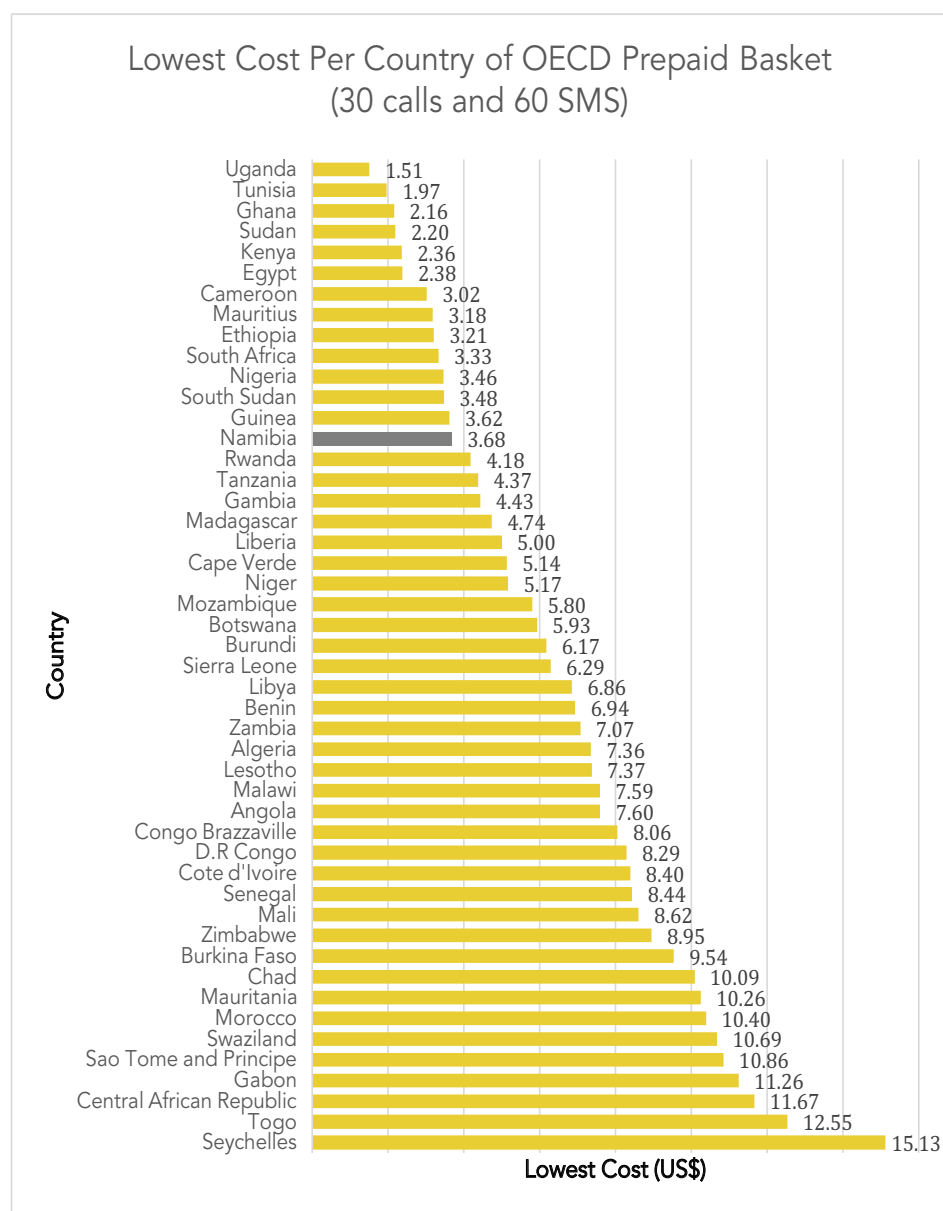


## NAMIBIA'S VOICE AND DATA PRICES IN COMPARISON TO THE REST OF AFRICA

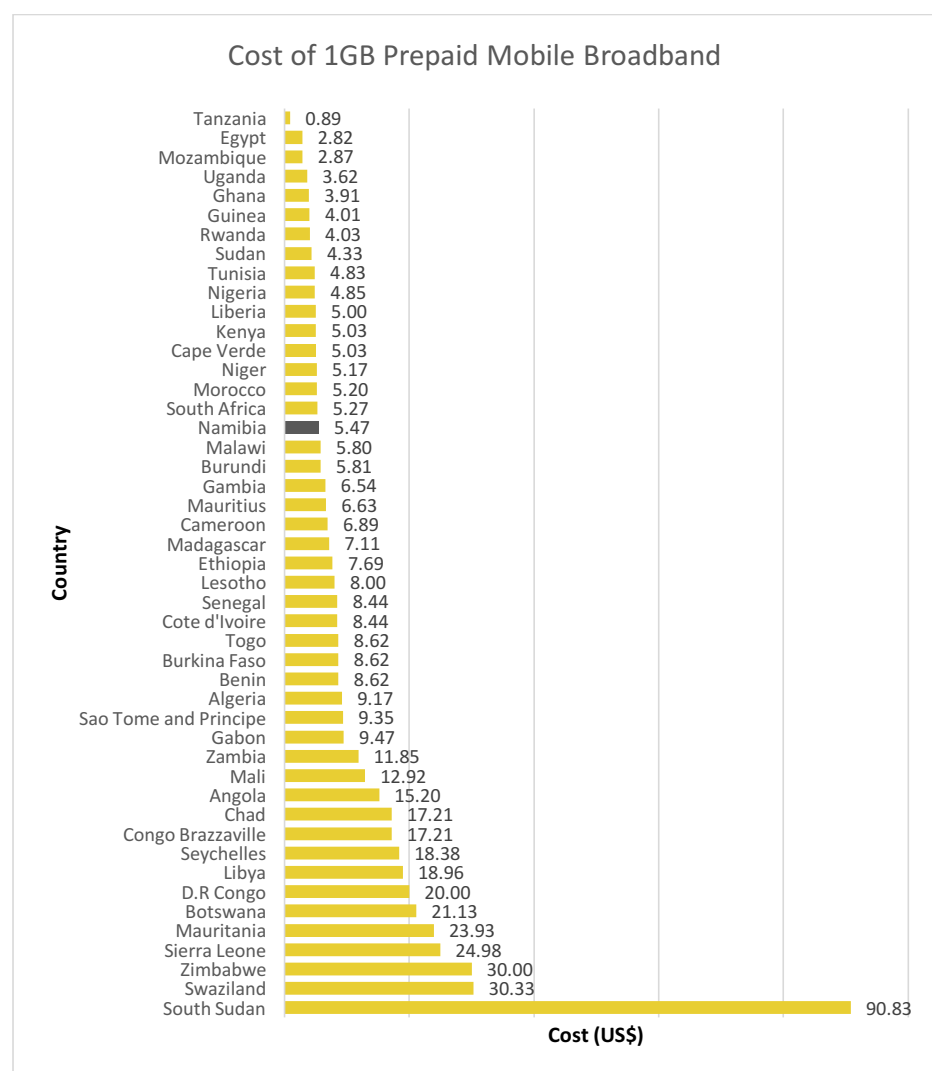
BY: THE ECONOMICS AND SECTOR RESEARCH DEPARTMENT

Mobile telecommunications prices in Namibia have fluctuated over the past years. According to the Research ICT Africa, Mobile Prepaid Index of 2012 Namibia's dominant operator, MTC, was the 3rd cheapest operator in Africa.

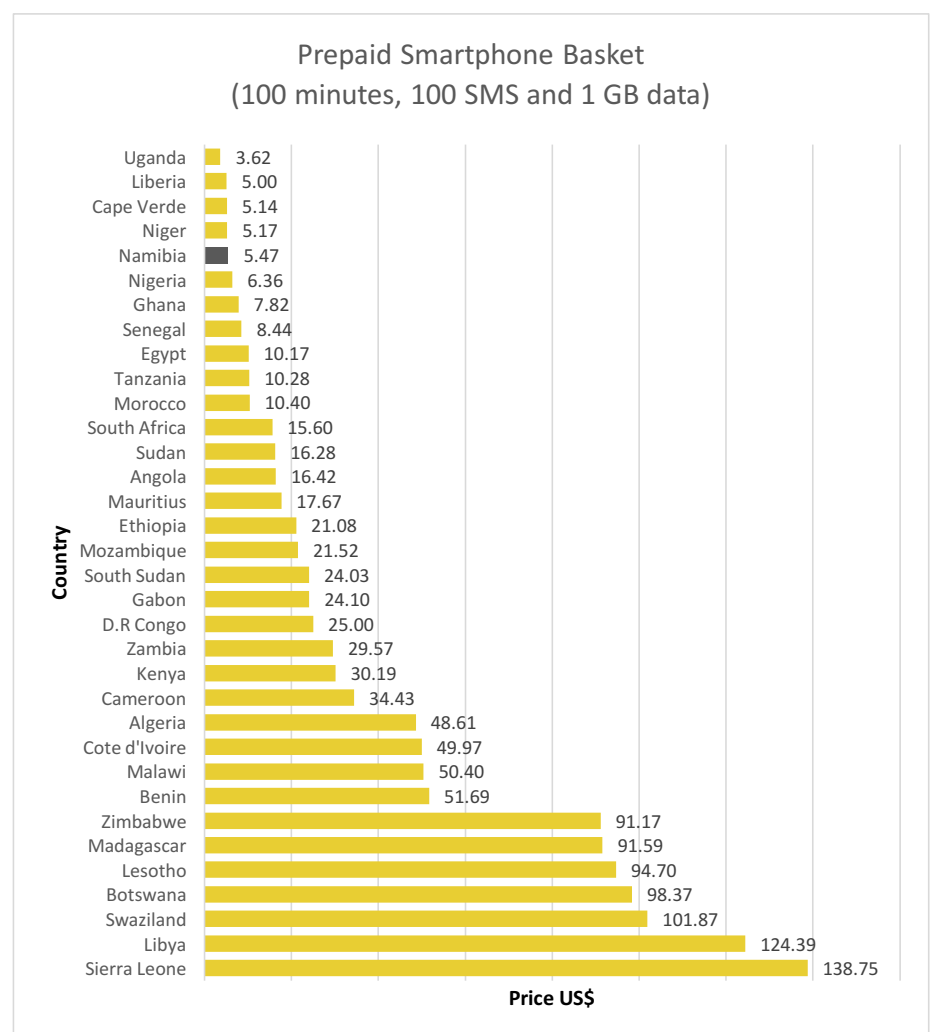
This situation changed when Telecom Namibia bought LEO (now known as TN Mobile) and competition diminished. Currently Namibia is ranked 14th which is an improvement from 2014 when Namibia was ranked 17th. Prices have not increased in Namibia but have fallen quicker in other countries with effective competition.



Competition in mobile and fixed telecommunication is shifting from voice to data. Data revenues continue to grow while voice revenues are in decline, a trend that can also be seen worldwide. Namibia is ranked 17th in terms of the cost of data products on the African continent. This is an improvement from the previous index when Namibia was ranked 27th.



The Authority also calculated the cost of a prepaid smartphone basket. In this category, Namibia is ranked 5th on the continent, making it one of the cheapest countries to use a smartphone in Africa. However, one must keep in mind that the device itself could be quite expensive, thus impacting access to smartphone usage.





## CRAN CONSULTS STAKEHOLDERS ON THE INFRASTRUCTURE SHARING STUDY DOCUMENT



The panel: from left, Morna Ikosa, Jochen Traut, Ronel Le Grange, Melvin Angula and Emilia Nghikembua

On 28 May 2015, the Authority invited Industry stakeholders to the GZ Function Centre in Windhoek to review and put forward their views on the Infrastructure Sharing Study document. The workshop was held as part of the process of publishing the infrastructure sharing regulations in accordance with the Communications Act No. 8 of 2009, and it also provided a platform for stakeholders to ask questions and get clarity on issues.

Infrastructure Sharing offers a number of advantages for the ICT industry, some of which include:

- The Reduction in capital and operational investment requirements for infrastructure investments;
- The lowering of environmental impact and energy requirements;
- The Creation on of a new revenue stream;
- The Release of capital for strategic investments and new services; and

- The Decrease in barriers to market entry for new players.

The document and presentations are available for download online: <http://www.cran.na/stakeholders.html>



Delegates at the meeting regarding the Infrastructure Sharing Study document

**OWNit!**  
THE RIGHT TO CONNECT.

Selma Williams  
So proud of myself for winning 1st place at the Science Fair!!  
Like · Comment ·

Nasty Nancy Ever heard of a brush and some make-up?!  
10 minutes ago · Like

Ben the Bully All brains - No beauty!  
9 minutes ago · Like

Vicious Vicky Where is the DISLIKE button????  
6 minutes ago · Like

Write a comment...

**If you wouldn't say it to someone's face, don't say it online.**

**DID YOU KNOW?** When you make a connection to a network, CRAN aims to protect you, ensuring you are empowered, informed and engaged as an ICT consumer.

You have a right to access the internet, but under the supervision of your parents and/or guardian, you have the responsibility to treat others with respect while online.

If you are being bullied online, speak to your parents or a trusted adult immediately. Call the toll-free 116 ChildLine LifeLine Helpline for counseling.

**OWNit!** Don't forget to check out our complaints handling procedure on our website

**MISSION, VISION AND CORE VALUES**

This section presents the mission and vision CRAN will pursue as well as the core values underpinning its function.

**MISSION STATEMENT**

"To purposefully regulate electronic communications services, networks and postal services and the spectrum, so that all Namibians derive the full socio-economic benefits of Information Communication Technologies (ICT)."

CRAN fully appreciates that its mandate is derived from the Communications Act No. 8 of 2009 therefore, CRAN's mission, and to a large extent its priorities, are dictated by the Communications Act.

**VISION STATEMENT**

"A dynamic regulator of the Information and Communications Technology (ICT) sector, transforming Namibia and its peoples into an active knowledge-based society to derive the full socio-economic benefits ICT's."

**CORE VALUES**

CRAN's pursuit of its mission and vision is underpinned by five core values which determine its institutional culture and dictate every aspect of its function:



Lucrezia Henckert-Louw. Head: Human Resources

## HR INVESTS IN HUMAN CAPITAL: EMPLOYEES THRIVE AND GROW IN HEALTHY WORK ENVIRONMENT

BY: THE HUMAN RESOURCES (HR) DEPARTMENT

The Human Resources Department focused on effective leadership, team engagement and alignment. During the period under review, the Human Resources Department set out the following objectives to be achieved:

- Fulfilling the Employment Equity requirements;
- Developing a new organisational structure;
- Drafting and receiving approval for the Retention and Talent Management Policies;
- Executing Performance Management Awards;
- Offering personal and professional development;
- Implementing an Internship Programme;
- Promoting employee wellness;
- Reviewing and receiving approval of Remuneration and Leave Policies;
- Approval of the Staff Development Policies.

### Employment equity at CRAN

In accordance with the Affirmative Action Employment Act No. 29 of 1998, the Authority's third Affirmative Action Report for the period 1 July 2015 to 30 June 2016 will be submitted to the Employment Equity Commission on June 2016.

The Authority is an equal opportunity employer and is committed to the requirements as prescribed in the Act and received approval and certification of the second report in October 2015.



Patrick Nandago, Junior Financial Analyst, Economics Department

### New organisational structure proposed

In September 2015, a new organisational structure was proposed that required the appointment of additional employees. However, due to budgetary constraints, the structure was not implemented in January 2016.

### Staff Retention and Talent Management Policies introduced

The Authority recognises that human capital is the most essential part of any organisation and therefore values its employees and is committed to attract and retain highly skilled and qualified staff.

Thus, the Staff Retention Policy was developed and duly approved during the period. The Policy prescribes rewards for excellent and loyal service. The Talent Management Policy also approved during the period assists the Authority in identifying, assessing and developing employee knowledge, skills and abilities to meet the current and future staffing needs of the organisation.

### Performance Management Awards Ceremony becomes an annual event

It is notable to mention that during this period under review, the HR Department hosted the Authority's second Performance Management Awards Ceremony during October

2015. This event was hosted to celebrate employees who exceeded performance expectations and achieved outstanding results. The Performance Management Awards will become an annual event with coveted prizes for top achievers to celebrate and encourage high-level performance.



Albertina Itana, Junior Legal Advisor

### Employees take part in professional development programmes

The Authority is solidifying its status as an employer of choice by insisting on training and development programmes for all employees. The programmes undertaken range from in-house training and MS Office 2010 lessons, to Master's Degree level training in telecommunications policy, regulation and management.

It is further noted that all employees participated in five specific in-house training initiatives: Women Leadership Summit, Chairing and

Initiating Disciplinary Process, I am the Brand Team Alignment Program, Performance Management Training and Microsoft Office Basic Computer Skills Training.

Seventeen employees were trained in areas that relate to the Authority's core and support business as part of their professional development. These areas include:

- ICT Policy Regulation and Management;
- New Managers Development Program;
- Management Development Program;
- Purchasing of Stock and Stock control;
- Certificate in Telecommunications Policy, Regulation and Management;
- Quality of Service Training Workshop;
- 2nd Annual Procurement Conference;
- Economic Models;
- ICDL Certificate.

### Employees commit to long-term study goals for personal development

Thirteen employees engaged in personal development by committing to various long-term study goals. These studies were either commenced as new or as part of ongoing studies and range from certificates through to Bachelor and Master Degree studies.



These study programmes also relate to the core of the Authority's business operations, however, the length and intensity of study requires a committed employee. The programmes include:

- Bachelor in Computer Science (Networks and Communication);
- Certificate in Cyber Security;
- Master of Arts in ICT Policy & Regulation;
- Postgraduate Diploma in Arbitration & Dispute Resolution;
- Bachelor of Law;
- Chartered Institute Management Accounting Certification;
- Diploma in Procurement & Supply Chain;
- Bachelor in Human Resources Management;
- Certificate Office Administration.

Interns develop skills in professional work environment

In order to implement a structured approach, the Internship Policy was approved and through the recruitment of interns, the Authority was

able to assist students in applying theoretical and other knowledge gained from their course of study in a practical work setting. Two students took part in the Authority's internship program during the year under review. The internship provides students with an opportunity to grow professionally, identifies personal strengths and weaknesses and allows students to apply learned theory to practical situations. Students also gain an appreciation of the role, duties, and responsibilities of the work that the student has chosen as a career through the internship program.

## CRAN focuses on employee wellness

The Authority recognises that the ability to achieve its objectives is dependent upon the well-being of its employees. A healthy workplace includes positive physical and social environments, healthy practices and personnel resources. Therefore, the Authority's focus during the

period was to align this objective with its day-to-day operations while also continuing to be the employer of choice. Other wellness related activities were conducted, namely:

- Tips for stress management were shared with employees at the office; and
- Soup Fridays and Spring Fridays where warm winter soup and spring goodies (fruit hampers) were delivered to various orphanages.

## Listening to employees through surveys

At the end of the last reporting period, the HR Department carried out an employee satisfaction survey. Through the survey, employees made recommendations and identified possible interventions to improve satisfaction with the Authority. An intervention, the Employee Engagement Programme, was designed to address some of

these concerns and focused on employee engagement while highlighting emotional intelligence, the Authority's values, brand ambassadorship, conflict management and change management.

## CRAN donates ICT equipment to primary schools in Gobabis

Employees at the Authority understand the importance of reaching out to the less fortunate whenever possible. Therefore, the Authority's employees decided to visit two primary schools in the remote area of Gobabis. Due to the fact that the schools did not have electricity, the Authority erected solar powered systems at the schools to allow the students access to the donated ICT equipment.



# CURRENT STAFF COMPLEMENT

The table below indicates the statistics on the current staff complement to date as from 1 April 2015 to 31 March 2016.

Table 1: Staff Compliment

| Description                               | Statistics |
|---|------------|
| Number of Male Employees                  | 23         |
| Number of Female Employees                | 23         |
| Number of Employees with Disabilities     | 0          |
| Number of Temporary Employees/Consultants | 0          |
| Number of Interns                         | 2          |
| Total Number of Employees                 | 48         |

Table 2: Recruitments

| Description                               | Statistics |
|---|------------|
| Number of Male Employees                  | 1          |
| Number of Female Employees                | 2          |
| Number of Employees with Disabilities     | 0          |
| Number of Temporary Employees/Consultants | 0          |
| Number of Interns                         | 0          |
| Total Number of Employees                 | 3          |

## Promotions

The table below indicates the statistics on the employees that were promoted to date as from 1 April 2015 to 31 March 2016

Table 3: Promotions

| Description                               | Statistics |
|---|------------|
| Number of Male Employees                  | 1          |
| Number of Female Employees                | 3          |
| Number of Employees with Disabilities     | 0          |
| Number of Temporary Employees/Consultants | 0          |
| Number of Interns                         | 0          |
| Total Number of Employees                 | 4          |

Table 4: Resignations

| Description                               | Statistics |
|---|------------|
| Number of Male Employees                  | 2          |
| Number of Females Employees               | 1          |
| Number of Employees with Disabilities     | 0          |
| Number of Temporary Employees/Consultants | 0          |
| Number of Interns                         | 0          |
| Total Number of Employees                 | 3          |

## Employee Training

The table below indicates the statistics on the employees who undertook training for the period 1 April 2015 to 31 March 2016.

Table 5: Professional Development Training

| Description                           | Statistics |
|---------------------------------------|------------|
| Number of Male Employees              | 7          |
| Number of Female Employees            | 10         |
| Number of Employees with Disabilities | 0          |
| Total Number of Employees             | 17         |

The table below indicates the statistics on the employees who undertook formal training through staff development to date as from 1 April 2015 to 31 March 2016.

Table 6: Personal Development

| Description                           | Statistics |
|---------------------------------------|------------|
| Number of Male Employees              | 6          |
| Number of Female Employees            | 10         |
| Number of Employees with Disabilities | 0          |
| Total Number of Employees             | 16         |

## HR Department will implement new strategies going forward

Going forward, the HR Department strives to implement succession planning and retention strategies in order to have a systematic process in place to ensure leadership and business continuity as well as to encourage personal advancement in key positions i.e. management positions, technical and specialist roles. These strategies will be implemented in order to achieve the strategic goals and objectives of the Authority. Further, the team alignment initiative will be conducted with the objective of aligning the team towards a common goal and to identify the need to increase engagement throughout the organisation.



Manfred Rittmann Head: Internal Audit

## CRAN SAILS INTO 5TH YEAR WITH INTEGRITY

BY: THE INTERNAL AUDIT DEPARTMENT

The Internal Audit (IA) Department provides an independent, objective assurance and consulting service designed to add value and improve the organisation's operations. The IA Department continues to operate independently by reporting functionally to the Board Audit and Risk Committee and administratively to the Chief Executive Officer (CEO).

### CRAN's internal control environment is generally sound

The IA Department operates on a Board approved Internal Audit plan which focuses on the high risk areas within the organisation. A number of internal audits have been conducted during the reporting period, and the results were reported to the respective Department Heads, the CEO and the Board. Even though there are areas that require improvement such as compliance with policies and procedures, the IA Department is of the opinion that the Authority's internal control environment is generally sound.

### IA Department provides internal advisory services

The Head of Internal Audit serves on the Executive Management Committee in an advisory capacity. The IA Department continues to provide advisory services on a wide range of issues including policy and procedure design, internal controls, risk management and compliance management, to name a few.



### CRAN makes progress in risk management

An Organisation-Wide Risk Assessment was conducted during the reporting period and Risk Management Reports were submitted to the Audit and Risk Committee and the Board.

The reports provided an overview of the Authority's risk environment and portrayed the top risks facing the organisation. A year-to-year comparison of key risks demonstrate that the Authority has made reasonable progress in implementing risk mitigating factors, thus reducing the likelihood of risks materialising.

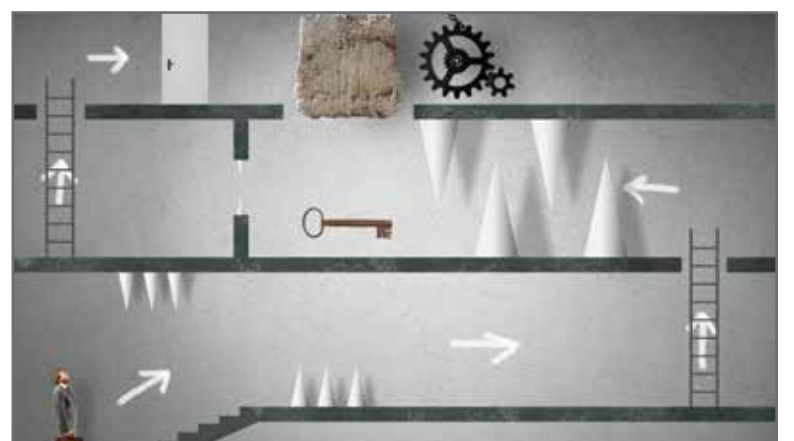
The Authority's risk environment was rated medium to high, meaning that the Authority is prone to risks that can cause reputational damage, legal consequences, financial losses, operational inefficiencies, non-attainment of strategic objectives and the inability to effectively fulfil its mandate. Ongoing risk management monitoring however shows that the Authority has the means to manage these risks effectively, but going forward, strict accountability will have to be enforced.

All of the Authority's risks are maintained on the Central Risk Management Database (Risk Logs). Risk measuring and monitoring is carried out on an ongoing basis.



### External compliance obligations regarded as high risk

A Compliance Management Database has been compiled and an Organisation-Wide Compliance Self-Assessment exercise has been conducted. The results show that the majority of the Authority's external compliance obligations are regarded as high risk (i.e. the impact in case of non-compliance would be high) whereas the Authority's level of compliance was rated between 75% and 99%.



### Business Continuity plans in the works

During the year under review, a Business Continuity policy was drafted. Once approved by the Board, Business Continuity plans will be compiled for all the essential areas where-after strict continuity policies and practices will be introduced and applied.



## FINANCIAL REVIEW

For the year under review, the Authority recorded a total comprehensive income of N\$5.4 million representing a decrease of 67% from the prior year of N\$16.1 million. The decrease is ascribed by the increase in the movement for the provision for doubtful debts of N\$26.7 million.



Justus Tjituka Head: Finance

|  | 2016 % change  |                 | 2015          |
|--|----------------|-----------------|---------------|
|  | N\$'000        |                 | N\$'000       |
| Revenue  | 82,265         | 14.6%           | 71,805        |
| Other Income                                   | 457            | 8438.4%         | 5             |
| Operating expenses                             | (84,431)       | 39.2%           | (60,648)      |
| <b>Operating profit</b>                        | <b>(1,709)</b> | <b>(115.3%)</b> | <b>11,163</b> |
| Investment revenue                             | 7,098          | 43.7%           | 4,938         |
| Finance costs                                  | -              | (86.7%)         | (2)           |
| <b>Profit for the year</b>                     | <b>5,388</b>   | <b>(66.5%)</b>  | <b>16,100</b> |
| Other comprehensive income                     | -              |                 | -             |
| <b>Total comprehensive income for the year</b> | <b>5,388</b>   | <b>(66.5%)</b>  | <b>16,100</b> |

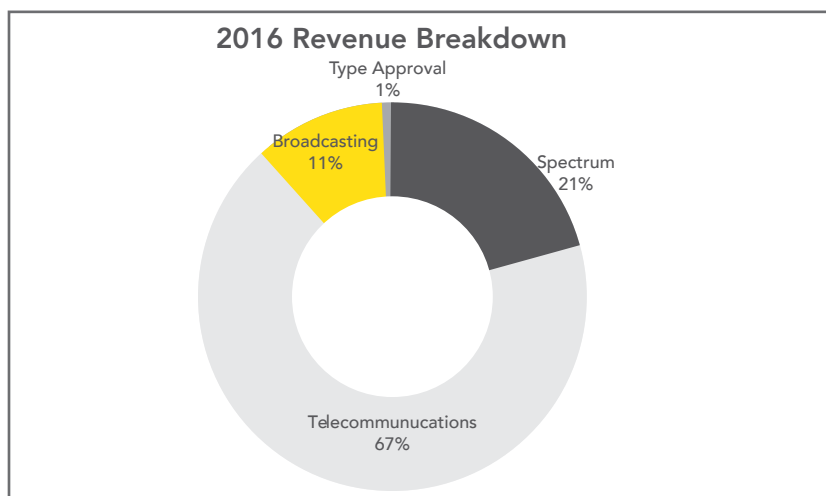
### Revenue

Revenue for the year under review increased by 14.6% from N\$71.8 million in 2015 to N\$82.2 million in 2016, with regulatory levies i.e. telecommunications and broadcasting fees contributing to 78% of the revenue.

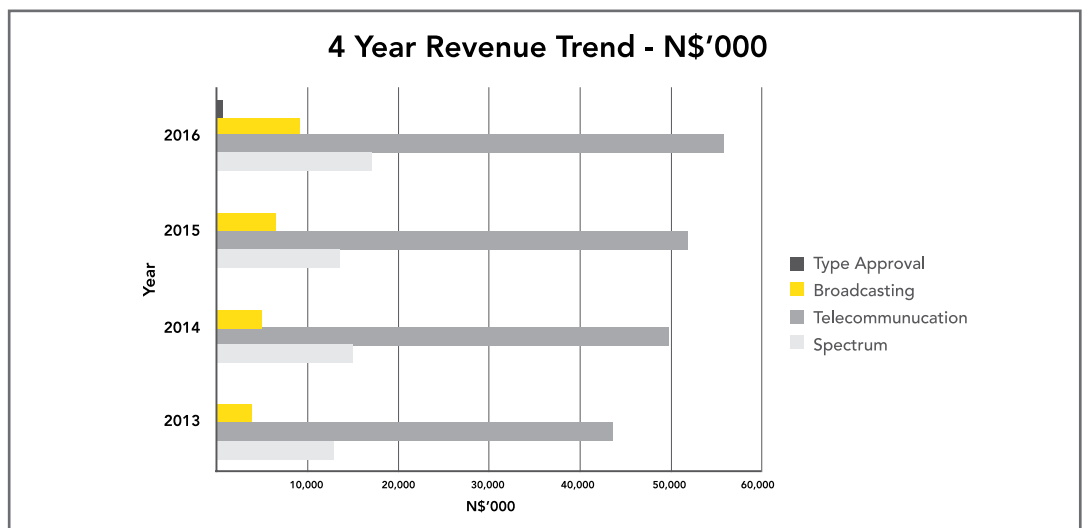
Revenue comprises of regulatory levies from telecommunications and broadcasting service licensees, spectrum fees and type approval fees. The regulatory levies are calculated as a percentage of operators turnover based on a progressive licence fee formula that caps the maximum percentage at 1.5%. Spectrum fees, which comprised 21% of the revenue generated, are derived from the radio licences and the fees vary depending on the type of licence.

The type approval fees, which made up 1% of revenue, are derived from charges for the use of telecommunications equipment in Namibia.

### Figure 1:



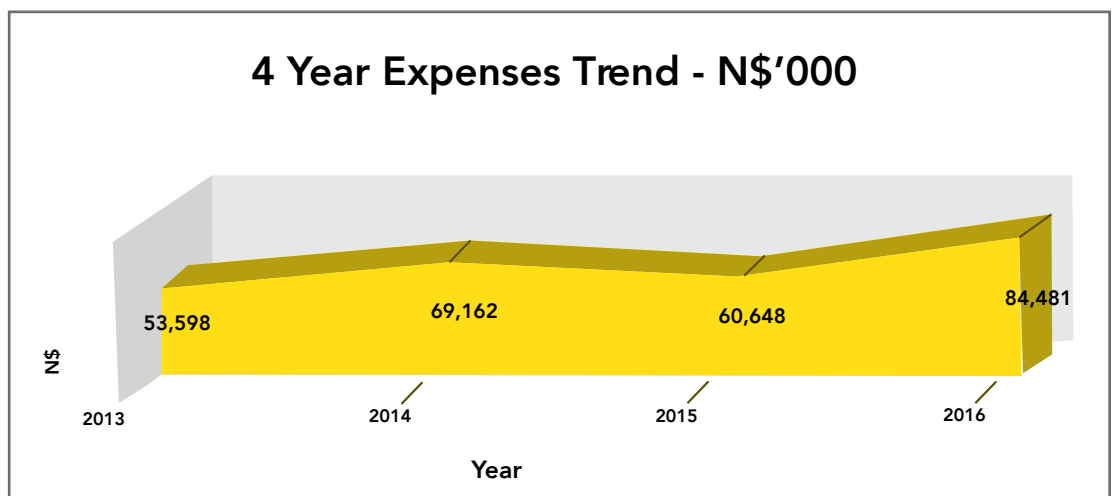
### Figure 2:



### Operating expenses

Operating expenses increased by 39.2% from N\$60.6 million in 2015 to N\$84.4 million in 2016. The main reason for the increase is ascribed to the increase in the movement for the provision for doubtful debts of N\$26.7 million.

### Figure 3:



# ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

ANNUAL REPORT 2016



## COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### General Information

|   |   |
|---|---|
| Country of incorporation and domicile       | Namibia   |
| Nature of business and principal activities | The Authority is a body corporate established under section 4 of the Communications Act, No. 8 of 2009 to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services and the use and allocation of radio spectrum in Namibia. |
| Directors                                   | Ms. Frieda Kishi, Ms. Anne-Doris Hans-Kaumbi, Ms. Beverley Gawanas –Vugs, Mr. Moses Moltendi Moses, Mr. Mpasi Haingura, Mr. Andreas Nekongo   |
| Registered office                           | Communications House<br>56 Robert Mugabe Avenue, Windhoek<br>Namibia  |
| Business address                            | Communications House<br>56 Robert Mugabe Avenue, Windhoek<br>Namibia  |
| Postal address                              | Private Bag 13309<br>Windhoek Namibia   |
| Bankers                                     | Bank Windhoek Limited   |
| Auditors                                    | PricewaterhouseCoopers(Namibia)<br>Registered Accountants and Auditors Chartered Accountants (Namibia)  |
| Secretary                                   | Mr. Tanswell Davies   |
| Lawyers                                     | Clement Daniel Attorneys<br>Kangueehi & Kavendjii Inc<br>ENSafrica: Namibia<br>Dr. Weder, Kauta & Hoveka Inc<br>Bowman Gilfillan<br>Nambahu Associates<br>Angula Co Inc   |



# ANNUAL FINANCIAL STATEMENTS

## CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Minister of Information and Communication Technology:

|   | Page   |
|---|--------|
| Corporate Governance Statement  | 1      |
| Members' Responsibilities and Approval  | 1      |
| Independent Auditor's Report  | 2      |
| Members' Report   | 2      |
| Statement of Financial Position   | 3      |
| Statement of Profit or Loss and Other Comprehensive Income  | 3      |
| Statement of Changes in Equity  | 3      |
| Statement of Cash Flows   | 3      |
| Accounting Policies   | 4 - 6  |
| Notes to the Annual Financial Statements  | 6 - 10 |
| The following supplementary information does not form part of the annual financial statements and is unaudited: |        |
| Detailed Statement of Profit or Loss and Other Comprehensive Income   | 11     |

## Corporate Governance Statement

The Communications Regulatory Authority of Namibia is committed to the principles of integrity, safety, professionalism, transparency, responsibility and accountability. The members recognise the need for management to conduct the business of the authority accordingly and in accordance with generally accepted corporate practices, the Authority's policies and the laws of Namibia.

### Members of the Board

The Board meets regularly. The roles of the Chairperson and Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive member. The Chairperson provides and encourages proper deliberation of all matters requiring the Board's attention, and obtains optimum input from the other members. The Chairperson also ensures that all decisions of the Board are clearly documented and are likely to advance the Authority's interests.

### Non-executive members

The Board has six non-executive members. Non-executive members are appointed for specific terms and re-appointment does not occur automatically.

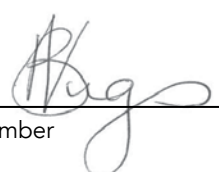
### Company secretary and professional advice

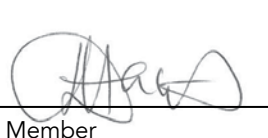
All members have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed. All members are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

### Internal control system

The Authority maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition. These controls are all designed to provide reasonable assurance to the Authority's management and members of the board regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the Authority and used for the proper training and development of its people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control can change with circumstances.

  
Member

  
Member

Windhoek, Namibia

15 September 2016

## Members' Responsibilities and Approval

The members are required in terms of the Communications Act, No. 8 of 2009 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

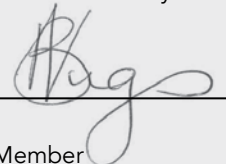
The members acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members of the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the Authority's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 2 to 11, which have been prepared on the going concern basis, were approved by the members of the board and were signed on their behalf by:

  
Member

  
Member

Windhoek, Namibia

15 September 2016

## Independent Auditor's Report



### To the Minister of Information and Communication Technology

We have audited the annual financial statements of Communications Regulatory Authority of Namibia, which comprise the statement of financial position as at 31 March 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the members' report, as set out on pages 2 to 10.

#### Members' Responsibility for the Annual Financial Statements

The Communication Regulatory Authority of Namibia's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the annual financial statements of Communications Regulatory Authority of Namibia for the year then ended 31 March 2016 are prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS).

#### Supplementary information

The supplementary information set out on page 11 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**PricewaterhouseCoopers (Namibia)  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)**

Per: Samuel N Ndahangwapo  
Partner  
Windhoek, 21 September 2016

PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T: +264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: R Nangula Uaandja  
Partners: Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stéfan Hugo, Chantell N Husselmann, Gerrit Esterhuyse, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller

## Members' Report

The Board members have pleasure in submitting their report on the annual financial statements of Communications Regulatory Authority of Namibia for the year ended 31 March 2016.

### 1. Incorporation

The Authority is a body corporate established in terms of section 4 of the Communications Act and came into effect on 18 May 2011.

### 2. Nature of business

The Communications Regulatory Authority of Namibia was established to regulate, supervise, and promote the provision of telecommunication services and networks, broadcasting, postal services, the use and allocation of radio spectrum in Namibia and regulate the type approval and technical standards for telecommunications equipment in Namibia.

There have been no material changes to the nature of the Authority's business from the prior year.

### 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Authority are set out in these annual financial statements.

### 4. Board members

The members of the Board of the Authority in office at the date of this report are as follows:

| Members                    | Nationality | Changes                    |
|----------------------------|-------------|----------------------------|
| Ms. Frieda Kishi           | Namibian    | Appointed 27 August 2015   |
| Ms. Anne-Doris Hans-Kaumbi | Namibian    | Appointed 20 February 2016 |
| Ms. Beverley Gawanas-Vugs  | Namibian    | Appointed 20 February 2016 |
| Mr. Moses Molatendi Moses  | Namibian    | Appointed 20 February 2016 |
| Mr. Mpsi Haingura          | Namibian    | Appointed 20 February 2016 |
| Mr. Andreas Nekongo        | Namibian    | Appointed 20 February 2016 |

|                          |          |                           |
|--------------------------|----------|---------------------------|
| Dr. Tulimevava K. Mufeti | Namibian | Resigned 19 February 2016 |
| Mr. Edwin D. Beukes      | Namibian | Resigned 19 February 2016 |
| Mr. Tylvas N. Shilongo   | Namibian | Resigned 19 February 2016 |
| Mr. Lazarus N. Jacobs    | Namibian | Resigned 19 February 2016 |

### 5. Members' interests in contracts

During the financial year, no contracts were entered into which members of the Board or officers of the Authority had an interest and which significantly affected the business of the Authority.

### 6. Events after the reporting period

The members are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 7. Auditors

PricewaterhouseCoopers (Namibia) continued in office as auditors for the Authority for the year 2016.

### 8. Secretary

The Authority secretary is Mr Tanswell Davies.

|                  |   |
|------------------|---|
| Postal address   | Private Bag 13309 Windhoek<br>Namibia                               |
| Business address | Communications House<br>56 Robert Mugabe Avenue Windhoek<br>Namibia |

### 9. Income tax status

The Authority is exempt from income taxes in terms of the provisions of section 16(1)(e) of the Income Tax Act, No. 24 of 1981. A written confirmation to this effect was received from the Ministry of Finance on 9 September 2012.



# ANNUAL FINANCIAL STATEMENTS

## Statement of Financial Position as at 31 March 2016

|                                     | Note(s) | 2016<br>N\$        | 2015<br>N\$        |
|-------------------------------------|---------|--------------------|--------------------|
| <b>Assets</b>                       |         |                    |                    |
| <b>Non-Current Assets</b>           |         |                    |                    |
| Property, plant and equipment       | 4       | 6,440,212          | 8,754,098          |
| Intangible assets                   | 5       | 2,436,131          | 1,847,847          |
|                                     |         | <b>8,876,343</b>   | <b>10,601,945</b>  |
| <b>Current Assets</b>               |         |                    |                    |
| Trade and other receivables         | 6       | 7,057,272          | 3,001,469          |
| Other financial assets              | 7       | 82,500,000         | 60,000,000         |
| Cash and cash equivalents           | 8       | 46,356,281         | 63,237,763         |
|                                     |         | <b>135,913,553</b> | <b>126,239,232</b> |
| <b>Total Assets</b>                 |         | <b>144,789,896</b> | <b>136,841,177</b> |
| <b>Equity and Liabilities</b>       |         |                    |                    |
| <b>Equity</b>                       |         |                    |                    |
| Accumulated funds                   |         | 97,872,490         | 92,484,060         |
| <b>Liabilities</b>                  |         |                    |                    |
| <b>Non-Current Liabilities</b>      |         |                    |                    |
| Deferred Capital                    | 11      | 37,035,281         | 37,035,281         |
| <b>Current Liabilities</b>          |         |                    |                    |
| Trade and other payables            | 12      | 5,225,186          | 4,187,333          |
| Provisions                          | 10      | 4,622,997          | 3,134,503          |
| Bank overdraft                      | 8       | 33,942             | -                  |
|                                     |         | <b>9,882,125</b>   | <b>7,321,836</b>   |
| <b>Total Liabilities</b>            |         | <b>46,917,406</b>  | <b>44,357,117</b>  |
| <b>Total Equity and Liabilities</b> |         | <b>144,789,896</b> | <b>136,841,177</b> |

## Statement of Profit or Loss and Other Comprehensive Income

|  | Note(s) | 2016<br>N\$        | 2015<br>N\$       |
|--|---------|--------------------|-------------------|
| Revenue  | 14      | 82,265,136         | 71,805,306        |
| Other income                                   | 15      | 456,803            | 5,350             |
| Operating expenses                             |         | (84,430,909)       | (60,647,638)      |
| <b>Operating (loss) profit</b>                 | 16      | <b>(1,708,970)</b> | <b>11,163,018</b> |
| Investment revenue                             | 17      | 7,097,655          | 4,938,483         |
| Finance costs                                  | 18      | (255)              | (1,923)           |
| <b>Profit for the year</b>                     |         | <b>5,388,430</b>   | <b>16,099,578</b> |
| Other comprehensive income                     |         | -                  | -                 |
| <b>Total comprehensive income for the year</b> |         | <b>5,388,430</b>   | <b>16,099,578</b> |

## Statement of Changes in Equity

|  | Accumulated funds<br>N\$ | Total equity<br>N\$ |
|--|--------------------------|---------------------|
| <b>Balance at 01 April 2014</b>                | <b>76,384,4827</b>       | <b>76,384,482</b>   |
| Profit for the year 16,099,578                 | 16,099,578               | 16,099,578          |
| Other comprehensive income                     | -                        | -                   |
| <b>Total comprehensive income for the year</b> | <b>16,099,578</b>        | <b>16,099,578</b>   |
| <b>Balance at 01 April 2015</b>                | <b>92,484,060</b>        | <b>92,484,060</b>   |
| Profit for the year                            | 5,388,430                | 5,388,430           |
| Other comprehensive income                     | -                        | -                   |
| <b>Total comprehensive income for the year</b> | <b>5,388,430</b>         | <b>5,388,430</b>    |
| <b>Balance at 31 March 2016</b>                | <b>97,872,490</b>        | <b>97,872,490</b>   |

## Statement of Cash Flows

|   | Note(s) | 2016<br>N\$         | 2015<br>N\$         |
|---|---------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                                   |         |                     |                     |
| Cash receipts from customers  |         | 51,962,368          | 99,646,296          |
| Cash paid to suppliers and employees  |         | (50,525,614)        | (74,948,518)        |
| Cash generated from operations  | 21      | 1,436,754           | 24,697,778          |
| Interest income   | 17      | 7,097,655           | 4,938,483           |
| Finance costs   | 18      | (255)               | (1,923)             |
| <b>Net cash from operating activities</b>                                     |         | <b>8,534,154</b>    | <b>29,634,338</b>   |
| <b>Cash flows from investing activities</b>                                   |         |                     |                     |
| Purchase of property, plant and equipment                                     | 4       | (1,384,710)         | (1,380,423)         |
| Sale of property, plant and equipment   | 4       | 35,826              | -                   |
| Purchase of other intangible assets   | 5       | (1,602,919)         | (1,292,709)         |
| Sale of other intangible assets   | 5       | 2,225               | -                   |
| Purchase of financial assets  |         | (49,500,000)        | -                   |
| Sale of financial assets  |         | 27,000,000          | (60,000,000)        |
| <b>Net cash from investing activities</b>                                     |         | <b>(25,449,578)</b> | <b>(62,673,132)</b> |
| <b>Cash flows from financing activities</b>                                   |         |                     |                     |
| Movement in deferred capital  |         | -                   | (2,400,000)         |
| <b>Total cash, cash equivalents and bank overdrafts movement for the year</b> |         | <b>(16,915,424)</b> | <b>(35,438,794)</b> |
| Cash, cash equivalents and bank overdrafts at the beginning of the year       |         | 63,237,763          | 98,676,557          |
| <b>Total cash, cash equivalents and bank overdrafts at end of the year</b>    | 8       | <b>46,322,339</b>   | <b>63,237,763</b>   |

# ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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## 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### Trade receivables

The Authority assesses its trade receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the profit or loss, the Authority makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### Impairment testing

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including significant changes in the manner of use of the assets or the strategy for the Authority's overall business, significant underperformance relative to expectations, based on historical or projected future operating results, together with economic factors such as significant negative industry or economic trends.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

#### Residual values and useful lives

The residual value and useful life of each asset are reviewed and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in estimate.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Authority holds for its own use or for rental to others and which are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Authority; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item                       | Average useful life |
|----------------------------|---------------------|
| Carports and Cubicles      | 25 years            |
| Furniture and fixtures     | 10 years            |
| Motor vehicles             | 4 years             |
| Office equipment           | 3 years             |
| IT equipment               | 3 years             |
| Spectrum tools             | 3 years             |
| Spectrum monitoring system | 3-7 years           |

The residual value, useful life and depreciation method of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item              | Useful life |
|-------------------|-------------|
| Computer software | 3 years     |

### 1.4 Financial instruments

#### Classification

The Authority classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments.

The Authority classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

At each reporting date the Authority assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Authority, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the



date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

### **Trade and other payables**

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

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## **1.5 Taxation**

### **Income tax**

No provision for tax is required as the Authority is exempt from taxation in terms of section 16(1)(e) of the Income Tax Act, No. 24 of 1981.

## **1.6 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset/liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

## **1.7 Impairment of non-financial assets**

The Authority assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or

amortisation other than goodwill is recognised immediately in profit or loss.

## **1.8 Employee benefits**

### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The company has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

## **1.9 Provisions and contingencies**

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

## **1.10 Revenue**

Revenue includes amounts charged to the telecommunications and broadcasting operators as turnover fees. These fees are based on a predetermined percentage of the turnover of the operators as certified by them and subsequently by their auditors on an annual basis.

Revenue also includes fees collected from renewal of annual license fees, administration fees relating to service licences, spectrum use licence fees and type approval fees.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Authority;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business.

## **1.11 Translation of foreign currencies**

### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Namibian Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

## **1.12 Deferred capital**

The Namibian Communication Commission (NCC), the predecessor of CRAN, ceased to exist on 18 May 2011 and have since been replaced by CRAN as the new regulator. The

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assets and liabilities of the predecessor regulator, the NCC, were to be transferred to the new regulator, CRAN, after a final audit was concluded. To get started CRAN needed a cash injection to commence its activities and on that basis, an amount of N\$37 million was transferred from the NCC to CRAN during the year ended 31 March 2012.

## 1.13 Contribution to Universal Service Fund

On 18 May 2011, the Communications Act, No 8 of 2009 came into effect. The Minister however, has not commenced Part 4 of Chapter V, which deals with Universal services, as at 31 March 2016. The Universal Service Fund can therefore not be established in law, and no contributions can be made to it. The Minister may, as provided in section 136(2), commence this on such date as he determines.

## 2. New Standards and Interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Authority has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| <b>Standard/ Interpretation:</b>  | <b>Effective date: Years beginning on or after</b> | <b>Expected impact</b>                       |
|---|--|--|
| • Amendment to IFRS 8: Operating Segments: Annual improvements project            | 1-Jul-14   | The impact of the amendment is not material. |
| • Amendment to IAS 24: Related Party Disclosures: Annual improvements project     | 1-Jul-14   | The impact of the amendment is not material. |
| • Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project | 1-Jul-14   | The impact of the amendment is not material. |
| • Amendment to IAS 19: Defined Benefit Plans: Employee Contributions              | 1-Jul-14   | The impact of the amendment is not material. |
| • Amendment to IFRS 13: Fair Value Measurement: Annual improvements project       | 1-Jul-14   | The impact of the amendment is not material. |
| • Amendment to IAS 38: Intangible Assets: Annual improvements project             | 1-Jul-14   | The impact of the amendment is not material. |

### 2.2 Standards and interpretations not yet effective

The Authority has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after 01 April 2016 or later periods:

| <b>Standard/ Interpretation:</b>   | <b>Effective date: Years beginning on or after</b> | <b>Expected impact</b>              |
|--|--|-------------------------------------|
| • IFRS 9 Financial Instruments   | 01 January 2018                                    | Unlikely to have a material impact  |
| • IFRS 15 Revenue from Contracts with Customers  | 01 January 2017                                    | Unlikely to have a material impact  |
| • Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation          | 01 January 2016                                    | Unlikely to have a material impact  |
| • IFRS 14 Regulatory Deferral Accounts   | 01 January 2016                                    | Unlikely to have a material impact. |
| • Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants  | 01 January 2016                                    | Unlikely to have a material impact. |
| • Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project | 01 January 2016                                    | Unlikely to have a material impact  |
| • Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project                           | 01 January 2016                                    | Unlikely to have a material impact  |
| • Amendment to IAS 19: Employee Benefits: Annual Improvements project  | 01 January 2016                                    | Unlikely to have a material impact  |
| • Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements                                | 01 January 2016                                    | Unlikely to have a material impact  |
| • Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project                                  | 01 January 2016                                    | Unlikely to have a material impact  |

## 3. Risk management

### Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Authority consists of cash and cash equivalents disclosed in note 8, as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

### Financial risk management

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out by the finance department under policies approved by the board. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Authority's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Cash flow forecasts are prepared annually and reviewed at the end of every quarter.

The table below analyses the Authority's financial liabilities and facilities at the bank into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.



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## 3. Risk management (continued)

| At 31 March 2016         | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 5,225,186        | -                     | -                     | -            |
| Provisions               | 4,622,997        | -                     | -                     | -            |
| Bank overdraft           | 33,942           | -                     | -                     | -            |

| At 31 March 2015         | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|--------------------------|------------------|-----------------------|-----------------------|--------------|
| Trade and other payables | 4,187,333        | -                     | -                     | -            |
| Provisions               | 3,134,503        | -                     | -                     | -            |

### Interest rate risk

The Authority is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market rates of interest on its cash resources and investments. The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks. The Authority places its funds in both fluctuating interest earning call deposits and fixed term deposits which are adjusted on a short term basis based on changes in the prevailing market related interest rates.

Further, these call deposits are due on demand and the fixed term deposits are due within a 3 month period. The call account and fixed term deposits amounting to N\$76,59 million (2015: N\$117,05 million) are exposed to cash flow interest rate risk, however considering the short term maturity of these deposits, these risks are minimized.

The Authority is not exposed to fair value interest rate risk.

### Interest rate effect on profit

|                           | Effect on profit 2016    |                          | Effect on profit 2015    |                          |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                           | 100bp increase in market | 100bp decrease in market | 100bp increase in market | 100bp decrease in market |
| Cash and cash equivalents | 1,012,970                | (1,012,970)              | 1,232,378                | (1,232,378)              |

### Cash flow interest rate risk

|  | Current interest rate | Due in less than a year | Due in one to two years | Due in one to three years | Due in one to four years | Due in one to five years |
|--|-----------------------|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|
| <b>Cash and cash equivalents</b>                       |                       |                         |                         |                           |                          |                          |
| First National Bank (Fixed Term Deposit)               | 7.50%                 | 16,500,000              | -                       | -                         | -                        | -                        |
| Bank Windhoek Call Account                             | 6.30%                 | 43,591,422              | -                       | -                         | -                        | -                        |
| SME Bank (Fixed term deposit)                          | 7.40%                 | 16,500,000              | -                       | -                         | -                        | -                        |
| <b>Investments</b>                                     |                       |                         |                         |                           |                          |                          |
| Bank Windhoek Fixed Term deposit                       | 7.91%                 | 16,500,000              | -                       | -                         | -                        | -                        |
| Namibia Post Limited (Savings Bank) Fixed term deposit | 7.70%                 | 16,500,000              | -                       | -                         | -                        | -                        |
| Nedbank Limited (Fixed term deposit)                   | 8.45%                 | 16,500,000              | -                       | -                         | -                        | -                        |

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis and make adequate provision for doubtful debt.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument      | 2016       | 2015       |
|---------------------------|------------|------------|
| Cash and cash equivalents | 46,356,281 | 63,237,763 |
| Other financial assets    | 82,500,000 | 60,000,000 |
| Trade receivables         | 7,052,272  | 3,001,470  |

### Foreign exchange risk

The Authority does not hedge foreign exchange fluctuations.

The Authority reviews its foreign currency exposure, including commitments on an ongoing basis. The Authority expects its foreign exchange contracts to hedge foreign exchange exposure.

## 4. Property, plant and equipment

|                            | 2016              |                          |                  | 2015              |                          |                  |
|----------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                            | Cost              | Accumulated depreciation | Carrying value   | Cost              | Accumulated depreciation | Carrying value   |
| Carports and Cubicles      | 55,070            | -                        | 55,070           | 55,070            | -                        | 55,070           |
| Furniture and fixtures     | 2,999,137         | (825,227)                | 2,173,910        | 2,683,301         | (533,980)                | 2,149,321        |
| Motor vehicles             | 1,010,906         | (371,931)                | 638,975          | 511,290           | (233,700)                | 277,590          |
| Office equipment           | 663,881           | (400,102)                | 263,779          | 415,762           | (289,340)                | 126,422          |
| IT equipment               | 1,704,468         | (1,286,505)              | 417,963          | 1,383,406         | (869,341)                | 514,065          |
| Spectrum tools             | 44,891            | (42,716)                 | 2,175            | 44,891            | (27,827)                 | 17,064           |
| Spectrum monitoring system | 11,067,018        | (8,178,678)              | 2,888,340        | 11,067,018        | (5,452,452)              | 5,614,566        |
| <b>Total</b>               | <b>17,545,371</b> | <b>(11,105,159)</b>      | <b>6,440,212</b> | <b>16,160,738</b> | <b>(7,406,640)</b>       | <b>8,754,098</b> |

### Reconciliation of property, plant and equipment - 2016

|                            | Opening balance  | Additions        | Depreciation       | Total            |
|----------------------------|------------------|------------------|--------------------|------------------|
| Carports and Cubicles      | 55,070           | -                | -                  | 55,070           |
| Furniture and fixtures     | 2,149,321        | 315,889          | (291,300)          | 2,173,910        |
| Motor vehicles             | 277,590          | 499,616          | (138,231)          | 638,975          |
| Office equipment           | 126,422          | 248,119          | (110,762)          | 263,779          |
| IT equipment               | 514,065          | 321,086          | (417,188)          | 417,963          |
| Spectrum tools             | 17,064           | -                | (14,889)           | 2,175            |
| Spectrum monitoring system | 5,614,566        | -                | (2,726,226)        | 2,888,340        |
|                            | <b>8,754,098</b> | <b>1,384,710</b> | <b>(3,698,596)</b> | <b>6,440,212</b> |

### Reconciliation of property, plant and equipment - 2015

|                            | Opening balance   | Additions        | Depreciation       | Total            |
|----------------------------|-------------------|------------------|--------------------|------------------|
| Carports and Cubicles      | 55,070            | -                | -                  | 55,070           |
| Furniture and fixtures     | 1,630,104         | 736,195          | (216,978)          | 2,149,321        |
| Motor vehicles             | 405,412           | -                | (127,822)          | 277,590          |
| Office equipment           | 106,573           | 125,238          | (105,389)          | 126,422          |
| IT equipment               | 580,337           | 331,706          | (397,978)          | 514,065          |
| Spectrum tools             | 31,953            | -                | (14,889)           | 17,064           |
| Spectrum monitoring system | 8,153,507         | 187,284          | (2,726,225)        | 5,614,566        |
|                            | <b>10,962,956</b> | <b>1,380,423</b> | <b>(3,589,281)</b> | <b>8,754,098</b> |

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## 5. Intangible assets

|                   | 2016      |                          |                | 2015      |                          |                |
|-------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
|                   | Cost      | Accumulated amortisation | Carrying value | Cost      | Accumulated amortisation | Carrying value |
| Computer software | 4,550,016 | (2,113,885)              | 2,436,131      | 2,972,129 | (1,124,282)              | 1,847,847      |

### Reconciliation of intangible assets - 2016

|                   | Opening balance | Additions | Disposals | Amortisation | Total     |
|-------------------|-----------------|-----------|-----------|--------------|-----------|
| Computer software | 1,847,847       | 1,602,919 | (2,225)   | (1,012,410)  | 2,436,131 |

### Reconciliation of intangible assets - 2015

|                   | Opening balance | Additions | Amortisation | Total     |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 1,324,846       | 1,292,709 | (769,708)    | 1,847,847 |

## 6. Trade and other receivables

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Trade receivables            | 95,030,021       | 64,905,550       |
| Prepayments                  | 171,003          | 186,709          |
| Deposits                     | 108,065          | 108,063          |
| Provision for doubtful debts | (89,155,967)     | (62,471,763)     |
| Interest receivable          | 545,974          | -                |
| Other receivables            | 358,176          | 272,910          |
|                              | <b>7,057,272</b> | <b>3,001,469</b> |

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

### Trade receivables

#### Counterparties without external credit rating

|                             |           |           |
|-----------------------------|-----------|-----------|
| Trade and other receivables | 7,057,272 | 3,001,469 |
|-----------------------------|-----------|-----------|

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 120 days past due are not considered to be impaired, except for those where management is aware of factors that render the debt doubtful at an earlier date. Trade and other receivables older than 121 days that were recovered subsequent to financial year-end, but prior to the signing of the annual financial statements have not been impaired. At 31 March 2016, N\$ 7,057,272 (2015: N\$ 3,001,472) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|                             |           |           |
|-----------------------------|-----------|-----------|
| Past due for 61 to 90 days  | 169,002   | 16,402    |
| Past due for 91 to 120 days | 2,368,304 | 2,985,070 |
| 3 months past due           | 4,648,487 | -         |

### Trade and other receivables impaired

As of 31 March 2016, trade and other receivables of N\$ (89,155,967) (2015: N\$ 62,471,763) were impaired and provided for.

The ageing of these loans is as follows:

|                          |            |            |
|--------------------------|------------|------------|
| Past due for 61-90 days  | 9,701,623  | -          |
| Past due for 91-120 days | 13,386,791 | -          |
| Past due for 121 days+   | 66,067,553 | 62,471,763 |

## 7. Other financial assets

### Fixed deposits

|   |                   |                   |
|---|-------------------|-------------------|
| Nedbank Namibia Limited (F1+)                   | 16,500,000        | 15,000,000        |
| Namibia Post Limited (Savings Bank) (not rated) | 16,500,000        | 15,000,000        |
| Bank Windhoek Limited (A1+)                     | 16,500,000        | 15,000,000        |
| First National Bank Namibia Limited             | 16,500,000        | 15,000,000        |
| SME Bank  | 16,500,000        | -                 |
|   | <b>82,500,000</b> | <b>60,000,000</b> |

### Reclassification

Fixed terms deposits have been reclassified from cash and cash equivalents to other financial assets in the current year. The effect of the reclassification on prior year balances was a decrease and increase of N\$60,000,000 in cash and cash equivalents and other financial assets respectively.

### Current assets

|                     |            |            |
|---------------------|------------|------------|
| Fixed term deposits | 82,500,000 | 60,000,000 |
|---------------------|------------|------------|

### Reclassification

Fixed terms deposits have been reclassified from cash and cash equivalents to other financial assets in the current year. The effect of the reclassification on prior year balances was a decrease and increase of N\$60,000,000 in cash and cash equivalents and other financial assets respectively.

### Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

### Credit quality of other financial assets

#### Credit rating

|   |                   |                   |
|---|-------------------|-------------------|
| Namibia Post Limited (Savings Bank) (not rated) | 16,500,000        | 15,000,000        |
| Nedbank Namibia Limited (F1+)                   | 16,500,000        | 15,000,000        |
| Bank Windhoek Limited (A1+)                     | 16,500,000        | 15,000,000        |
| First National Bank Namibia Limited (F1+)       | 16,500,000        | -                 |
| SME Bank (not rated)                            | 16,500,000        | 15,000,000        |
|   | <b>82,500,000</b> | <b>60,000,000</b> |

Although Namibia Post Limited is not rated, Namibia Post Limited is a reputable state owned entity with no history of default.

SME Bank is also not a rated bank, but the Namibian government owns 55% of the shareholding of SME Bank and is thus a government backed entity.



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## 8. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Cash on hand        | 1,685             | 2,053             |
| Current account     | 2,763,174         | 6,182,187         |
| Call account        | 43,591,422        | 57,053,523        |
| Bank overdraft      | (33,942)          | -                 |
|                     | <b>46,322,339</b> | <b>63,237,763</b> |
| Current assets      | 46,356,281        | 63,237,763        |
| Current liabilities | (33,942)          | -                 |
|                     | <b>46,322,339</b> | <b>63,237,763</b> |

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

#### Credit rating

|   |                   |                   |
|---|-------------------|-------------------|
| Bank Windhoek Limited (A1+)               | 46,342,218        | 63,226,255        |
| First National Bank Namibia Limited (F1+) | 12,379            | -                 |
|   | <b>46,354,597</b> | <b>63,226,255</b> |

## 9. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

### 2016

|                             | Loans and receivables | Total              |
|-----------------------------|-----------------------|--------------------|
| Trade and other receivables | 2,701,272             | 2,701,272          |
| Cash and cash equivalents   | 79,356,281            | 79,356,281         |
| Other financial assets      | 49,500,000            | 49,500,000         |
|                             | <b>131,557,553</b>    | <b>131,557,553</b> |

### 2015

|                             | Loans and receivables | Total              |
|-----------------------------|-----------------------|--------------------|
| Trade and other receivables | 3,001,472             | 3,001,472          |
| Cash and cash equivalents   | 123,237,763           | 123,237,76         |
|                             | <b>126,239,235</b>    | <b>126,239,235</b> |

## 10. Provisions

### Reconciliation of provisions - 2016

|                               | Opening balance  | Additions        | Utilised during the year | Total            |
|-------------------------------|------------------|------------------|--------------------------|------------------|
| Provision - Leave pay         | 937,440          | 1,020,134        | (937,440)                | 1,020,134        |
| Provision - Performance bonus | 1,621,417        | 2,680,401        | (1,621,417)              | 2,680,401        |
| Provision - Severance pay     | 575,646          | 922,462          | (575,646)                | 922,462          |
|                               | <b>3,134,503</b> | <b>4,622,997</b> | <b>(3,134,503)</b>       | <b>4,622,997</b> |

### Reconciliation of provisions - 2015

|                               | Opening balance  | Additions        | Utilised during the year | Total            |
|-------------------------------|------------------|------------------|--------------------------|------------------|
| Provision - Leave pay         | 910,016          | 937,440          | (910,016)                | 937,440          |
| Provision - Performance bonus | 1,565,345        | 1,621,417        | (1,565,345)              | 1,621,417        |
| Provision - Severance pay     | -                | 575,646          | -                        | 575,646          |
|                               | <b>2,475,361</b> | <b>3,134,503</b> | <b>(2,475,361)</b>       | <b>3,134,503</b> |

## 11. Deferred Capital

The Namibian Communications Commission (NCC) the predecessor of CRAN, ceased to exist on 18 May 2011 and was replaced by CRAN as the new regulator. The assets and liabilities of the predecessor regulator, the NCC, were to be transferred to the new regulator, CRAN, after a final audit is concluded. To get started CRAN needed a cash injection to commence its activities and on that basis, an amount of N\$37 million was transferred from the NCC to CRAN during 2011. This was an advance and the correct amount will be determined and accounted for at a later date, after the completion of the audit of NCC and approval from Cabinet.

## 12. Trade and other payables

|                        |                  |                  |
|------------------------|------------------|------------------|
| Trade payables         | 4,065,169        | 3,090,362        |
| Other accrued expenses | 490,832          | 477,250          |
| Other payables         | 669,185          | 619,721          |
|                        | <b>5,225,186</b> | <b>4,187,333</b> |

## 13. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

### 2016

|                          | Financial liabilities at amortised cost | Total            |
|--------------------------|---|------------------|
| Trade and other payables | 5,225,186                               | 5,225,186        |
| Bank overdraft           | 33,942                                  | 33,942           |
|                          | <b>5,259,128</b>                        | <b>5,259,128</b> |

### 2015

|                          | Financial liabilities at amortised cost | Total            |
|--------------------------|---|------------------|
| Trade and other payables | <b>4,187,333</b>                        | <b>4,187,333</b> |

## 14. Revenue

|                    |                   |                   |
|--------------------|-------------------|-------------------|
| Telecommunications | 55,708,047        | 51,686,191        |
| Broadcasting       | 8,857,900         | 6,419,224         |
| Spectrum           | 17,098,689        | 13,692,591        |
| Type approval      | 600,500           | 7,300             |
|                    | <b>82,265,136</b> | <b>71,805,306</b> |

## 15. Other income

|   |                |              |
|---|----------------|--------------|
| Profit and loss on sale of assets and liabilities | 35,826         | -            |
| Profit and loss on exchange differences           | 70,977         | 5,350        |
| Other income                                      | 350,000        | -            |
|   | <b>456,803</b> | <b>5,350</b> |

## 16. Operating (loss) profit

Operating profit for the year is stated after accounting for the following:

### Operating lease charges

|   |            |            |
|---|------------|------------|
| Premises  |            |            |
| • Contractual amounts                           | 1,492,718  | 1,381,780  |
| Profit on sale of property, plant and equipment | 35,826     | -          |
| (Loss)/Profit on exchange differences           | (70,977)   | (5,350)    |
| Amortisation on intangible assets               | 1,012,408  | 769,763    |
| Depreciation on property, plant and equipment   | 3,698,596  | 3,589,281  |
| Employee costs                                  | 25,776,192 | 19,001,541 |

### Expenses by nature

|  |                   |                   |
|--|-------------------|-------------------|
| Bad debts                                  | 26,684,204        | 17,992,071        |
| Consulting and professional fees           | 727,589           | 1,277,763         |
| Depreciation, amortisation and impairments | 4,711,004         | 4,359,044         |
| Employee costs                             | 25,776,192        | 19,001,541        |
| Legal expenses                             | 925,165           | 693,111           |
| Media and communications                   | 6,377,579         | 3,573,074         |
| Projects                                   | 3,474,500         | 817,480           |
| Travel and accommodation                   | 4,522,172         | 4,019,756         |
| Other expenses                             | 11,232,504        | 8,913,798         |
|  | <b>84,430,909</b> | <b>60,647,638</b> |

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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## 17. Investment revenue

|                         |           |           |
|-------------------------|-----------|-----------|
| <b>Interest revenue</b> |           |           |
| Bank                    | 7,097,655 | 4,938,483 |

## 18. Finance costs

|  |     |       |
|--|-----|-------|
| Late payment of PAYE and Withholding tax | 255 | 1,923 |
|--|-----|-------|

## 19. Auditors' remuneration

|                              |                |                |
|------------------------------|----------------|----------------|
| Fees                         | 188,039        | 131,135        |
| Tax and secretarial services | -              | 23,173         |
|                              | <b>188,039</b> | <b>154,308</b> |

## 20. Operating lease commitment

The operating lease relates to the rental of office space situated on Erf. 6517, Peter Muller Street, Windhoek, for a period of 36 months. The Authority does not have the right to purchase the office building at the end of the stipulated lease period.

### Minimum lease payments

|              |                  |               |
|--------------|------------------|---------------|
| Up to 1 year | 1,805,817        | 97,502        |
| 2-5 years    | 117,978          | -             |
|              | <b>1,923,795</b> | <b>97,502</b> |

## 21. Cash generated from operations

|   |                  |                   |
|---|------------------|-------------------|
| Profit before taxation                                | 5,388,430        | 16,099,578        |
| <b>Adjustments for:</b>                               |                  |                   |
| Depreciation and amortisation                         | 4,711,004        | 4,359,044         |
| Net loss on disposal of property, plant and equipment | (35,826)         | -                 |
| Interest received - investment                        | (7,097,655)      | (4,938,483)       |
| Finance costs   | 255              | 1,923             |
| Movements in provisions                               | 1,488,494        | 659,142           |
| Other non-cash items                                  | -                | (54)              |
| <b>Changes in working capital:</b>                    |                  |                   |
| Trade and other receivables                           | (4,055,801)      | 7,551,447         |
| Trade and other payables                              | 1,037,853        | 965,181           |
|   | <b>1,436,754</b> | <b>24,697,778</b> |

## 22. Commitments

### Authorised capital expenditure

|  |           |           |
|--|-----------|-----------|
| Not yet contracted for and authorised by directors | 1,923,795 | 1,723,250 |
|--|-----------|-----------|

This committed expenditure relates to capital expenditure and will be financed by existing cash resources.

## 23. Contingencies

The Authority is currently still in a dispute with Telecom Namibia. The dispute arose from the implementation of regulations regarding administrative and licence fees for services in 2012, 2013 and 2014. The amount in question is N\$ 58,649,235 and has been provided for as a doubtful debt. The Authority's lawyers and management consider the likelihood of the action against it being successful as unlikely. The case should be resolved within the next year.

There is no reimbursement from any third parties for potential obligations of the Authority.

## 24. Related parties

|  |   |
|--|---|
| Relationships                                      |   |
| Line Ministry with significant influence           | Ministry of Information and Communications Technology (MICT)  |
| Entities reporting to the MICT                     | Telecom Namibia<br>Mobile Telecommunications Company<br>Namibia Broadcasting Corporation  |
| Members of key management and members of the board | Refer to the Members' report for the members of the Board<br>F Mbandeka (Chief Executive Officer)<br>J Traut (Chief Operations Officer)<br>J Tjituka (Head: Finance)<br>E Nghikembua (Head: Legal Advice)<br>L Henckert-Louw (Head: Human Resources)<br>R Le Grange (Head: Electronic Communications)<br>H Vosloo (Head: Economics and Sector Research)<br>M Rittman (Head: Internal Audit)<br>K Siken (Head: Communications and External Relations)<br>M Angula (Head: Universal Access and Services Projects) |

### Related party balances

#### Significant amounts included in Trade receivables regarding related parties

|                                  |            |            |
|----------------------------------|------------|------------|
| Telecom Namibia                  | 62,811,715 | 58,649,235 |
| Namibia Broadcasting Corporation | 1,595,954  | 962,840    |

### Related party transactions

#### Significant transactions with related parties included in revenue

|                                   |            |            |
|-----------------------------------|------------|------------|
| Telecom Namibia                   | 4,162,480  | 23,863,116 |
| Mobile Telecommunications Company | 38,348,220 | 35,817,465 |
| Namibia Broadcasting Corporation  | 1,497,438  | 1,298,304  |

### Compensation to key management

|                              |            |           |
|------------------------------|------------|-----------|
| Short-term employee benefits | 12,175,796 | 9,286,878 |
|------------------------------|------------|-----------|

## 25. Remuneration of board members

### Non-executive

#### 2016

|                          | Members' fees  | Total          |
|--------------------------|----------------|----------------|
| Mr. Lazarus N Jacobs     | 76,660         | 76,660         |
| Dr. Tulimevava K. Mufeti | 96,417         | 96,417         |
| Mr. Edwin D. Beukes      | 80,280         | 80,280         |
| Mr. Frieda Kishi         | 41,334         | 41,334         |
| Mr Moses Molatendi       | 9,662          | 9,662          |
| Ms. Beverly Gawanas-Vugs | 9,662          | 9,662          |
| Ms. Anne-Doris H. Kaumbi | 9,662          | 9,662          |
| Mr. Mpasi Haingura       | 9,662          | 9,662          |
|                          | <b>333,339</b> | <b>333,339</b> |

#### 2015

|  | Members' fees  | Total          |
|--|----------------|----------------|
| Mr. Lazarus N Jacobs                                     | 72,389         | 72,389         |
| Ms. Hilma Hitula (Member of the board till 30 June 2014) | 41,256         | 41,256         |
| Dr. Tulimevava K. Mufeti                                 | 110,853        | 110,853        |
| Mr. Edwin D. Beukes                                      | 93,774         | 93,774         |
| Mr. Tylvas N. Shilongo                                   | 8,704          | 8,704          |
|  | <b>326,976</b> | <b>326,976</b> |



# ANNUAL FINANCIAL STATEMENTS

## Detailed Statement of Profit or Loss and Other Comprehensive Income

|   | Note(s) | 2016<br>N\$         | 2015<br>N\$         |
|---|---------|---------------------|---------------------|
| <b>Revenue</b>                          |         |                     |                     |
| Broadcasting                            |         | 8,857,900           | 6,419,224           |
| Spectrum                                |         | 17,098,689          | 13,692,591          |
| Telecommunications                      |         | 55,708,047          | 51,686,191          |
| Type approval                           |         | 600,500             | 7,300               |
|   | 14      | <b>82,265,136</b>   | <b>71,805,306</b>   |
| <b>Other income</b>                     |         |                     |                     |
| Fines and penalties                     |         | 350,000             | -                   |
| Gains on disposal of assets             |         | 35,826              | -                   |
| Interest received                       | 17      | 7,097,655           | 4,938,483           |
| Profit and loss on exchange differences |         | 70,977              | 5,350               |
|   |         | <b>7,554,458</b>    | <b>4,943,833</b>    |
| <b>Expenses (Refer to page 35)</b>      |         |                     |                     |
|   |         | <b>(84,430,909)</b> | <b>(60,647,638)</b> |
| <b>Operating profit</b>                 | 16      | <b>5,388,685</b>    | <b>16,101,501</b>   |
| Finance costs                           | 18      | (255)               | (1,923)             |
| <b>Profit for the year</b>              |         | <b>5,388,430</b>    | <b>16,099,578</b>   |

## Detailed Statement of Profit or Loss and Other Comprehensive Income

|  | Note(s) | 2016<br>N\$         | 2015<br>N\$         |
|--|---------|---------------------|---------------------|
| <b>Operating expenses</b>                  |         |                     |                     |
| <b>Administrative expenses</b>             |         |                     |                     |
| Auditors remuneration                      | 19      | (188,039)           | (154,308)           |
| Bank charges                               |         | (41,859)            | (30,033)            |
| Depreciation, amortisation and impairments |         | (4,711,004)         | (4,359,044)         |
| Employee costs                             |         | (25,776,192)        | (19,001,541)        |
| General operating expenses                 |         | (979,229)           | (664,880)           |
| Lease rentals on operating lease           |         | (1,492,718)         | (1,381,780)         |
| Resources and research material            |         | (189,793)           | (93,664)            |
| Subscriptions                              |         | (83,959)            | -                   |
|  |         | <b>(33,462,793)</b> | <b>(25,685,250)</b> |
| <b>Other operating expenses</b>            |         |                     |                     |
| Bad debts                                  |         | (26,684,204)        | (17,992,071)        |
| Building expenses                          |         | (964,739)           | (904,899)           |
| Consulting and professional fees           |         | (727,589)           | (1,277,763)         |
| Employee wellness                          |         | (416,051)           | (366,026)           |
| Entertainment                              |         | (82,180)            | (103,475)           |
| ICT Communications                         |         | (1,349,478)         | (1,770,094)         |
| Legal expenses                             |         | (925,165)           | (693,111)           |
| Machine hire                               |         | (668,982)           | (503,956)           |
| Media and communications                   |         | (6,377,579)         | (3,573,074)         |
| Membership and license fees                |         | (2,167,605)         | (813,441)           |
| Motor vehicle expenses                     |         | (231,311)           | (98,818)            |
| Network Qos testing for license compliance |         | -                   | (1,026,375)         |
| Projects                                   |         | (3,474,500)         | (817,480)           |
| Training                                   |         | (2,376,561)         | (1,002,049)         |
| Travel and accomodation                    |         | (4,522,172)         | (4,019,756)         |
|  |         | <b>(50,968,116)</b> | <b>(34,962,388)</b> |
|  |         | <b>(84,430,909)</b> | <b>(60,647,638)</b> |

The supplementary information presented does not form part of the annual financial statements and is unaudited

## THE COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

# LICENSING



CRAN is mandated by the Communications Act, 2009 (Act No.8 of 2009) to grant, renew, amend, transfer, suspend and revoke licences in the areas of broadcasting and telecommunications services in Namibia. CRAN's licensing regime is technology neutral, thus allowing the end user to have more choices.

### Broadcasting Service Licence Categories

#### Commercial Broadcasting Service

A broadcasting service operating for profit.

#### Community Broadcasting Service

A broadcasting service that serves a particular community (either geographic or a group of persons having a common interest) and is wholly-owned by a non-profit association registered in terms of section 21 of the Companies Act, 2004 (Act No.28 of 2004), if it is not registered, then it should be established in terms of a constitution (or other agreement) containing provisions that comply with the effect of the provisions of section 21 of the Companies Act, 2004 (Act No.28 of 2004).





### Signal Distribution

The conveyance of a broadcasting signal in its final content format on behalf of a broadcasting licensee to its listener base, in the geographical area it is licenced for.

### Multiplex

Means the operation of multiplexer equipment for the purpose of delivering broadcasting services.

### Class Comprehensive Multiplex and Signal Distribution

Means providing an electronic communications network service for signal distribution as well as operation of multiplexer equipment for the purpose of delivering broadcasting services.

## Telecommunications Service Licence Categories

### Class ECS

This licence allows a licensee to provide telecommunications services to its customers over a licensee's network.

### Class ECNS

This licence allows a licensee to roll out and operate physical electronic infrastructure. This network can be made up of any technology that the licensee may choose and may enter into commercial agreements with other licensees to allow them to use its network. eg. a Class ECS licensee.

### Class Comprehensive Telecommunications Service Licence (ECNS and ECS)

This licence is a combination of ECNS and ECS and therefore allows the licensee to provide services to its customers and, own and operate a network.

### Network Facilities

This licence allows the licensee to construct, maintain, own and make available one or more network elements, infrastructure or other facilities that facilitate the provision of telecommunications services, broadcasting services, electronic communications services or application services including content services.



# APPRECIATION TO THE FOUNDING BOARD OF DIRECTORS



Lazarus N. Jacobs (Chairperson)



The late Hilma T. Hitula (Vice-Chairperson)



Tylvas N. Shilongo (Member)



Dr. Tulimevava Kaunapawa T. Mufeti (Member)



Edwin D. Beukes (Member)

We herewith extend and express our immense gratitude to the founding Board of Directors for moulding the Authority into the success story it is today.

The founding Board of Directors believed in the Authority and motivated the team to work harmoniously together to achieve their shared goals. They provided a wealth of knowledge and wisdom, steering the Authority in the right direction and fostering an environment conducive to the fast evolving Information and Communications Technology (ICT) sector.

One of the many traits of the founding Board of Directors that

will remain with the team for years to come was their ability to strategically evaluate the ICT sector in order to address communication needs in Namibia and to strive towards ensuring that all Namibians have access to ICT technology. We at the Authority remain inspired by their meticulous approach to their work.

We also particularly admire the founding Board of Directors' professionalism and positive demean-

our. Passionate about the work of the Authority, the founding Board of Directors always ensured that employees were treated with respect and that individuals' unique talents could be bred. They established a cohesive and disciplined work environment through which all people were treated with kindness.

The founding Board of Directors never hesitated to consult the Authority when needed in order to

meet their fiduciary responsibilities. Through systematic and analytical approaches, the founding Board of Directors built a sturdy foundation for the Authority to achieve its vision.

Thank you for your unwavering support to the Authority.



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