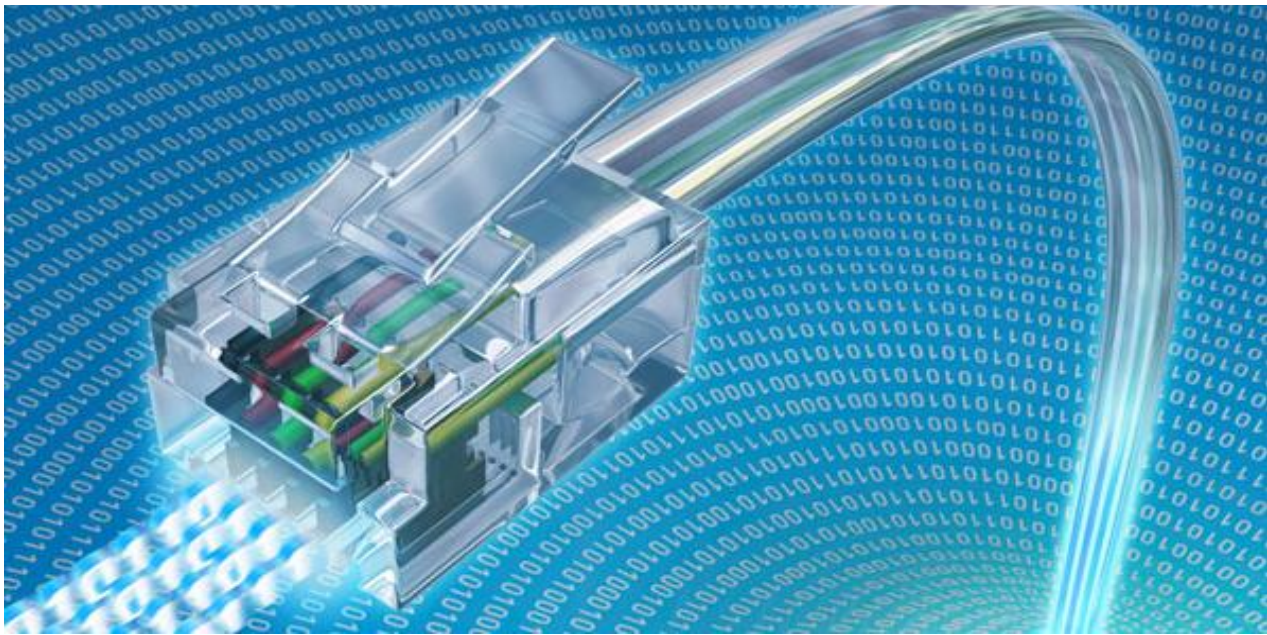


# Post, Broadcasting and Telecommunications Market and Industry Report



## FOURTH QUARTER (OCTOBER-DECEMBER 2016)

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### Legal Disclaimer

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## **1.0 Introduction**

This report is a summary of the analysis done on the market and industry data largely extracted from the operational reports of licensees in Uganda's Communications Industry for the period October to December 2016. In this report, data for Q4 (October-December 2016) is compared against that for Q3 (July-September 2016). The information derived from the market and industry data covers the following key aspects of the communications sector:

- a) Macro-economic factors
- b) Mobile Telephony
- c) Fixed Telephony
- d) Tele-density
- e) Traffic Growth
- f) Communications Infrastructure
- g) Internet/data Services
- h) Tariffs
- i) Tax revenue contributions of the communications sector
- j) Mobile money services
- k) Broadcasting and Postal Services
- l) Consumer Affairs

## **2.0 Macro-economic Factors**

Macro-economic factors especially exchange rates and inflation have an impact on the operations of telecommunication, broadcasting and postal operators. A big percentage of the investment and operational expenditures is denominated in foreign currencies (especially the US Dollar), while the increase in prices of commodities as well has a direct effect on the operations of these companies.

### **2.1 Consumer Price Index (CPI)**

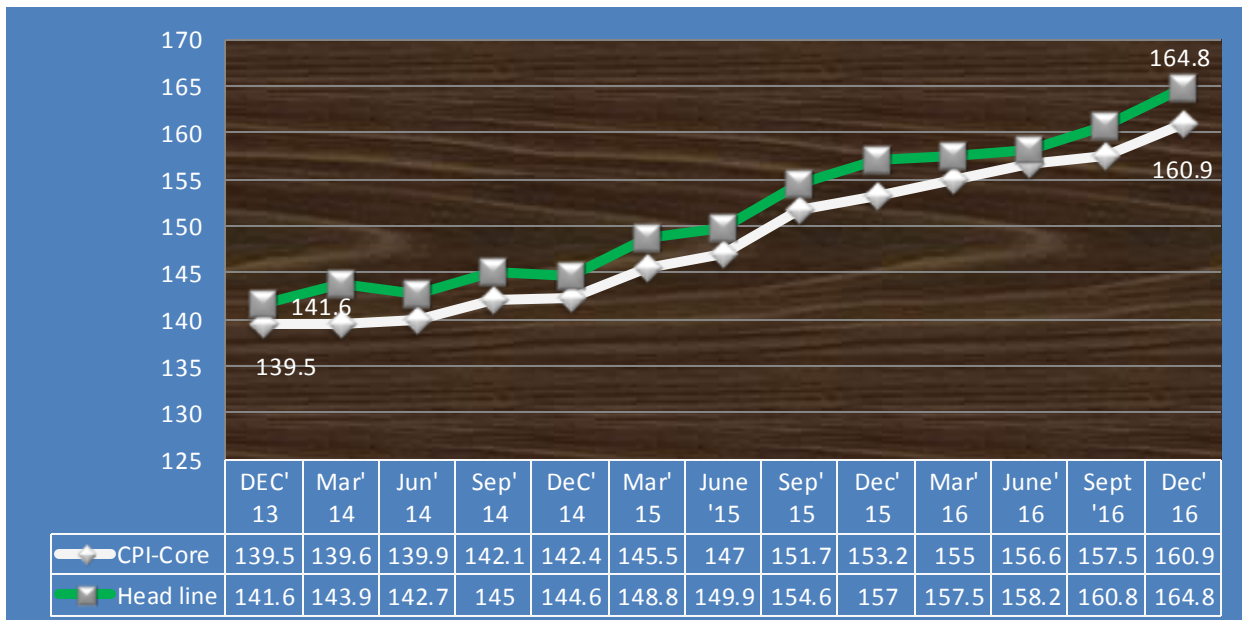
Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. CPI is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living. High prices in these goods and services indirectly affect consumption of communications services.

### 2.1.1 Core CPI

Core CPI is the consumer price index excluding energy and food prices. The Core CPI is widely used because food and energy prices can be very volatile, and this wide amount of movement would unfairly bias the measure of inflation.

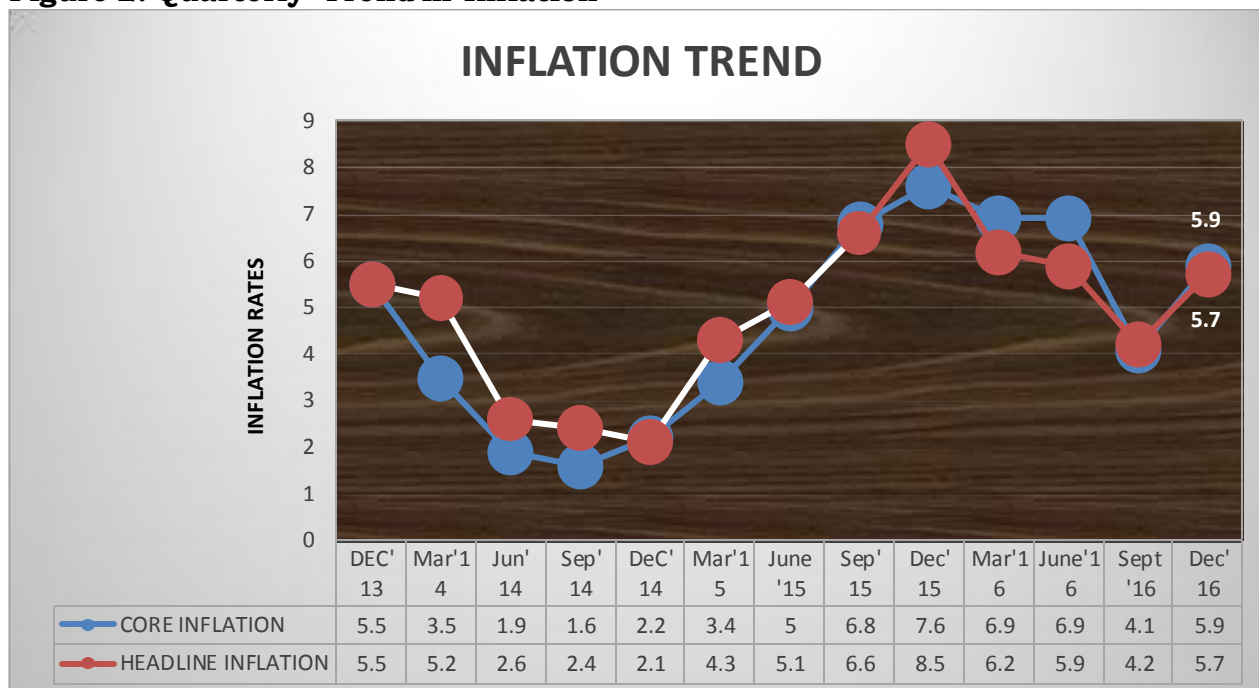
The Consumer Price Index (Core) increased from 157.1 in September 2016 to 160.9 in December 2016, leading to a 3.8% increment compared to an increase of 0.6% realised in the previous quarter. This shows an upward shift in the cost of living relative to the previous quarter. This had a negative impact, though indirectly, on the consumption of communication services.

**Figure 1: Quarterly -Trend in Consumer Price Index**



Source: BOU

**Figure 2: Quarterly -Trend in Inflation**

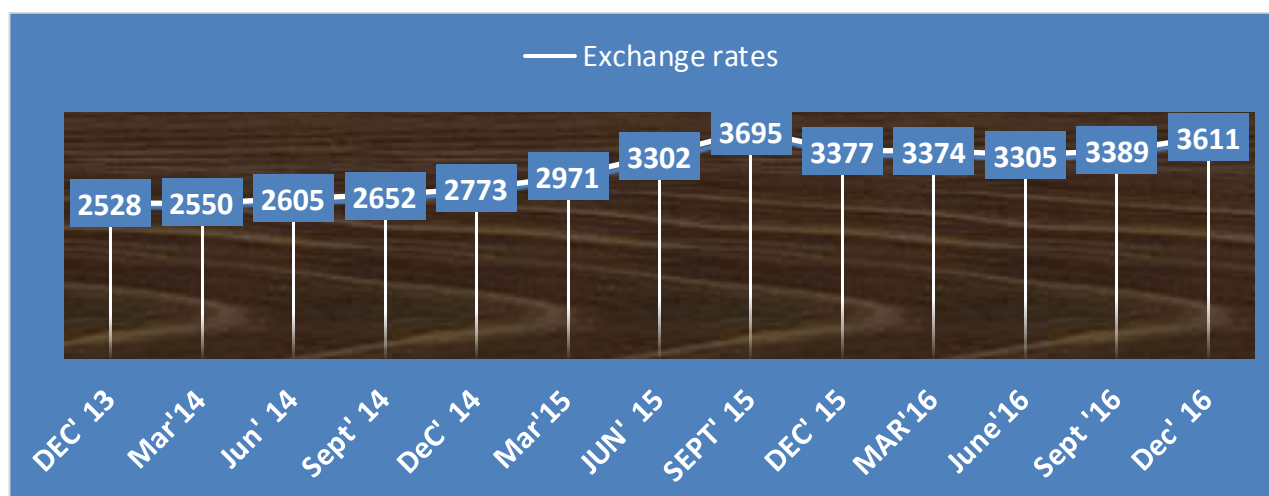


*INFLATION TREND (BASE: 2009/ 10=100), Source: BOU*

## 2.2 Exchange Rate

In this Quarter, the Shilling lost its value against the United States Dollar (USD) by 6.6% down from UGX 3389 per USD at the end of September 2016 to UGX 3611 at end of December 2016. The depreciation of the UGX against the USD inevitably led to an increase in the cost of communication services, given that most of the costs in the industry are foreign currency denominated.

**Figure 3: Trend in Exchange Rates of the Shilling against the USD**



*Source: BOU*

## 4.0 Telecommunications

### 4.1 National Telephony

In this quarter, the total mobile and fixed telephony subscriptions increased from 22,362,142 in the previous quarter to 23,206,729 a growth of 844,587 subscribers (3.8%) compared to the 0.6% drop realised in the previous quarter.

### 4.2 Mobile Telephony

The pre-paid subscription grew by 793,410 (3.62%) and post-paid subscriptions grew by 48,632 (53%) compared to the (0.15%) and (4.9%) respective drop experienced in the previous quarter.

### 4.3 Fixed Telephony

Fixed subscription grew from 365,698 to 368,243 (0.7%) compared to the 7.3% growth registered in the previous quarter.

**Table 1: Mobile and Fixed Telephony**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Mobile Subscriptions (pre-paid)</b>	21,904,627	22,698,037	3.62
<b>Mobile Subscriptions (post-paid)</b>	91,817	140,449	52.97
<b>Fixed subscriptions</b>	365,698	368,243	0.7
<b>National status</b>	22,362,142	23,206,729	3.8
<b>Tele-density</b>	61.1	63.4	3.8
<b>Population (Projection-UBOS-Annual)</b>	36,593,000	36,593,000	

### 4.4 Tele-density

Tele-density is the number of telephone connections for every hundred individuals living within an area (in this case Uganda). The sector registered a

growth of 3.8% in tele-density in the period under review. The previous quarter however, had registered a 0.01% drop in tele-density.

#### 4.5 Short Message Services (SMS)

The sector registered positive development in SMS services. The out-going **on-net** SMS grew by 18.8%, the out-going **off-net** SMS grew by 3.1%, the International outgoing SMS dropped by 19.7% and the international incoming SMS grew by 3.24%.

**Table 2: Mobile Data SMS**

Mobile Data (SMS)	Q3 2016	Q4 2016	% change
<b>Out-going On net SMS</b>	1,011,595,362	1,197,065,579	18.3
<b>Out-going SMS Off net</b>	24,981,585	25,762,437	3.13
<b>International Out-going SMS</b>	4,773,821	3,832,178	-19.7
<b>International Incoming SMS</b>	17,598,379	18,168,221	3.24

#### 4.6 Traffic Growth

##### 4.6.1 On-net & off-net Voice Traffic

During this quarter, both the On-net traffic and the Off-net traffic dropped by 0.7% and 9.2% respectively.

**Table 3 On-net and Off-net Traffic data (Minutes)**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>On net traffic (voice)</b>	6,108,135,320	6,063,649,957	-0.73
<b>Off net traffic (voice)</b>	269,133,418	244,423,011	-9.17

**4.6.2 International Voice Traffic**

The international incoming voice traffic dropped by 3.2% while the international outgoing voice traffic grew by 3.9%. This opposite pattern was observed in the previous quarter (what were the figures)?

**Table 4. International Traffic (Minutes)**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>International traffic (voice incoming to mobile)</b>	105,369,830	101,981,079	-3.2
<b>International traffic (voice outgoing)</b>	57,367,245	59,595,433	3.9

**4.6.3 Roaming Traffic (Voice)**

Roaming traffic in foreign networks dropped by 2.8% compared to the 2.8% increase registered in the previous quarter. Roaming by foreign networks as well dropped by 21.6% compared to the 36.6% growth experienced in the previous quarter.



**Table 5. Roaming Traffic (Minutes)**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Roaming in foreign networks</b>	13,252,340	12,885,369	-2.8
<b>Roaming by foreign networks</b>	14,450,181	11,322,779	-21.6

## 4.7 Communications Infrastructure

### 4.7.1 Public Infrastructure Providers (PIP) and Public Service Providers (PSP)

The number of PIPs remained unchanged at 22. The number of PSPs as well remained unchanged at 30.

The number of Base Transceiver Stations (BTSs) increased during the quarter by 0.53% from 4,153 to 4,175. In the previous quarter, a growth of 1.6% was registered.

**Table 6. Communications Infrastructure Data**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Public Infrastructure Provider (PIP)</b>	22	22	0.0
<b>Public Service Provider (PSP) Voice and Data and Capacity Resale.</b>	30	30	0.0
<b>Number of Base Transceiver Stations (BTS)</b>	4,153	4,175	0.53

## 5.0 Internet Services

### 5.1 Mobile and Fixed Internet services

The sector registered an estimated 6.1% growth in mobile internet subscription (527,524 new subscribers) and a 3.2% growth in fixed internet subscription

(4,650 new subscribers) in the same period. The estimated internet users increased by 13.3% from 16,765,686 to 18,999,112 in this quarter. The internet penetration increased from 45.8% to 48.7%

**Table 7. Internet and Data**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Estimated Internet Subscription (Mobile)</b>	8,594,668	9,122,192	6.1
<b>Estimated Internet Subscription (Fixed)</b>	143,650	148,300	3.2
<b>Estimated Internet users</b>	16,765,686	18,999,112	13.3
<b>Internet Penetration per 100 population</b>	45.8	48.7	2.9

## 5.2 Bandwidth

Bandwidth - the data transfer rate - is the amount of data that can be carried from one point to another in a given time period (usually per second). The total bandwidth (Mbps) grew by 11%. This means increased network capacity to carry larger volume of information per second from one location to the next. This indirectly leads to improved network performance hence higher speed internet services to internet users. The bandwidth per one million inhabitants also grew by 11% in this quarter.

**Table 8. Bandwidth**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Total Bandwidth (mbps)</b>	45,030.9	49,984.3	11
<b>Bandwidth per million inhabitants</b>	1,230.6	1,366.0	11

## 6.0 Tariffs

All the operators are operating different tariff plans, and the comparative rates are available on [www.price-check.co.ug](http://www.price-check.co.ug) and [www.kompare.ug](http://www.kompare.ug) which are online resources for evaluation and comparison of different tariff plans. The two price comparator service providers have UCC approval to offer the service.

## 7.0 Telecommunication Revenue

The revenue collected from Exercise Duty dropped from UGX 71.8bn to UGX 64.4bn, reflecting a 10.3% decrease. VAT payments increased from UGX 43bn in the previous quarter to UGX 58bn in this quarter, a 35.8% increase, while PAYE dropped from UGX 11.1bn to UGX 8.5bn, reflecting a 23.7% drop.

**Table 9. Telecommunications Tax Revenue**

Indicators	Q3 2016	Q4 2016	Change (%)
Excise (UGX)	71,797,963,036	64,425,672,432	-10.3
VAT (UGX)	42,968,460,464	58,344,272,317	35.8
PAYE(UGX)	11,126,939,301	8,495,134,931	-23.7
<b>Total</b>	<b>125,893,362,801</b>	<b>131,265,079,680</b>	

## 8.0 Broadcasting

In this sub sector, the number of operational Free-to-Air (FTA) TV stations is 28, while the number of digital terrestrial TV stations, digital satellite TV stations and cable TVs remained unchanged at two (2), four (4) and three (3) respectively. The number of operational FM stations remained unchanged too at 292 as shown in Table 10.

**Table 10. Broadcasting Indicators**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Operational Free to Air TV service providers</b>	28	28	0
<b>Operational TV stations (Digital terrestrial stations)</b>	2	2	0
<b>Operational TV stations (Digital satellite stations)</b>	4	4	0
<b>Cable TVs</b>	3	3	0
<b>Operational FM Radio stations</b>	292	292	0

### 9.0 Pay Television

Seven (7) Pay Televisions are operational in the market, two (2) of which broadcast using terrestrial, four (4) use satellite and one (1) broadcasts over cable. Four Pay TVs broadcast country wide. Table 11 below lists the Pay TV companies and their areas of coverage.

**Table 11. Pay TVs, Mode of broadcasting and Geographical coverage**

No.	Station Name	Mode of Broadcasting	Transmitter locations giving 60km radius of Coverage from each location
1.	CITI CABLE	Cable Internet	Kampala and Jinja (2)
2.	GOtv	Terrestrial	Kampala, Jinja, Iganga, Mbarara, Kasese Masaka, Mbale, Lira, Gulu, Arua,
3.	STARTIMES	Terrestrial	Bugiri, Jinja, Kampala, Luwero, Masaka, Mbale, Mbarara, Mukono, Nakasongola, Tororo and Wakiso (11)
4.	DStv	Satellite	Countrywide
5.	AZAM TV	Satellite	Countrywide
6.	STARTIMES	Satellite	Countrywide
7.	ZUKU TV	Satellite	Countrywide

## 10.0 Postal Services

In this review period, this subsector registered negative development in all lines of operations save for letters coming to Uganda from America which grew from 2,017 in the previous quarter to 4,057 in the current quarter, yielding 100% growth. All the other remaining lines of operations for both incoming and outgoing namely; East African letter post, European letter post, Rest of Africa letter post and Rest of the world letter post registered negative growth as shown in table 12 below.

**Table 12. Postal Data**

Indicators	Q3 2016	Q4 2016	Change (%)
<b>Courier Licence operators (International, Regional, Domestic)</b>	(8,5,11)	(8,5,11)	N/A
<b>East African Letter Post (Incoming)</b>	6,077	4,283	-29.5
<b>East African Letter Post (Outgoing)</b>	746	482	35.3
<b>Rest of Africa (Incoming)</b>	3,247	643	80.1
<b>Rest of Africa (Outgoing)</b>	1,169	691	40.9
<b>European Letter Post (Incoming)</b>	14,672	8,900	-39.3
<b>European Letter Post (Outgoing)</b>	20,452	5,507	-73.1
<b>American (Incoming)</b>	2,027	4,057	100.1
<b>American (Outgoing)</b>	7,088	5,350	24.5
<b>Rest of the world (Incoming)</b>	6,495	748	88.5
<b>Rest of the world (Outgoing)</b>	3,019	1,728	42.8

## 11.0 Mobile Money Services

The number of mobile money subscribers grew by 4.7% to 20.6million up from 20.6million subscribers. The number of transactions grew from UGX 229 million to UGX 291million, a growth of 12.5%. The value of transaction grew from UGX 11.4 trillion to UGX 13.1 trillion, resulting into a 12.7% growth.

The balance on customer accounts grew by 2.1% from UGX 313.6 billion to UGX 320 billion. The number of mobile money agents grew by 6.4% from 119,581 to 127,292 in the current quarter.

**Table 13. Mobile Money Services**

	Q3 2016	Q4 2016	Variations (%)
Number of Mobile money subscribers	20,622,252	21,585,484	4.7
Number of Transactions	259,093,469	291,373,524	12.5
Value of Transactions	11,482,377,286,897	13,079,801,115,908	13.9
Balance on customer accounts	320,048,394,265	353733473433	10.5
Number of mobile money agents	127,292	132,937	4.4

**Source: Bank of Uganda**

## 12.0 Consumer Affairs

Consumers of communication services when dissatisfied with a service are required to first lodge complaints with their respective service providers. Where a consumer remains dissatisfied, they can then lodge complaints with UCC, at which point it becomes a second level complaint. The data used in this report represent second level complaints to UCC. However, the figures may include some first level complaints from consumers who claim inability to access their service providers.

A total of 34 complaints were received from the consumers of which 29 were resolved and closed, 5 were pending, awaiting response from service provider.

Out of all the complaints received:

- 40% of the complaints were received through e-mail,
- 28.6 % of the complaints were received through phone calls,
- 14.3% of the complaints were received through walk-in clients,
- 2.9 % of the complaints were received through letters to the Commission.

**TABLE 14. Complaint types received, resolved and pending for the period under review**

<b>COMPLAINT TYPE</b>	<b>RECEIVED</b>	<b>RESOLVED</b>	<b>PENDING</b>
UNSOLICITED MESSAGES	6	6	0
QUALITY OF SERVICE RELATED ISSUES	6	5	1
MOBILE MONEY SERVICES	5	5	0
BILLING	4	4	0
GPRS SERVICES	3	3	0
FRAUD	3	0	3
BROADCASTING	3	2	1
COUNTERFEIT	1	1	0
SIMCARD REGISTRATION	1	1	0
AIRTIME LOADING	1	1	0
OTHERS	1	1	0
<b>TOTAL</b>	<b>34</b>	<b>29</b>	<b>5</b>

Table 15 shows that there was a 7% increase in the percentage of secondary complaints resolved by the operators compared to the 3% decrease realised in the previous quarter.

**Table 15. Second Level Consumer Complaints**

<b>REVIEW OF COMPLAINTS RECEIVED</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Change (%)</b>
<b>Percent of Complaints resolved</b>	84	85	1

<b>Percent of Pending complaints</b>	16	15	1
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### 12.1: Nature of complaints received and resolved

As shown in Figure 4, the highest number of complaints registered in this quarter were on unsolicited messages as was the case in the previous quarter. This is followed by quality of service related issues.

**Figure 4: Nature of complaints received resolved and pending**

