

Post, Broadcasting and Telecommunications Market and Industry Report



FIRST QUARTER (JANUARY-MARCH 2016)

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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 January to March 2016. In this report, data for Q1 (January-March 2016) is compared against that for Q4 (October-December 2015). 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)

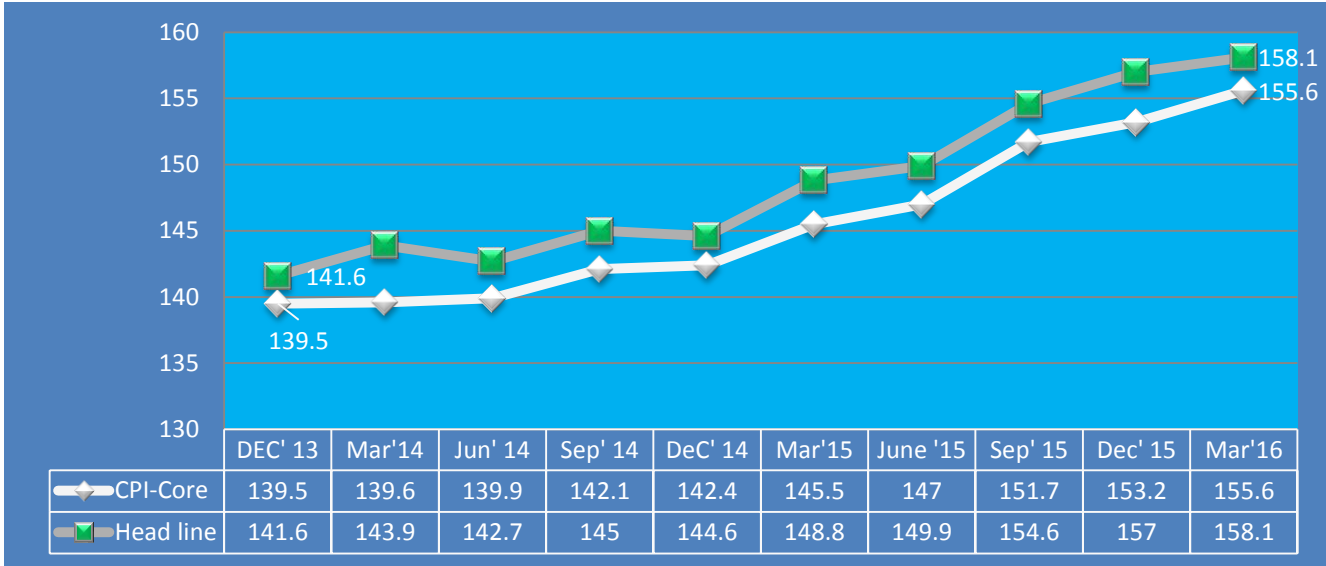
Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. CPI is calculated by taking price changes for each item in the pre-determined basket of goods and averaging them; the goods are 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 (CPI) 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.

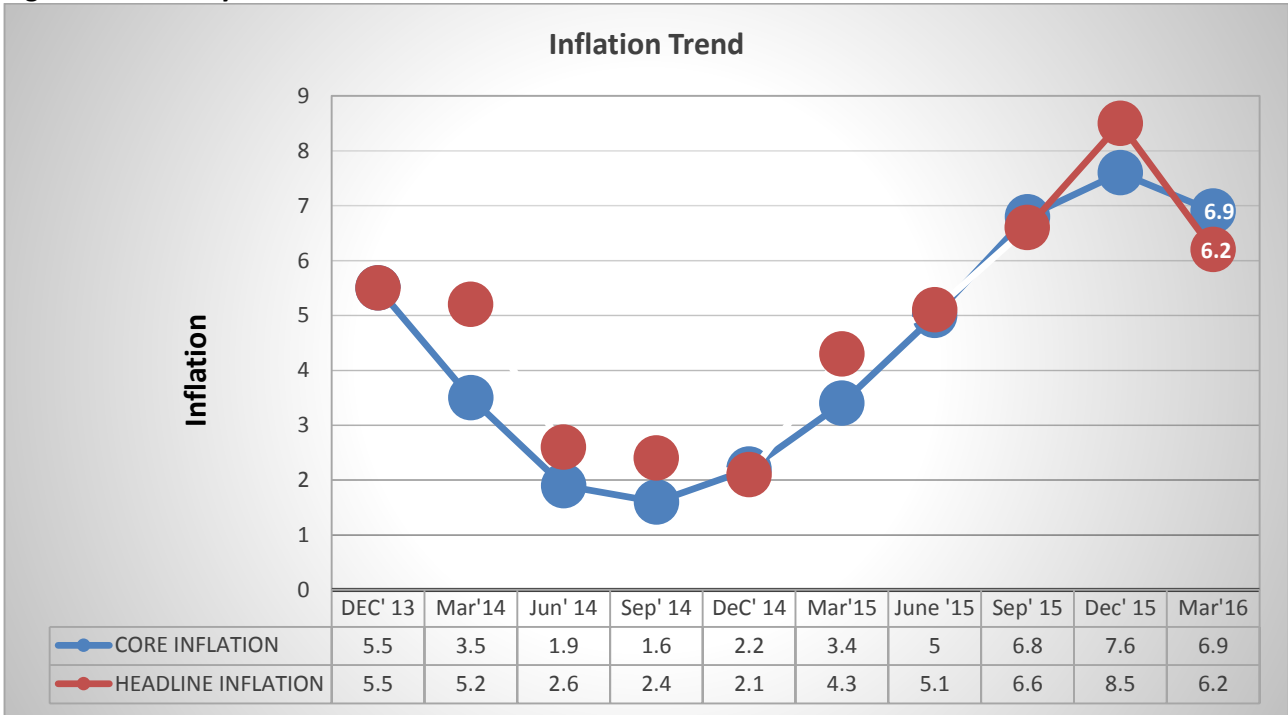
The Consumer Price Index (Core) increased from 153.2 in December 2015 to 155.6 in March 2016, leading to a 1.6% increment compared to an increase of 1.5% realised in the previous quarter. This shows an upward shift in the cost of living relative to the previous quarter. This had a negative impact, though indirectly, on the consumption of communication services.

Figure 1: Quarterly -Trend in Consumer Price Index



Source: BOU

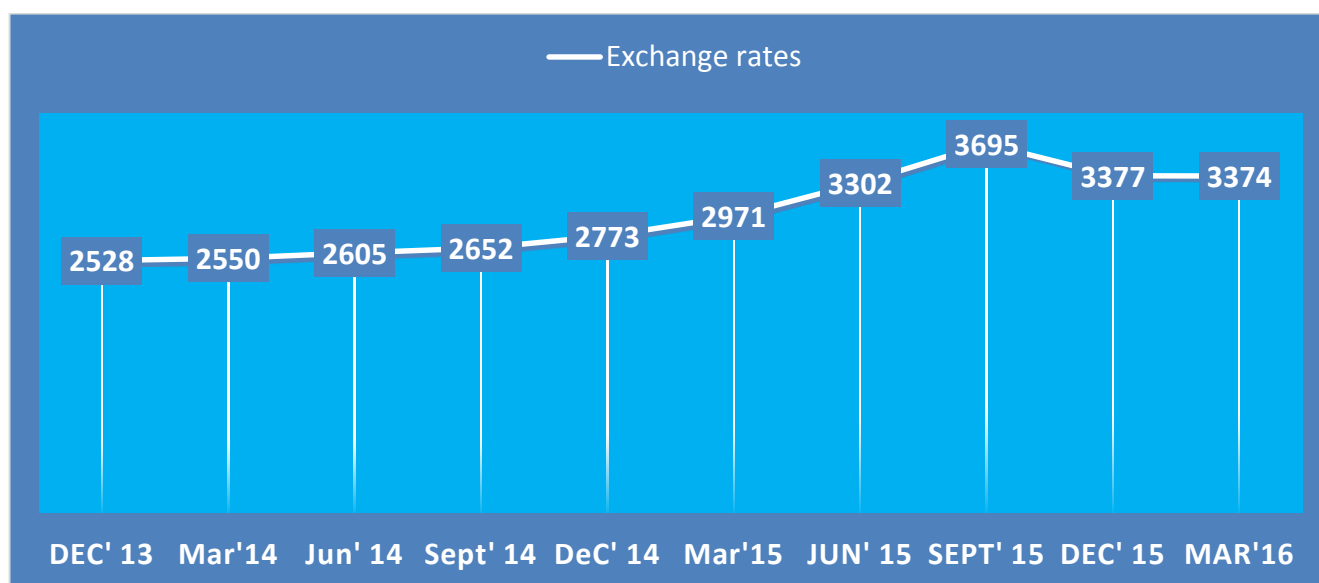
Figure 2: Quarterly -Trend in Inflation



2.2 Exchange Rate

In this Quarter, the Uganda Shilling (UGX) further regained its value against the United States Dollar (USD) by 0.09% down from UGX 3377 per USD at the end of December 2015 to UGX 3374 at end of March 2016. The appreciation of the Shs against the USD most likely led to a decline in 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 20,549,084 to 21,491,384 an increase of 942,300 subscribers (4.6%) compared to the 10.6% drop realised in the previous quarter.

4.2 Mobile Telephony

The pre-paid subscription grew by 873,906 (4.3%) and post-paid subscriptions dropped by 2,012 (2.3%) compared to the (10.7%) and (17.0%) respective drops experienced in the previous quarter.

4.3 Fixed Telephony

Fixed subscription grew from 328,811 to 399,217 (21.4%) compared to the 0.5% growth registered in the previous quarter.

Table 1: Mobile and Fixed Telephony

Indicators	Q4 2015	Q1 2016	Change (%)
Mobile Subscriptions (pre-paid)	20,133,363	21,007,269	4.3
Mobile Subscriptions (post-paid)	86,910	84,898	-2.3
Fixed subscriptions	328,811	399,217	21.4
National status	20,549,084	21,491,384	4.6
Tele-density	59	58.7	-0.5
Population (Projection-UBOS)	34,856,813	36,593,000	5.0

4.4 Tele-density

Telephone density or tele-density is the number of telephone connections for every hundred individuals living within an area (in this case Uganda). The sector registered a drop of 0.5% in tele-density in the period being reviewed resulting into a tele-density of 58.7. The previous quarter however, had registered a 5.3% growth in tele-density.

4.5 Traffic Growth

4.5.1 On-net & off-net Voice Traffic

During this Quarter, both the on-net and off-net traffic grew by 7.8% and 5.2% respectively. In the previous quarter, growth was registered for both indicators as well.

Table 2 On-net and Off-net Traffic data (Minutes)

Indicators	Q4 2015	Q1 2016	Change (%)
On net traffic (voice)	5,004,168,459	5,393,140,320	7.8
Off net traffic (voice)	285,069,810	299,776,216	5.2

4.5.2 International Voice Traffic

The international incoming voice traffic dropped by 13.4% while the international outgoing voice traffic grew by 5.3%. This same pattern was observed in the previous quarter.

Table 3. International Traffic (Minutes)

Indicators	Q4 2015	Q1 2016	Change (%)
International traffic (voice incoming to mobile)	116,001,574	100,447,082	-13.4
International traffic (voice outgoing)	58,624,564	61,724,865	5.3

4.5.3 Roaming Traffic (Voice)

Roaming traffic in foreign networks decreased by 57.6% compared to the 14.0% increase registered in the previous quarter. Roaming by foreign networks increased by 8.8% compared to the 6.0% increase experienced in the previous quarter.

Table 4. Roaming Traffic (Minutes)

Indicators	Q4 2015	Q1 2016	Change (%)
Roaming in foreign networks	28,811,152	12,204,213	-57.6
Roaming by foreign networks	10,088,603	9,200,592	-8.8

4.6 Communications Infrastructure

4.6.1 Public Infrastructure Providers (PIP) and Public Service Providers (PSP)

The number of PIPs remained unchanged at 23. The same applies to the number of PSPs which is still 24. Thus no new entry was made into the market during this quarter.

The number of Base Transceiver Stations (BTSs) dropped during the quarter by 2.1%. In the previous quarter, however, a growth of 0.85% was registered.

Table 5. Communications Infrastructure Data

Indicators	Q4 2015	Q1 2016	Change (%)
Public Infrastructure Provider (PIP)	23	23	0.0
Public Service Provider (PSP) Voice and Data and Capacity Resale.	24	24	0.0
Number of Base Transceiver Stations (BTS)	4,146	4060	-2.1

5.0 Mobile and Fixed Internet services

The sector registered a 1.5% growth in mobile internet subscription (111,495 new subscribers) and a 3.2% growth in fixed internet subscription (4,150 new subscribers) in the same period. The estimated internet users increased by 5.2% from 13,842,464 to 14,564,660 in this quarter. The internet penetration increased from 39.7% to 39.8% a growth of 0.1

Table 6. Internet and Data

Indicators	Q4 2015	Q1 2016	Change (%)
Estimated Internet Subscription (Mobile)	7,349,540	7,461,035	1.5
Estimated Internet Subscription (Fixed)	130,200	134,350	3.2
Estimated Internet users	13,842,464	14,564,660	5.2
Internet Penetration per 100 population	39.7	39.8	0.3

5.1 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 8%. 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 2.9% in this quarter.

Table 7. Bandwidth

Indicators	Q4 2015	Q1 2016	Change (%)
Total Bandwidth (mbps)	35,746.97	38,606.7	8.0
Bandwidth per million inhabitants	1,025.5	1,055.0	2.9

6.0 Short Message Services (SMS)

The sector registered positive development in SMS services. The out-going on-net SMS increased by 26.6%, outgoing off-net SMS increased by 11.4%, the International outgoing SMS increased by 41.8%, while the international incoming SMS as dropped by 5.3%.

Table 8. Mobile data SMS

Mobile Data (SMS)	Q4 2015	Q1 2016	% change
Out-going On net SMS	962,158,868	1,218,556,245	26.6
Out-going SMS Off net	27,814,198	30,991,796	11.4
International Out-going SMS	3,168,162	4,493,095	41.8
International Incoming SMS	23,896,000	22,262,185	-5.3

7.0 Tariffs

All the operators are operating at different tariff plans, as such comparative rates are available on www.price-check.co.ug and 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.

8.0 Telecommunication Revenue

The revenue collected from Exercise Duty dropped from UGX 58.2bn to UGX 54.9bn, reflecting a 5.8% drop. VAT payments as well dropped from UGX 45.3bn in the previous quarter to UGX 43.4bn in this quarter, a 4% drop, while PAYE increased from UGX 7.7bn to UGX 9.0bn, reflecting a 18.1% growth.

Table 9. Telecommunications Tax Revenue

Indicators	Q4 2015	Q1 2016	Change (%)
Excise (UGX)	58,248,112,420	54,860,230,243	-5.8
VAT (UGX)	45,252,309,064	43,445,518,782	-4.0
PAYE(UGX)	7,650,099,630	9,036,064,426	18.1

9.0 Broadcasting

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

Table 10. Broadcasting Indicators

Indicators	Q4 2015	Q1 2016	Change (%)
Operational Free to Air TV service providers	28	28	0
Operational TV stations (Digital terrestrial stations)	2	2	0
Operational TV stations (Digital satellite stations)	4	4	0
Operational FM Radio stations	292	292	0

9.1 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.	DStv	Satellite	Countrywide
2.	GOtv	Terrestrial	Kampala, Jinja, Iganga, Mbarara, Kasese Masaka, Mbale, Lira, Gulu, Arua,
3.	CITI CABLE	Cable Internet	Kampala and Jinja (2)
4.	AZAM TV	Satellite	Countrywide
5.	STARTIMES	Satellite	Countrywide
6.	STARTIMES	Terrestrial	Bugiri, Jinja, Kampala, Luwero, Masaka, Mbale, Mbarara, Mukono, Nakasongola, Tororo and Wakiso (11)
7.	ZUKU TV	Satellite	Countrywide

10.0 Postal Services

The East African letter post incoming dropped from 15,575 in the previous quarter to 7,460 in the current quarter resulting into 52.1% drop in the service. The East African letter post outgoing dropped from 6,003 in the previous quarter to 2,383 in the current quarter, resulting into 60.3% drop in the service. The incoming European letter post dropped by 60.6% from 124,163 to 48,956, while the Outgoing European letter post grew by 4.2% from 32,888 to 34,268.

The incoming letter post from rest of Africa dropped by 34.3% from 11,827 to 7,772, while the Outgoing letter post to rest of Africa grew by 329.2% from 715 to 3,069.

The incoming letter post from America dropped by 59.9% from 43,892 to 17,611 similarly the Outgoing letter post to America dropped by 16.1% from 12,407 to 10,405.

The incoming letter from Rest of the World dropped by 66.2% from 84,022 to 28,392, whereas the outgoing letter post to rest of the world grew by 11.5% from 6,934 to 7,734.

Table 12. Postal Data

Indicators	Q4 2015	Q1 2016	Change (%)
Courier Licence operators (International, Regional, Domestic)	(8,5,11)	(8,5,11)	N/A
East African Letter Post (Incoming)	15,574	7,460	-52.1
East African Letter Post (Outgoing)	6,003	2,383	-60.3
European Letter Post (Incoming)	124,163	48,956	-60.6
European Letter Post (Outgoing)	32,888	34,268	4.2
Rest of Africa (Incoming)	11,827	7,772	-34.3
Rest of Africa (Outgoing)	715	3,069	329.2
American (Incoming)	43,892	17,611	-59.9
American (Outgoing)	12,407	10,405	16.1
Rest of the world (Incoming)	84,022	28,392	-66.2
Rest of the world (Outgoing)	6,934	7,734	11.5

11.0 Mobile Money Services

The number of mobile money subscribers dropped by 10% down from 21.1million to 18.1m subscribers. The number of transactions dropped from UGX 200 million to UGX 197million resulting to 1% drop. The value of transaction dropped from UGX 9.4 trillion to UGX 9.1 trillion, resulting to a 3% drop.

The balance on customer accounts dropped by 1% from UGX 325 billion to UGX 323 billion. The number of mobile money agents grew by 2% from 109,458 to 111,791 in the current quarter.

Table 13. Mobile Money Services

	Q4 2015	Q1 2016	Variations (%)
Number of Mobile money subscribers	21,102,851	18,939,660	-10
Number of Transactions	200,057,441	197,321,475	-1
Value of Transactions	9,391,738,772,873	9,083,078,456,752	-3
Balance on customer accounts	325,266,377,490	323,477,543,078	-1
Number of mobile money agents	109,458	111,791	2

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 35 complaints were received from the consumers of which 27 were resolved and closed, 8 were pending, awaiting response from service provider.

Out of all the complaints received:

- 20% of them were through Phone Calls
- 48.5% received through Email
- 20% were Walk-In complaints
- 11.5% received through letters

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

COMPLAINT TYPE	RECEIVED	RESOLVED	PENDING
BILLING	5	3	2
INTERNET / GPRS SERVICES	5	5	0
QUALITY OF SERVICE RELATED ISSUES	6	4	2
MOBILE MONEY SERVICES	3	3	0
FRAUD	8	2	2
BROADCASTING	3	3	0
UNSOLICITED MESSAGES	7	6	1
CALLER TUNE	1	1	0
OTHERS	1	0	1
TOTAL	35	27	8

Others; these include complaints on issues such as adverts and counterfeit devices among others.

Table 15 shows that there was a 3% drop in the number of complaints resolved by the operators compared to the 9% increase realised in the previous quarter.

Table 15. Second Level Consumer Complaints

REVIEW OF COMPLAINTS RECEIVED	Q4 2015	Q1 2016	Change (%)
Percent of Complaints received and resolved	80	77	-3
Percent of Pending complaints	20	23	3

12.1: Nature of complaints received and resolved

As show in Figure 4, the highest number of complaints registered in this quarter were on mobile money related, broadcasting issues, billing and sim card registration.

Figure 4: Nature of complaints received resolved and pending

