
Post, Broadcasting and Telecommunications Market & Industry Report



**First Quarter
(January-March 2014)**

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1.0 Introduction

This report is a summary of the analysis done on the market and industry data extracted from the operational reports of all licensees in the communications sector, and covers the period January to March 2014. In this report, data from Q1 (January-March) is compared against that for Q4 2013 as the baseline which covers the period October to December, 2013. The information derived from the market and industry data covers the following aspects of the communications sector:

- a) Macroeconomic factors
- b) Mobile telephony
- c) Fixed telephony
- d) Teledensity
- 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 Macroeconomic Factors

Macroeconomic 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 are denominated in foreign currency (especially the US dollar), while the increase in prices of commodities as well has a direct effect on the operations of these companies, hence a snapshot into the movement of the exchange rate and the consumer price index.

2.1 Consumer Price Index (CPI)

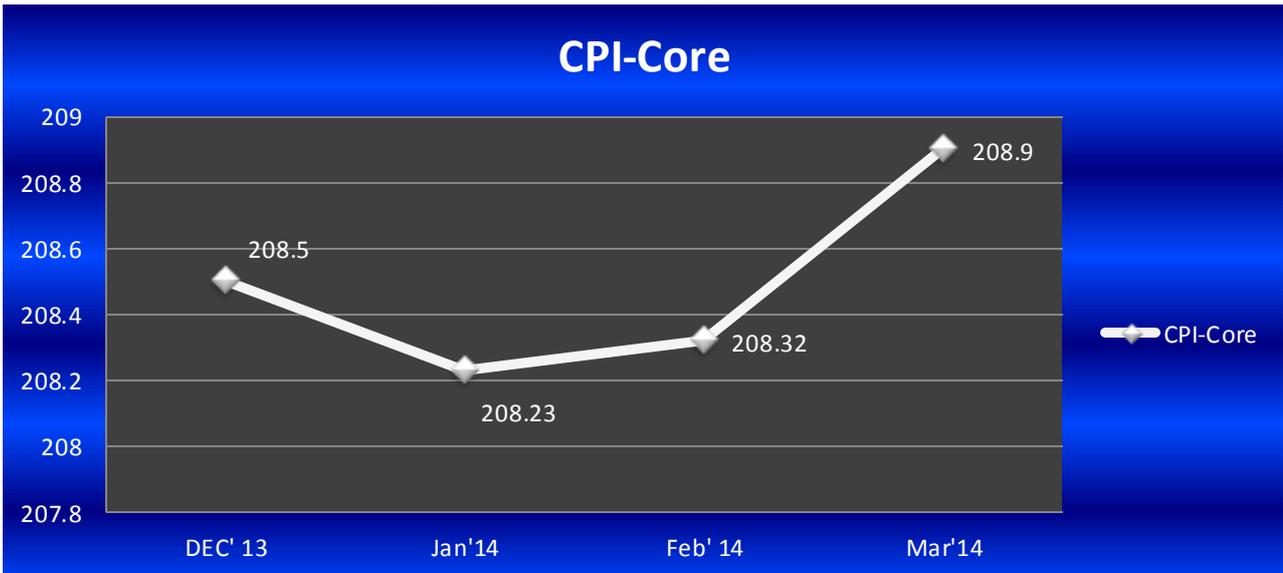
CPI IS a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

2.1.1 CORE CPI

A method for measuring core inflation. It is the consumer price index (CPI) excluding energy and food prices. There are many other methods for calculating core inflation, but this is the most popular measurement. This method has become the most 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 208.5 in December 2013 to 208.9 in March 2014, a marginal increment of 0.2%, compared to an increment of 0.9% in the previous quarter as indicated in Figure 1. This shows that there is an increased cost of living in this quarter compared to the previous quarter.

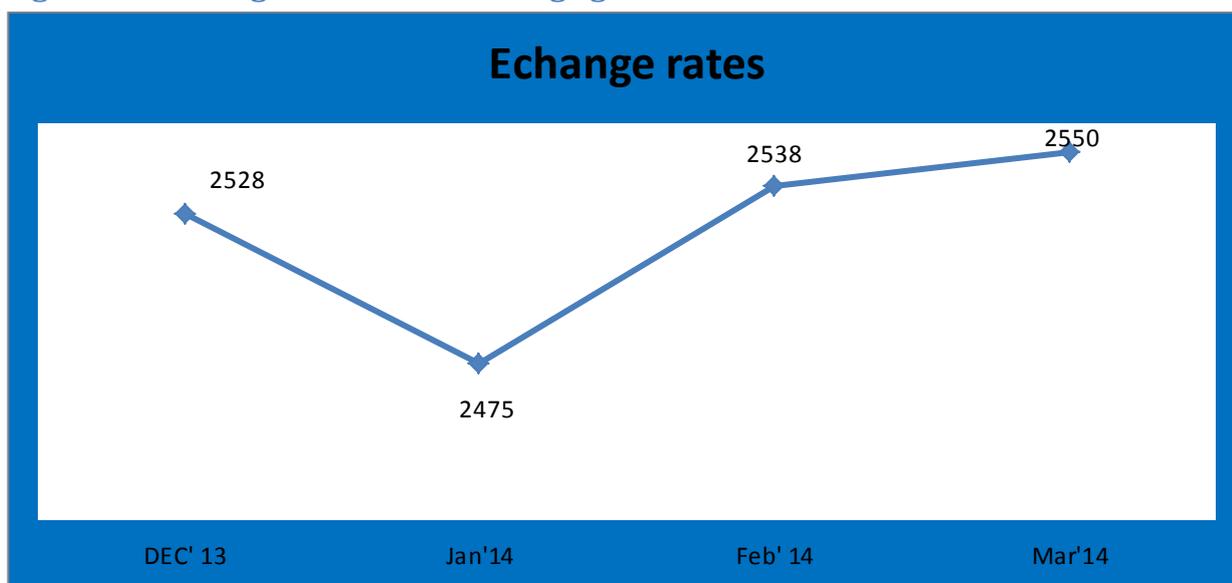
Figure 1: Consumer Price Index (Dec'13 to March'14)



2.2 Exchange Rate

During the quarter under review, the Shilling depreciated against the US\$ dollar by 0.9% from UGX2528/USD at the end of December 2013 to UGX2550/USD at the end of March 2014. The trend for the last four months shows an upward rise in favour of the dollar as shown in Figure 2.

Figure 2: Exchange Rate of the Shilling against the US\$



3.0 Telecommunications

3.1 Mobile Telephony

The total mobile and fixed telephony subscriptions increased from 18,341,492 to 19,169,671, an increment of 4.5% as was realised in the previous quarter. Whereas the mobile telephony subscriptions (prepaid) grew by 4.3%, the post paid subscription dropped by 6.2% compared to the respective growth of 4.7% and 2.0% experienced in the previous quarter as shown in Table 1.

3.2 Fixed Telephony

Fixed subscription grew by 21.4% compared to the 5.7% drop registered in the previous quarter. The detail statistics are shown in table 1.

Table 1: Mobile, Fixed Telephony

Indicators	Q4 2013	Q1 2014	Change (%)
Mobile Subscriptions (prepaid)	17,981,751	18,756,966	4.3
Mobile Subscriptions (post-paid)	86,897	81,489	-6.2
Fixed subscriptions	272,844	331,216	21.4
Teledensity	51.9%	52.4%	1.0%
Total	18,341,492	19,169,671	4.5

3.3 Tele-density

The sector registered an upward growth of 1.0% in teledensity in the period being reviewed resulting to a teledensity of 52.4%. The growth implies increased coverage of telephony services in the country. In the previous quarter, the sector had realised a 2.2% growth in teledensity which gave rise to a teledensity of 51.9%.

3.4 Traffic growth

3.4.1 On-net & off-net Voice Traffic

During the quarter under review, a 4.2% growth in the on-net voice traffic and a 58.0% drop in off-net voice traffic were realised. In the previous quarter, a 13.4% drop and a 50.9% growth were respectively realised in on-net and off-net traffics.

Table 2 On-net and Off-net Traffic data.

Indicators	Q4 2013	Q1 2014	Change (%)
On net traffic (voice)	3,309,029,048	3,447,617,407	4.2
Off net traffic (voice)	781,209,605	327,947,368	-58.0

3.4.2 International Voice Traffic

Both the international incoming voice traffic and the International outgoing voice traffic experienced a drop of 18.1% and 9.8% respectively. Similar trend was observed in the previous quarter in which 4.4% and a 3.1% drops were realised in international incoming voice traffic and the International outgoing voice traffic.

Table 3. International Traffic data.

Indicators	Q4 2013	Q1 2014	Change (%)
International traffic (voice incoming)	97,935,974	80,173,645	-18.1
International traffic (voice outgoing)	67,799,942	61,151,735	-9.8

3.4.3 Roaming traffic (Voice)

Roaming in foreign networks dropped by 9.3% and roaming by foreign networks grew by 22.5%. However, in the previous quarter the sector experienced a 27.6% drop in roaming in foreign networks and 45.3% drop in roaming by foreign networks.

Table 4. Roaming traffic data

Indicators	Q4 2013	Q1 2014	Change (%)
Roaming in foreign networks	35,195,916	31,938,664	-9.3
Roaming by foreign networks	5,085,964	6,229,640	22.5

3.5 Communications Infrastructure

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

The number of PIPs and PSPs remained unchanged at 24 and 36 respectively during the quarter. The number of Base Transmission Stations (BTSs) however changed from 3,646 to 3,673 resulting to a 0.7% growth.

Table 5. Communications Infrastructure data

Indicators	Q4 2013	Q1 2014	Change (%)
Public Infrastructure Provider (PIP)	24	24	0.0
Public Service Provider (PSP) Voice and Data	36	36	0.0
Infrastructure Statistics			
Number of Base Transmitter Stations (BTS)	3,646	3,673	0.7

3.6 Mobile & Fixed Internet services

The sector registered a 14.2% growth in mobile internet subscription from 3,625,559 subscribers in Q4' 2013 to 4,140,530 subscribers in Q1' 2014, and a 1.0% growth in fixed internet subscription from 100,900 subscribers to 101,900 subscribers in the same period. The estimated internet users increased by 11.5% from 7,314,395 in Q4' 2013 to 8,153,348 in Q1' 2014. As a result of the usage, the internet penetration increased from 20.7% to 22.0% as shown in table 6.

Table 6. Internet and Data

Indicators	Q4 2013	Q1 2014	Change (%)
Estimated Internet subscription (Mobile)	3,625,559	4,140,530	14.2
Estimated Internet subscription (Fixed)	100,900	101,900	1.0
Estimated Internet users	7,314,395	8,153,348	11.5
Internet penetration per 100 population	20.7	22.0	7.3

3.7 Tariffs

MTN, Airtel and UTL charges the same rate for per second calls for both on and off net calls. Orange and Suretel however, charges different rates as shown in table 7

Table 7 Mobile Prepaid Base Tariffs, UGX per sec - March 2014

	MTN	Airtel	UTL	Orange	Sure telecom	k2
On net	5	5	5	4	4	3
Off net	5	5	5	7	5	4

The SMS rates vary from one company to the other. Whereas MTN, Airtel and k2 Telecom have different on-net and off-net rates for peaks and off peaks times, Orange, UTL and Sure telecom offers same rates for on and off nets, peak and off peak.

Fig. 3 Mobile SMS rates, March 2014



3.8 Telecommunication Revenue

In the quarter under review, Excise Duty grew by 15% from Shs 40.6 billion in Q4 to Shs 46.8 billion in Q1. The Value Added Tax (VAT) grew by 29.2% from Shs 30.5 billion in Q4 to Shs 39.4 billion in Q1. However, the Pay As You Earn (PAYE) dropped by 2.1% from Shs 9.4 billion in Q4 to Shs 9.2 billion in Q1 as shown in table.

Table 8. Telecommunications Revenue Data

Indicators	Q4 2013	Q1 2014	Change (%)
Excise	40,640,402,037	46,751,391,675	15.0
VAT	30,520,897,531	39,433,985,413	29.2
PAYE	9,408,229,452	9,208,685,611	-2.1

4.0 Broadcasting

In this sub sector, no variation was noted on the number of analogue TV stations, the number of operational FM stations, the number of digital terrestrial TV stations, and the number of digital satellite TV stations as shown in Table 9.

Table 9. Broadcasting

Indicators	Q4 2013	Q1 2014	Change (%)
Operational TV stations (analogue)	67	67	0
Non Operational TV stations (analogue)	4	4	0
Operational TV stations (Digital terrestrial stations)	3	3	0
Operational TV stations (Digital satellite stations)	2	2	0
Operational FM Radio stations	253	253	0
Non operational FM Radio stations	40	40	0

5.0 Postal service

In the quarter under review, the sub sector experienced a 3.5% drop in domestic ordinary letter posted compared to the 8.2% growth experienced in the previous quarter, 58.6% drop in domestic registered letters posted compared to the 100.4% growth experienced in the previous quarter, and a 0.4% increase in Domestic EMS compared to the 32.8% drop experienced in the previous quarter. The details are shown in table 10 below.

Table 10. Postal Data

Indicators	Q4' 2013	Q1' 2014	Change (%)
Courier License operators (International, Regional, Domestic)	(8,511)	(8,511)	n/a
Domestic Ordinary Letter Posted	240,858	232,512	-3.5
Domestic Registered Letter	6,698	2,770	-58.6
Domestic Express Mail Services (DEMS)	40,747	40,901	0.4

6.0 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 statistics 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.

Table 11 Second level consumer complaints

REVIEW OF COMPLAINTS RECEIVED	Q4' 2013	Q1' 2014	Change (%)
	%	%	%
Complaints received and resolved by respective service provider	77.8	76.6	-1.2
Pending complaints	22.2	23.4	1.2
Complaints outside UCC mandates	0.0	0.0	100

The above table shows that there is 1.2% decrease in the number of complaints resolved by the operators compared to the 11.1% increase realised in the previous quarter, ultimately resulting to a 1.2% increase in number of pending complaints. In this quarter, no complaint was received outside the mandate of UCC. This means that consumers are more informed about which complaints are handled by UCC and what role(s) UCC plays in resolving their complaints. All these came about as a result of consumer awareness campaign.

As show in Figure 4, the highest number of complaints registered in this quarter was on billing issues and followed by unsolicited messages. This was the same reflection realised in the previous quarter. Data/Internet related issues comes third in the ranking of the complaints received, again this was the same trend in the previous quarter.

Out of the complains received,

- ❖ 51.7% were through phone calls
- ❖ 27.26% were through emails

- ❖ 3.76% from post/courier
- ❖ 2.82% from social media (face book) and
- ❖ 0.94 were walk-in complains.

Figure 4. Complaints by Type

