

Post, Broadcasting and Telecommunications Market and Industry Report



Third Quarter (July-September 2015)

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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 the communications sector, and covers the period July to September 2015. In this report, data for Q3 (July-September) is compared against that for Q2 (April-June) as the baseline. The information derived from the market and industry data covers the following key 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 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)

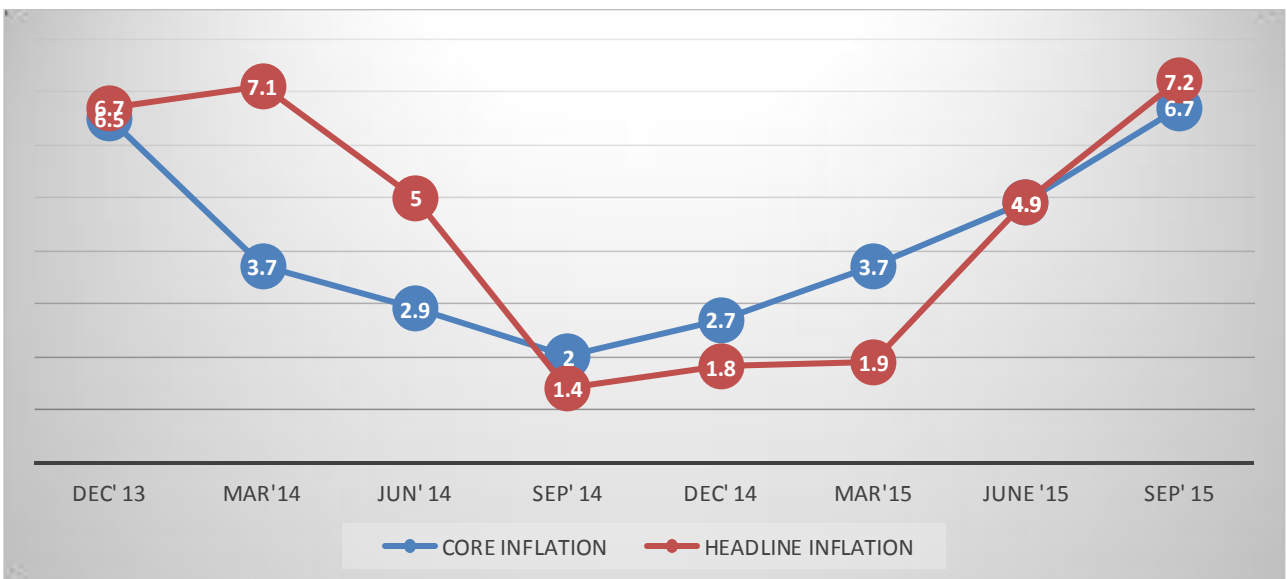
CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according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

2.1.1 Core CPI

. Core CPI is the consumer price index (CPI) excluding energy and food prices. This method is 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 219.4 in June 2015 to 225.9 in September 2015, leading to a 3% increment compared to an increase of 1.2% realised in the previous quarter. This means that there was increased cost of living in this quarter compared to the previous quarter. This might have had an indirect negative impact on the consumption of communication services.

Figure 1: Quarterly -Trend in Consumer Price Index

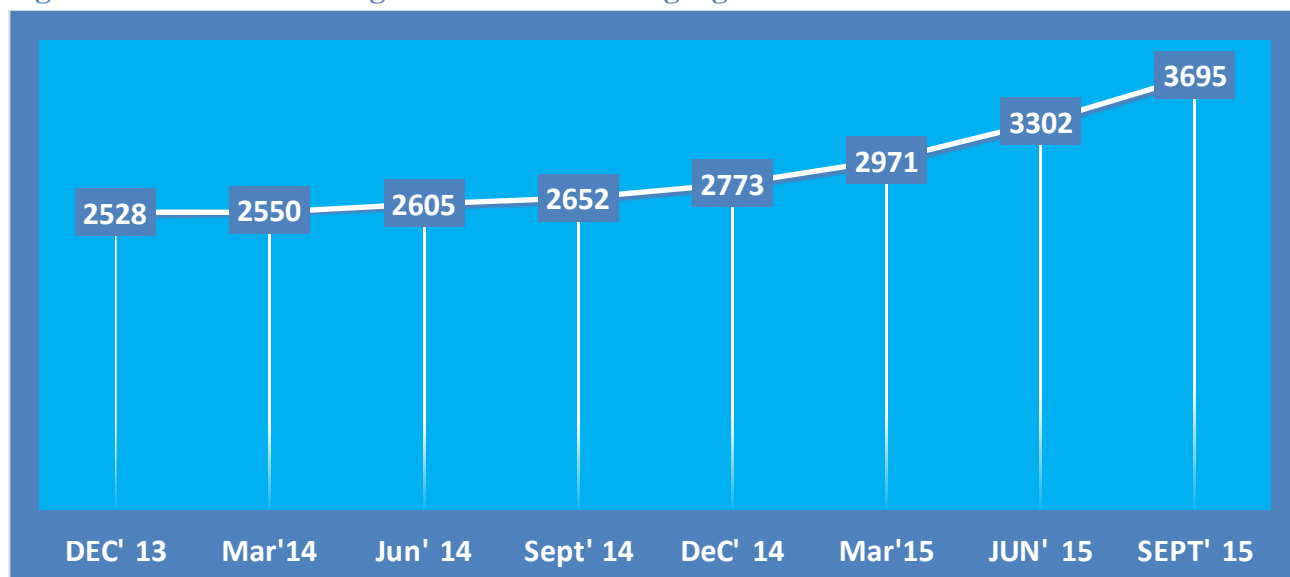


Source: BOU website

2.2 Exchange Rate

In this quarter, the Shilling continued to depreciate against the USD by 11.9% up from UGX 3302 per USD at the end of June 2015 to UGX 3695 at end of September 2015. The trend for the last eight quarters shows an upward rise in favour of the dollar. This implies increased cost for goods and services obtained from international markets or foreign countries. Such phenomenon might impact negatively on the consumption of communications services, since this affects certain costs incurred by the communications companies in foreign currency for investment and service delivery.

Figure 2: Trend in Exchange Rates of the Shilling against the USD



Source: BOU website

4.0 Telecommunications

4.1 National Telephony

In this Quarter, the total mobile and fixed telephony subscriptions increased from 22,286,637 to 22,973,902 yielding an increment of 687,265 subscribers (3.1%) compared to the 2.2% increases realised in the previous quarter.

4.2 Mobile Telephony

The prepaid subscriptions grew by 743,933 (3.4%), whereas the post-paid dropped by 8,031 (0.03%) compared to the (2.1%) and (2.2%) respective growth experienced in the previous quarter.

4.3 Fixed Telephony

Fixed subscription dropped from 375,689 to 327,052 (0.13%) compared to the 7.6% growth registered in the previous quarter.

Table 1: Mobile & Fixed Telephony

Indicators	Q2 2015	Q3 2015	Change (%)
National status	22,286,637	22,973,902	3.1
Mobile Subscriptions (prepaid)	21,798,249	22,542,182	3.4
Mobile Subscriptions (post-paid)	112,699	104,668	-0.07
Fixed subscriptions	375,689	327,052	-0.13
Tele-density	63.9	64.3	0.01

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 an upward growth of 0.01% in tele-density in the period being reviewed resulting into a tele-density of 64.3. The previous quarter however, registered a 4.6% 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 respectively by 0.13% and 0.04%. In the previous quarter however, 1.5% drop and 8.8% drop were respectively realised in on-net and off-net traffic.

Table 2 On-net and Off-net Traffic data

Indicators	Q2 2015q3	Q3 2015	Change (%)
On net traffic (voice)	4,349,674,823	4,923,793,515	0.13
Off net traffic (voice)	259,390,255	271,059,181	0.04

4.5.2 International Voice Traffic

The International incoming voice traffic grew by 0.07% while the international outgoing voice traffic dropped by 0.18%. In the previous quarter however, the International incoming voice traffic grew by 5.1% while the international outgoing voice traffic dropped by 12.7%

Table 3. International Traffic (Minutes)

Indicators	Q2 2015	Q3 2015	Change (%)
International traffic (voice incoming to mobile)	117,389,710	125,391,910	0.07
International traffic (voice outgoing)	70,332,348	57,922,217	-0.18

4.5.3 Roaming Traffic (Voice)

Roaming traffic has changed positively in that roaming in foreign networks has increased by 0.24% compared to the 4.7% drop registered in the previous quarter. Roaming by foreign networks increases by 0.07% compared to the 7.3% drop experienced in the previous quarter.

Table 4. Roaming Traffic (Minutes)

Indicators	Q2 2015	Q3 2015	Change (%)
Roaming in foreign networks	20,268,055	25,196,238	0.24
Roaming by foreign networks	8,910,216	9,505,379	0.07

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 PSP which is 36. Thus no new entry was made in this market during this quarter.

The number of Base Transmission Stations (BTSs) changed during the quarter by 0.01%. In the previous quarter however, there was no change in the number of BTS sites.

Table 5. Communications Infrastructure data

Indicators	Q1 2015	Q2 2015	Change (%)
Public Infrastructure Provider (PIP)	24	24	0.0

Indicators	Q1 2015	Q2 2015	Change (%)
Public Service Provider (PSP) Voice and Data	36	36	0.0
Number of Base Transmitter Stations (BTS)	4,079	4,111	0.01

5.0 Mobile & Fixed Internet services

The sector registered 0.07% growth in mobile internet subscription from 6,057,148 subscribers in Q2 2015 to 6,463,479 subscribers in Q3 2015, and a 0.04% growth in fixed internet subscription from 122,550 subscribers to 127,200 subscribers in the same period. The estimated internet users increased by 0.003% from 12,986,216 in Q2 2015 to 13,023,114 in Q3 2015. The internet penetration increased from 37.3% to 37.4% a growth of 0.1.

Table 6. Internet and Data

Indicators	Q2 2015	Q3 2015	Change (%)
Estimated Internet Subscription (Mobile)	6,057,148	6,463,479	0.07
Estimated Internet Subscription (Fixed)	122,550	127,200	0.04
Estimated Internet users	12,986,216	13,023,114	0.003
Internet Penetration per 100 population	37.3	37.4	0.1

5.1 Bandwidth

Bandwidth is used as a synonym for data transfer rate, the amount of data that can be carried from one point to another in a given time period (usually per second). The total bandwidth grew from 31,222.79 mbps in the previous quarter to 33,408.39 mbps in Q3 2015, resulting into 0.07% growth in bandwidth per 1million inhabitants. This means increased network capacity to carry larger volume of information from one location to the next. This indirectly leads to improved network performance hence higher speed internet services to internet users.

Table 7. Bandwidth

Indicators	Q2 2015	Q3 2015	Change (%)
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Indicators	Q2 2015	Q3 2015	Change (%)
Total Bandwidth (mbps)	31,222.79	33,408.39	0.07
Bandwidth per million inhabitants	895.74	958.45	0.07

6.0 Short Message Services (SMS)

The sector registered slight positive development in SMS services. The out-going on-net SMS increased from 691,781,163 SMS to 727,534,070 SMS, reflecting a 0.05% growth in the service. Similarly, outgoing off-net SMS increased from 21,931,593 SMS to 26,985,915SMS, reflecting a 0.23% growth in the service. The international out-going SMS as dropped from 5,406,029 SMS to 3,677,944 SMS reflecting a 0.32% drop in the service. International incoming SMS grew from 20,256,136 to 21,270,010 reflecting 0.05% increase in the service.

Table 8. Mobile data SMS

Mobile Data (SMS)	Q2 2015	Q3 2015	% change
Out-going On net SMS	691,781,163	727,534,070	0.05
Out-going SMS Off net	21,931,593	26,985,915	0.23
International Out-going SMS	5,406,029	3,677,944	-0.32
International Incoming SMS	20,256,136	21,270,010	0.05

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 increased from UGX 63.6bn to UGX 64.9bn, reflecting a 0.02%% growth. VAT payments increased from UGX 38.1bn in the previous quarter to UGX 41.1bn in this quarter. a 0.08% growth while PAYE increased from UGX 10.4bn to UGX 11.5bn reflecting a 0.11% growth.

Table 9. Telecommunications Tax Revenue Data

Indicators	Q2 2015	Q3 2015	Change (%)
Excise(Shs)	63,607,468,546	64,881,320,734	0.02
VAT(Shs)	38,075,253,016	41,136,106,033	0.08
PAYE(Shs)	10,412,923,868	11,517,941,087	0.11

9.0 Broadcasting

In this sub sector, the number of analogue TV stations drop from 67 to 28, the number of digital terrestrial TV stations, and the number of digital satellite TV stations remained unchanged. The number of operational FM stations grew by 15.4% as shown in Table 10. The total number of Pay TV subscribers was 636,805 of whom 270,735 were active.

Table 10. Broadcasting

Indicators	Q2 2015	Q3 2015	Change (%)
Operational TV stations (analogue)	67	28	-58.2
Non Operational TV stations (analogue)	4	2	-50
Operational TV stations (Digital terrestrial stations)	3	3	0
Operational TV stations (Digital satellite stations)	2	2	0
Total Number of pay TV subscribers	636,805	636,805	0
Number of active Pay TV subscribers	270,735	270,735	0
Operational FM Radio stations	253	292	15.4
Non-operational FM Radio stations	40	12	-70

9.1 Pay Television

Eight (8) Pay Televisions are operational in the market, four (4) of which broadcast using terrestrial, three (3) 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 & Geographical coverage

No.	Station Name	Mode of Broadcasting	Television Coverage
1.	DSTV	Satellite	Countrywide
2.	DSTV	Terrestrial	Kampala
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	Terrestrial	Countrywide
8.	GOTV	Terrestrial	Ten districts

10.0 Postal Services

The number of Domestic ordinary letter posted increased from 133,759 to 188,771 (0.41% growth) compared to the 27.6% drop experienced in the previous quarter, The number of domestic registered letters posted dropped from 4,105 to 2,650 (0.35% drop) compared to the 35.5% growth experienced in the previous quarter, and The number of Domestic Expedited Mail Services (EMS) increased from 36,525 to 38,178 (0.05% growth) compared to the 1.4% growth experienced in the previous quarter.

The East African letter post incoming grew from 5,970 in the previous quarter to 8,604 in the current quarter resulting into a 0.44% growth in the service. The East African letter post outgoing as well grew from 1,308 in the previous quarter to 8,257 in the current quarter, resulting into a 531% growth in the service.

Similar trends were noted for the case of European letter post incoming. The incoming European letter post grew by 0.09% from 57,117 to 62,045, while the Outgoing European letter post grew by 151% from 13,452 to 28,861.

Table 12. Postal Data

Indicators	Q2 2015	Q3 2015	Change (%)
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Indicators	Q2 2015	Q3 2015	Change (%)
Courier Licence operators (International, Regional, Domestic)	(8,5,11)	(8,5,11)	N/A
Domestic Ordinary Letter Posted	133,759	188,771	0.41
Domestic Registered Letter	4,105	2,650	-0.35
Domestic Express Mail Services (DEMS)	36,525	38,178	0.05
East African letter post (Incoming)	5,970	8,604	0.44
East African letter post (Outgoing)	1,308	8,257	5.31
European letter post (Incoming)	57,117	62,045	0.09
European letter post (Outgoing)	13,452	33,709	1.51

11.0 Mobile Money Services

The number of mobile money subscribers grew by 0.02% up from 19.5m to 19.9m subscribers. The number of transactions grew from UGX165m to UGX185m resulting to a 11.7% growth. The value of transaction increase from UGX7.6trillion to UGX8.7trillion, resulting to a 15.9% growth.

The balance on customer accounts grew by 0.19% from UGX 253.4billion to UGX302.6billion. The number of mobile money agents grew by 0.09% from 96,463 to 105,304 in the current quarter.

Table 13. Mobile Money Services

	Q2 2015	Q3 2015	Variations (%)
Number of Mobile money subscribers	19,490,935	19,893,691	0.02
Number of Transactions	165,400,535	184,702,384	11.7

Value of Transactions	7,554,399,782,777	8,754,400,345,665	15.9
Balance on customer accounts	253,415,279,271	302,554,989,281	0.19
Number of mobile money agents	96,463	105,304	0.09

(Source BOU)

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 51 complaints were received from the consumers of which 36 were resolved and closed, 15 were pending, awaiting response from Service provider.

During the period under review, a total of **51** complaints were received from the consumers. Of the 51 complaints received, **36** complaints were resolved and closed while **15** are pending, awaiting response from service provider.

Methodology

21 of the complaints received were through phone calls, **19** received through email, **6** received through post/courier and **5** complaints were walk in consumers.

Out of all the complaints received:

- 41% of them were through Phone Calls
- 37% received through Email
- 12% from Post/Courier
- 10% were Walk-In complaints

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

COMPLAINT TYPE	RECEIVED	RESOLVED	PENDING
BROADCASTING	8	7	1
MOBILE MONEY	7	6	1
QUALITY OF SERVICE	7	5	2
DATA	6	4	2

BILLING	5	5	0
COUNTERFEIT PHONES	5	0	5
OTHERS	4	2	2
UNSOLICITED MESSAGES	3	3	0
DIGITAL MIGRATION	1	0	1
SIM REGISTRATION	1	0	1
AIRTIME LOADING	1	1	0
VALUE ADDED SERVICES	1	1	0
CALLER TUNES	1	1	0
CUSTOMER CARE	1	1	0
Total	51	36	15

“Others” include complaints on issues such as Fraud, Counterfeit phones and Privacy and Data protection issues.

Table 15 shows that there was a 6.1% decrease in the number of complaints resolved by the operators compared to the 4.5% decrease realised in the previous quarter, ultimately resulting to 6.1% increase in number of pending complaints.

Table 15 Second Level Consumer Complaints

REVIEW OF COMPLAINTS RECEIVED	Q2 2015	Q3 2015	Change (%)
Percent of Complaints received and resolved	77.1	71	-6.1
Percent of Pending complaints	22.9	29	6.1
Total complains received	35		

As show in Figure 4, the highest number of complaints registered in this quarter were on broadcasting related, mobile money issues, Quality of service, Data, billings and Counterfeit phones which complaints are all pending.

Figure 4: Nature of complaints received and resolved

