CRAN

Communications Regulatory Authority of Namibia

ANNUAL REPORT 2018

Perfecting the ART of ICT

BY *"PUSHING ICT FORWARD"* IN

Contents

Abbreviations

AGM	Annual General Meeting
ATU	African Telecommunications Union
BC	Business Continuity
CEO	Chief Executive Officer
COMESA	Common Market for Eastern and Southern Africa
COS	Child Online Safety
CRAN	Communications Regulatory Authority of Namibia
CRASA	Communications Regulators' Association of Southern Africa
CRTT	CRASA Roaming Task Team
DTT	Digital Terrestrial Television
HPP	Harambee Prosperity Plan
HR	Human Resources
ICT	Information and Communications Technology
ITU	International Telecommunications Union
LTE	Long-Term Evolution - This is standard for high-speed wireless Communication
MACRA	Malawi Communications Regulatory Authority
MICT	Ministry of Information and Communication Technology
MTC	Mobile Telecommunications Limited
NSA	Namibia Statistics Agency
NUST	Namibia University of Science and Technology
PM	Performance Management
PPDR	Public Protection and Disaster Relief
PSTN	Public Switched Telephone Network
ROI	Return on Investment
SADC	Southern African Development Community
Telecom	Telecom Namibia Limited
UAS	Universal Access and Services
UNAM	University of Namibia
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UPU	Universal Postal Union
USF	Universal Service Fund
WRC-I5	World Radiocommunication Conference 2015
WTDC-17	World Telecommunication Development Conference 2017

About us

The Communications Regulatory Authority of Namibia (CRAN) is an independent regulator 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.

Since its inception, CRAN issued eighteen (18) telecommunications service licences, providing a wide array of services throughout Namibia. CRAN also established a firm regulatory framework for the Digital Terrestrial Television (DTT) switchover process and formulated a comprehensive Regulatory framework which other Southern African Development Community (SADC) regulators are using as a benchmark.

CRAN reached another milestone when it ensured that 120% mobile penetration rate in the country was reached. This was achieved because there is an established regulatory framework that creates an environment that promotes fair competition. CRAN also facilitated the extension and digitizing of Information and Communications Technology (ICT) infrastructure and the introduction of the 4th generation (LTE) technology in the country as well as regulatory framework for infrastructure sharing making provision for passive and active infrastructure sharing. CRAN completed the Regulatory framework on the numbering plan and number portability for Namibia. Once implemented, consumers can move from one network to another with ease whilst retaining their number.

The Board of Directors is appointed by the Minister of Information and Communication Technology.

CRAN is led by the ***Chief Executive Officer***, **Festus K. Mbandeka**, who is supported by the following head of departments:

Jochen Traut
Chief Operations Officer

Katrina Sikeni
Head: Corporate Communication

Ronel Le Grange
Head: Electronic Communications

Helene Vosloo
Head: Economics and Research Sector

Desery Haimbodi
Acting Head: Internal Audit

Lucrezia Heckert-Louw
Head: Human Capital

Justus Tjituka
Head: Finance

Emilia Nghikembua
Head: Legal Advice

Tanswell Davis
Company Secretary

Vision

Access, quality and affordability for all.

Mission

To regulate the ICT and Postal sector for the socio-economic benefit of all Namibians.

Values

- Accountability
- Passion
- Teamwork
- Respect
- Innovation

Mandate

The Communications Regulatory Authority of Namibia (CRAN) is mandated to regulate telecommunication services and networks, broadcasting services, postal services and the use and allocation of radio spectrum. CRAN was established in terms of the Communication Act (No. 8 of 2009) on 18 May 2011.

Board of Directors

Frieda Kishi
Chairperson

Moses M. Moses
Vice-Chairperson

Andreas Nekongo
Director

Anne-Doris Hans-Kaumbi
Director

Beverley Gawanas-Vugs
Director

Mpasi Haingura
Director

Tanswell Davies
Company Secretary

Frieda Kishi

Chairperson
Board of Directors

The mastering process is a long-term commitment with a **specific goal in mind.**

Chairperson's Statement

Perfecting a skill means a commitment to purposeful practice until the learner is "near perfect". CRAN sees itself as masters-in-progress that welcome challenges and considers it as opportunities for growth. The mastering process is a long-term commitment with a specific goal in mind. During the past financial year, CRAN remained on path reaching its goals and executing its mandate.

The Communications Act (No.8 of 2009), various national policies on Information and Communication Technology, CRAN's strategic plan as well as other national initiatives such as the Vision 2030 Policy, NDP, and the Harambee Prosperity Plan aim to advance the country to a digital economy. The Authority's strategic plan creates the landscape and sets objectives for ICT development in Namibia.

THE FOURTH INDUSTRIAL REVOLUTION

We are moving toward a technologically advanced era where businesses, societies, and the different economic sectors are becoming increasingly more digitalised. The future of ICT is about technological innovations that aid and drive the fourth industrial revolution. This new aeon is marked by the advent of and dependency on new forms of technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), 5G services, converged technologies and services, smart cities and e-sectoral services, to mention a few.

To prepare Namibia for this technological revolution, the Authority is pro-actively regulating the industry, developing the ICT sector, as well as enhancing and improving the regulatory framework. Through implementing its strategic objectives, and enforcing laws and regulations, CRAN is preparing Namibians and the ICT sector for the future.

As a regulator, the Authority believes ICTs are social and economic drivers of progress that support the goals of Vision 2030 and the national development plans. The Authority has a vital role to play in creating an enabling ICT environment and is tasked with producing a framework that encourages innovation and new technologies in light of the emerging fourth industrial revolution.

STATE OF THE ICT SECTOR IN NAMIBIA

One of the key objectives of the Communications Act and CRAN's strategic plan is market development through the issuance of both telecommunications and broadcasting service licenses. During the period under review, the Authority awarded three commercial broadcasting service licences for television services, one community broadcasting service licence for radio services and one signal distribution licence.

The number of players in the telecommunications sector also increased, which resulted in healthy competition to the benefit of the consumers. The Authority awarded ten telecommunications service licences of which six were Electronic Communications service and Electronic Communications Network Service licences, and three were Class Network Facility Telecommunications Services Licences. These licences (Class Network Facility) were awarded for the construction of towers and fibre networks to be leased to other telecommunications services providers in line with the infrastructure sharing regulations and the market development objective.

Opening up the market to new entrants improved competition and allowed technological innovation and advancement as well as local participation in the communications sector. CRAN believes these events would also enhance reasonable and affordable access to telecommunications, broadcasting and advanced information services to all regions of Namibia.

During the period under review, the Authority also approved 2239 type approval applications in respect of some telecommunications equipment that applicants imported into the country. With the approval of these applications, the Authority certified that the imported equipment complies with minimum standards and interoperability requirements as prescribed for a safe and efficient ICT sector. The importation of telecommunications equipment would provide a wide range of secure, high quality, reliable and efficient telecommunications services and devices to consumers.

The Authority has noted a considerable influx of tariff and pricing submissions from telecommunications service operators, which resulted in a substantial increase in data competition that led to the decrease in data price.

The Authority still maintains and upholds its view that the "consumer is king". CRAN's approach testifies to its commitment to protect and educate consumers about the responsible use of ICT services. The Authority wishes to continue playing a critical role in the protection of consumers in the ICT markets and to ensure that tariffs for telecommunications services are fair, reasonable and affordable. During the period under review, the Authority adjudicated and resolved 52% of all the consumer complaints submitted. Of the total number of complaints, 22% were related to service delivery; 36% were related to billing discrepancies, and 42% were related to service interruptions.

THE NEXT FINANCIAL YEAR

The Authority is in the process of emplacing the postal regulatory framework. CRAN is drafting various regulations about licensing application procedures, licensing categories and licensing fees in this sector.

Another critical objective for the Authority is to assure fair competition and safeguard consumers in the telecommunications and broadcasting markets. Competition in the ICT market is vital to prevent monopolies and predatory pricing, which, in turn, is aimed at levelling the playing field.

In the coming financial year, CRAN would complete the Competition Regulations that provide a regulatory framework for the promotion of fair competition and the protection against anti-competitive practices in the telecommunications sector. The regulations would also induce licensees to become more efficient by offering a wider choice of products and services at lower prices. Furthermore, it would result in competitive outcomes enhancing consumer welfare and exercise market power with due regard to overall industry performance.

REFINING THE ICT SECTOR

The Authority's vision and mission are to create a favourable environment and see Namibia develop into a digital economy. ICT products, services and innovative technological applications should become accessible. This access should result in socio-economic benefits for the majority of Namibians. The Authority strongly believes that the economic impact of the increased use and access to ICT services and products will bring much needed social and financial gains in various sectors of our economy.

In becoming masters of our craft, CRAN will diligently practice and learn from challenges in order to improve the organisation's overall performance. Consistency and a series of purposeful actions will transform the way we work and hone the ICT craft. CRAN is in it for the long haul.

Ms. Frieda Kishi, Chairperson

Through implementing its strategic objectives, and enforcing laws and regulations, **CRAN is preparing Namibians and the ICT sector for the future.**

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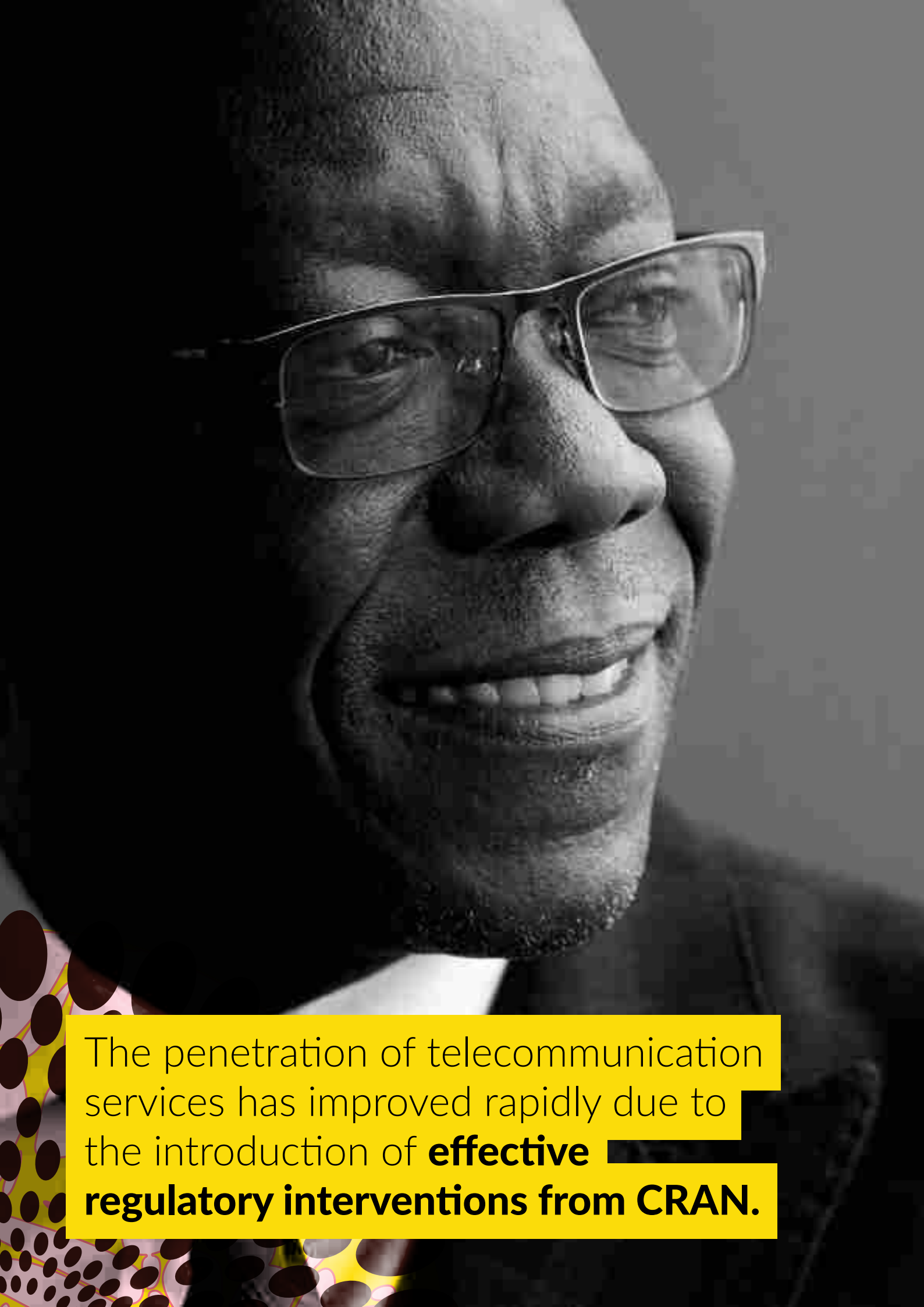


The penetration of telecommunication services has improved rapidly due to the introduction of **effective regulatory interventions from CRAN.**

Festus K. Mbandeka

Chief Executive Officer

Chief Executive Officer's Statement

The Communication Regulatory Authority of Namibia (CRAN) is a relatively young organisation. We celebrated our 6th anniversary in 2017. For this reason, we believe the expression "Perfecting the art of ICT" best describes us.

Like a person seeking perfection, CRAN is honing its Information Communication Technology (ICT) skills. At CRAN, we understand that it is only through practice and repetition that one can enjoy unprecedented success in the future.

CRAN celebrated many achievements and successes within the ICT industry in the past period. Nonetheless, CRAN also faced some challenges during the period under review.

CRAN's strategic plan for the period **2015/16-2017/18** ended in March of this year. As such, Management and the Board of Directors developed a new resourceful, strategic plan that captured the robust technological advancements in society and the shortcomings CRAN experienced during the past five years.

My team and I recognised the need for an original strategic plan, which is modern and in line with the objectives of the Communications Act. Furthermore, we realised the plan should consider the regulation and development of today's technological advanced ICT services and products. Exhaustive planning ensures that CRAN prospers imminently.

ACHIEVEMENTS AND SUCCESSES

Namibia made tremendous strides in the ICT sector through CRAN's persistent actions during the past year. The new entrants and number of industry players in the market to date are a total of 26 telecommunications service licensees and 36 broadcasting licensees. In Namibia, the mobile phone network's population coverage increased exponentially to 95%. CRAN recorded mobile subscriptions at 112.95 per 100 people as of March 2018. Also, the number of active mobile broadband subscribers grew from 1.5 million in June 2016 to 1.6 million in June 2017. The growth is an indication that more people are using the internet via their mobile devices.

The penetration of telecommunication services has improved rapidly due to the introduction of effective regulatory interventions from CRAN. These interventions led to the reduction of termination rates in Namibia, which decreased from N$ 1.06c to N$ 0.10c for mobile and fixed operators. In turn, the lowered rates ensured fair competition and consumer protection in the telecommunications sector.

CRAN also received two awards in 2017. One award was for the company that employs the most student interns in the country which was received from Namibia Institute of Public Management and the Golden Key Award for being the most open and transparent public institution with universal access to information which was received from the Media Institute of Southern Africa. Receiving these awards gives us a sense of accomplishment that helps the team determinedly push forward to become industry experts.

I wish to thank and extend my gratitude to the team and the Board for providing the necessary support and assistance in making this all possible.

CHALLENGES

While mastering an art, the person or organisation is "work in progress". It is through mistakes and hardships that we learn and indeed become masters of the trade. In the previous period, CRAN experienced some adversities.

Mobile Telecommunications Limited (MTC) legally challenged two administrative decisions taken by the Authority during the reporting period.

In response to a consumer complaint lodged with the Authority, CRAN decided that MTC must amend its subscriber agreements. The revision includes notifying each subscriber, in writing, 30 days before the expiry of the customer's subscriber agreement, that the contract is ending. The notification should indicate the expiry date and inform the customer that he or she is entitled to extend the agreement by a further contract period. If the subscriber decides to accept the renewed agreement, this would include an offer for a new handset. If subscribers continue to use the mobile phone services without informing the provider of their decisions regarding the renewed contracts, then MTC should automatically transfer the subscribers to standard packages with reduced subscription fees and no handsets.

According to the resolution, service providers must apply this principle to all new and existing contracts that expire after the date on which customers informed MTC about their decisions. MTC applied to the High Court requesting CRAN takes appropriate measures to ensure that other licensees such as Telecom Namibia Limited, Paratus Telecommunications (Pty) Ltd and Africa Online Namibia (Pty) Ltd comply with the ruling. The matter is still pending before the High Court.

Receiving these awards gives us a sense of accomplishment that helps the team **determinedly push forward to become industry experts.**

Moreover, CRAN also decided in favour of a customer who complained about an 18% debt collection commission from an outsourced debt collector acting on behalf of MTC. The Authority, in this regard, resolved that the 18% interest charged by debt collectors is unlawful and according to the Magistrate Court Act and Rules the debtor is only liable to pay 10% collection fees.

In reaction to CRAN's decision, MTC approached the High Court to review the decision and to have such decision set aside because MTC maintains that the Authority acted ultra vires (outside its powers). MTC is of the opinion that CRAN's decision constitutes an unlawful infringement of MTC's right to freedom of contract. According to MTC, the Authority acted unreasonably and unfairly in making such a decision, as it is an infringement of MTC's right to fair administrative justice contained in Article 18 of the Namibian Constitution. The matter is still pending before the High Court.

STRATEGIC PLAN 2018/2021

While imagining the future and planning purposefully, CRAN insists on perfecting its skills and techniques to ensure triumph.

With the conclusion of the organisation's second strategic plan (2015/16-17/18), the CRAN Management and the Board formulated a new strategic plan for the next three years ending 2021. In executing their mandate, various strategic meetings and consultations between Management and the Board took place during the year.

The Management and Board reviewed the previous strategic plan to determine which goals and objectives have been achieved, which could not be reached by March 2018 and how to complete the outstanding items. The review exercise identified the following critical areas, namely the licensing of the Namibian Broadcasting Corporation (NBC); the establishment of the Universal Access Service (UAS) obligations on licensees; responding to the cybersecurity mandate as required by law; SIM Card registration and ISO 9000 Certification. CRAN incorporated the identified areas into the new plan as priority goals.

The Executive Team (EXCO) framed critical goals as well as development objectives for the organisation and ICT industry for the next three years. Moreover, CRAN will also concentrate on the areas that require improvement and innovation. In doing so, external instruments such as the Communication Regulators Association of Southern Africa (CRASA) Strategic Plan 2018-2023, The Ministry of Information and Communication Technology Strategic Plan 2017-2020, The National Development Plan (NDP) 5, The International Telecommunications Union (ITU) Strategic Plan 2020-2023, The Harambee Prosperity Plan (HPP) and relevant national policies were considered, as well as current regulatory trends and best practices.

With the assistance of an external consultant, the CRAN Management Team and the Board identified five (5) strategic focus areas with goals for the new strategic plan and revised the organisation's vision and mission. The five focus areas and goals are:

- **Policy and Regulatory Framework** - to develop and implement a comprehensive regulatory framework for ICT and postal sectors by 2021 and achieve national development goals through a coordinated sector-wide approach by 2021;
- **Economic and Social Development** - to facilitate access to quality, reliable and affordable services by 2021 and contribute towards Namibia's sustainable socio-economic development by 2021;
- **Consumer Advocacy** - to create brand awareness and educate consumers on rights and obligations to enhance and maintain a positive image of CRAN by 2021;
- **Enabling Sector Reform** - to facilitate the adoption of technological innovation by 2021; and
- **Organisational sustainability** - to continue to be a self-sustaining effective organisation.

The Plan seeks to put in place mechanisms, which would increase the level of access to ICT services from 73% to 94% by the year 2021. Additionally, the Strategic Plan sets out to improve Namibia's affordability ranking in Africa for mobile services from the 16th to 10th place and broadband affordability from 21st to the15th spot by 2021.

We, the CRAN team, focused on our vision "access, quality and affordability for all" and believe that by observing our values and executing our roles, we will redefine the status quo. The CRAN Board of Directors and the Honourable Minister of Information and Communication Technology, Stanley Simaata, approved the new Strategic Plan for 2018-2021 on 5 March 2018. The Board and Management are confident that, despite limited resources, CRAN will execute its mandate and implement the Strategic Plan to bring about the socio-economic benefits to Namibia through ICT.

Mr. Festus K. Mbandeka, CEO

Katrina Sikeni

Head: Corporate Communication

Corporate Communication Department

During the past reporting period, CRAN cultivated strong relationships with external stakeholders and employees. We acknowledge the importance of healthy relationships and that it forms the foundation of actualising CRAN's future. At CRAN, we are patient but determined to establish a robust ICT industry in Namibia.

Perfecting the art of ICT is not only about mastering techniques, **but also nurturing relationships that would enable CRAN to become masters of the trade.**

CORPORATE COMMUNICATION

CRAN is mandated to protect consumers in respect of price, quality of services and user equipment. Consumer advocacy invariably requires the Authority to actively and consistently engage stakeholders to ensure consumers are aware of the regulatory issues affecting them as well as the latest developments impacting on the Information Communications and Technology (ICT) sector.

Under the consumer protection mandate, the Corporate Communication Department hosted numerous purpose-driven events, sponsored noteworthy initiatives and participated in targeted trade shows during the period under review. CRAN reports a detailed account of the events and other actions the department spearheaded and supported during the year under review.

Events

CRAN hosted purposeful events that stimulated informative and meaningful discussions with its strategic stakeholders.

Public hearings and consultative meetings

On 11 July 2017 CRAN hosted a stakeholder consultative meeting on the proposed regulations prescribing tariff limits for telecommunications services (Price Cap Regulations) and the proposed Regulations for Adjudication of Disputes.

CRAN also held two consultative meetings on the amendment of the regulations prescribing the National Numbering Plan of fixed and mobile number transferability, and the Code of Conduct for broadcasting service licensees at the Windhoek Country Club and Resort and National Council Building on 25 July 2017.

Digital Sound Broadcasting Workshop

The Communications Department assisted in coordinating events for the Digital Sound Broadcasting Workshop in conjunction with LS Telcom on 6 April 2017 at the Arebbusch Travel Lodge in Windhoek.

MICT Golf Day Challenge

As part of CRAN's stakeholder engagement plan, the Communications Department participated in the Ministry of Communications and Technology (MICT) Golf Day Challenge and used the platform to network with representatives from the Ministry and associated agencies. The MICT Golf Day was hosted on 28 April 2017 at the Rossmund Golf Course in Swakopmund.

CRAN'S 6th Birthday

By celebrating its 6th birthday, CRAN engaged with employees informally. The fun-packed celebrations were held at the Action Arena in Olympia on 18 May 2017.

Africa Day

CRAN employees celebrated Africa Day on 24 May 2017. The Day seeks to celebrate the rich and diverse history of the African continent and its people and promotes the unity and solidarity of African states. CRAN celebrated the day to recognise the diverse cultures and traditions amongst CRAN's employees.

The Authority also recognises that the day seeks to eradicate all forms of colonialism from Africa and accelerate the political and socio-economic development, particularly concerning ICT development integration of the continent.

Unam Career Fair

CRAN participated in the UNAM Career Fair from 27 to 28 July 2017 and on 14 to 15 March 2018 at the Namibia University of Science and Technology (NUST) Career Fair.

The Communications Department used these platforms to educate students and learners about possible careers they could pursue within the ICT regulatory environment, inform them on how to apply for internships, create awareness about the CRAN brand and communicate the vision, mission and mandate of CRAN.

Memoranda of Understanding (NUST, UNAM and UNESCO)

CRAN signed Memoranda of Understanding (MoU) with the Namibia University of Science and Technology (NUST) on 3 August 2017 and the University of Namibia (UNAM) on 5 September 2017 in Windhoek, respectively. CRAN also signed an MoU with the United Nations Educational, Scientific and Cultural Organisation (UNESCO) on 19 March 2018, at the UN House in Windhoek.

The understanding between CRAN and the tertiary institutions is to collaborate and establish a regular internship programme that is suitable for UNAM and NUST students. The MoUs

enable students to undertake research opportunities in their fields of study and to identify specific areas about bona fide industry needs.

The UNESCO MoU established a framework for cooperation and possibilities to explore the following areas:

- Regulations of the Code of Conduct for broadcasting service licensees;
- The promotion of community broadcasting services in Namibia focusing on community radio forums;
- Audience research to improve community radio listening standards and numbers;
- The celebration of UN recognised days such as the World Radio Day, Girls in ICT Day, World Telecommunications Day, among others; and
- Finally, enabling and monitoring sector reform concerning cyber security, convergence, Internet-of-Things (IoT) and Over-the-Top (OTT) services.

Stakeholder engagement initiative on the regulatory framework

CRAN presented a stakeholder engagement event about its regulatory framework at the Protea Hotel, Thuringerhof on 31 July 2017. The purpose of the initiative was to explain the processes of formulating regulatory interventions, implementation, as well as monitoring and compliance. Due to the impact of these regulations on the business operations of licensees and other key stakeholders, it was necessary to explain the procedures. The Communications Department organised the event with the added objective to network and interact with industry players and the media.

4th National ICT Summit sponsorship

The 4th National ICT Summit took place from 9 to 11 October 2017 at NIPAM in Windhoek, under the theme "Leveraging ICT to unlock economic opportunities for an inclusive society". The topic emphasised how to optimally utilise ICT to achieve Namibia's goals and vision stipulated in the Harambee Prosperity Plan and National Development Plan.

CRAN sponsored an amount of N$70,000.00 towards the 4th National ICT Summit and participated in the event as a sponsor and an exhibitor. Also, the Communications Department served on the organising committee and hosted an exhibition stand at the Summit. CRAN aimed to inform attendees on matters about licencing procedures, consumer protection, and type approval processes, to mention just a few.

Trade shows

CRAN partook in the Ongwediva Annual Trade Fair from 24 August to 2 September 2017 and from 29 September to 7 October 2018 at the Windhoek Show, respectively. Likewise, CRAN participated at the Namport Erongo Business and Tourism Expo from 25 to 28 October 2017.

The overall objectives of participating in the trade fairs were to inform consumers about CRAN's mandate and responsibilities, and to create awareness about the following issues:

- Who CRAN is and what CRAN does;
- Consumer complaint procedures;
- Licensing procedures;
- Type approval of telecommunications equipment.

The innovative high-tech stand was one of the main attractions at both trade fairs and boasted of a highly informative video and graphical display of electronic communications equipment. Consumers could participate in an electronic quiz game and could enter into a draw to win a hamper of CRAN branded items. The quiz aimed to provide CRAN with analytics of the number of attendees at the stand and the demographics of the visitors. Furthermore, the quiz aimed to gauge the level of understanding that the attendees had about CRAN.

Public consultative meeting on the regulatory framework for the promotion of fair competition of telecommunication services

To perfect our craft, CRAN held a public consultative meeting to draft a regulatory framework for the promotion of fair competition of telecommunication services in Namibia, and enforcement and penalty guidelines, on 5 December 2017 at the National Council Building.

These regulations would apply to the fixed and mobile call termination telecommunication market; wired end-user access market; national data transmission market; and wireless end-user access market. The regulations fulfil the mandate of protecting citizens against exploitation by market forces.

Namibia YouthCom Workshop

We believe that the Namibian youth should attain a complete understanding of the opportunities the internet offers to them. CRAN participated at the Namibia YouthCom Workshop from 26 to 27 February 2018. The event took place at the United Nations (UN) House in Windhoek. This initiative introduced youth from various backgrounds to the Internet Corporation for Assigned Names and Numbers (ICANN) and the broader internet ecosystem with an aim to prepare participants to get involved in the internet system when they are mature.

Annual Python Programming Conference

CRAN representatives attended the yearly Python Programming Conference that took place at NIPAM from 20 to 22 February 2018. CRAN also sponsored an amount of N$3,000.00 towards the annual Python Programming Conference. PyCon Namibia is a programming conference for

professionals, entrepreneurs, scientists, academics, students and software development enthusiasts.

World Radio Day

CRAN celebrated the historical event. World Radio Day celebrations took place from 15 to 16 February 2018 in Opuwo. The Communications Department organised two stakeholder engagement events that formed part of the World Radio Day celebrations.

The main aim of the events was to engage industry and members of the local community radio stations who included:

- Participants in the World Radio Day celebrations in Opuwo;
- The regional councillors of the Kunene Region;
- The Kunene Community Radio (KCR) station, its Board of Directors and presenters;
- A representative from the Ministry of Information and Communication Technology (MICT);
- The Namibian Police;
- Office of the Governor of the Kunene Region; and
- The UNESCO representatives who hosted the main event.

Further to the celebrations, CRAN hosted a stakeholder event on 15 February 2018 through an interactive presentation on regulatory compliance matters and CRAN. The event was held at the Ministry of Gender and Child Welfare Community Hall, and 22 participants attended the event.

The stakeholder presentation covered the following topics:

- Types of broadcasting service licences;
- Annual and bi-annual reports which must be submitted by licensees;
- Different kinds of fees payable by licensees; and
- Licence conditions.
- The second celebratory activity was a live radio interview, which the Kunene Community Radio (KCR) Station broadcasted live. The conversation with the radio presenter dealt with the mandate of CRAN and elaborated on other related topics. During the radio interview, listeners raised a vital issue, which is the limited network coverage in Namibia.

The interview, conducted in Otjiherero and English, further discussed the Telecom Namibia Limited roll-out of mobile network coverage in the Opuwo Rural Constituency. KCR station undertook to air recordings of the interview during various broadcast slots throughout the course of the year. The discussions included topics about CRAN, consumer protection awareness and regulatory compliance matters.

CRAN sponsored an amount of N$5,000.00 towards the World Radio Day celebrations in Opuwo, Kunene Region.

Type approval stakeholder meeting in Walvis Bay

CRAN hosted a stakeholder's consultative meeting on the regulations concerning Type Approval and Technical Standards for Telecommunications Equipment on 28 March 2018, at the Walvis Bay Municipal Town Hall. The Communications Department organised the event and used the platform to engage with stakeholders on type approval procedures and processes.

Windhoek Charity Football Cup

The CRANicles Football Club and CRAN Berries Netball Team participated at the Windhoek Charity Cup Fundraising Event on 17 March 2018, at the UNAM Main Campus Sports Field.

The Windhoek Charity Fundraising Event aimed to bring Namibian youth together through sports, to raise funds for the community. The Communications Department participated in the Football Cup, as part of its internal stakeholder engagement plan, which aims to foster teamwork amongst the employees.

Social Media

Communication is evolving at a rapid pace as a result of quick technological enhancements. CRAN aligns its communication to the changes the world has seen over the last decade.

Social media platforms such as Facebook, Twitter and Instagram, are effective in engaging and keeping the public informed about CRAN's activities. The Communications Department draft a comprehensive social media content plan every month, to inform, educate and interact with stakeholders.

For the period under review, CRAN used social media for:

- Disseminating news and information about CRAN to the public;
- Creating public awareness and educating social media users about CRAN's operations and mandate; and
- Attending to public enquiries and views expressed on social media.

CRAN's social media engagement efforts showed positive results as evidenced through increased interaction received through feedback from members of the public. Facebook statistics indicated 3,146 followers, 1,851 followers on Twitter and 330 followers on Instagram from April to September 2018 and 3,448 followers on Facebook, 2,314 followers on Twitter and 406 followers on Instagram, from October to March 2018. Under the period under review, Twitter gained 463 followers, Facebook gained 302 followers, and Instagram gained 76 followers. These statistics indicate constant growth in followers on CRAN social media platforms during the reported period.

Publications

During the period under review, the Department issued 14 CRAN Beats publications and distributed two CRANicles newsletters. The Communications Department is responsible for the entire publication process, which includes layout, design, concept, photography and language edits.

CRAN Beats

CRAN Beats is a monthly employee newsletter. The publication aims to inform employees about past activities during the month. The department strives to keep the newsletter updated and refresh it regularly to capture the attention of the internal readers.

The department is continually striving to produce relevant CRAN Beats newsletters, taking into consideration the needs of its readers. From time to time, the department introduces new sections to the publication such as the "thought of the month", the HR library and the competition section. Few of the sections featured in CRAN Beats include:

- From the CEO's Desk – the CEO engages employees on a monthly basis;
- Leadership – heads of departments share news about their team's activities, highlights, challenges and objectives.
- HR – the Human Resources Department discusses HR-related matters;
- IT Bits & Bytes – the Information Technology Department shares interesting topics about the IT industry;
- CRAN Policy & Perspective - the Communications Department simplifies CRAN's policies for the employees.

CRANicles

CRANicles is a quarterly newsletter issued to external stakeholders. The publication aims to inform external stakeholders about new regulations and CRAN activities within the ICT industry.

Awards

The awards are testimony to CRAN's tenacious drive to advance the ICT industry in Namibia.

CRAN received the Golden Key Award from the Media Institute of Southern Africa (MISA) for being the most open public institution with universal access to information. CRAN scored 85% in MISA's transparency assessment. This score is the highest percentage an institution has received in the past five years. CRAN also received the MISA award because its website was cited as being up-to-date and well organised and CRAN has active Facebook and Twitter accounts. The panel of judges found that CRAN speedily responds to queries. Moreover, CRAN received an award at the 7th Institute of People Management (IPM) Gala Dinner at the Hilton Hotel, which was held on Tuesday, 17 October 2017. The IPM awarded CRAN as the organisation employing the most student interns and demonstrated concerted efforts to recruit them.

Emilia Nghikembua

Head: Legal Advice

Legal Advice Department

The Legal Advice Department takes various actions to achieve objectives of the Communications Act (No. 8 of 2009).

At the core of perfecting the art of ICT, is the Legal Advice Department. Regulating the ICT industry means providing an environment in which all participants could operate safely.

The Legal Advice Department has been assigned several action items to achieve the objectives of the Communications Act (Act No. 8 of 2009) as set out in the strategic plan for the period ending 31 March 2018. The department took the following actions.

Regulating the ICT industry means **providing an environment in which all participants could operate safely.**

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 protect consumers from abuse by television and radio broadcasting service licensees.

During the period under review, the Authority conducted a public consultative meeting. Currently, the department is incorporating and considering the comments from the rule making process and also doing a detailed analysis of the provisions dealing with local content.

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 the postal service.

During the period under review, the department commenced with the drafting of regulations aimed at creating postal license categories and licensing procedures for the issuance of postal licenses. The rule-making process will begin in the first quarter of the next financial year.

Market Development:

ENFORCEMENT PROVISIONS ON THE REGULATIONS

Section 129 (3) of the Communications Act mandates CRAN to prescribe penalties for the contravention of the provisions or for the failure to comply with the provisions. The purpose of these regulations is to specify enforcement provisions for violation of provisions in the Act and the Authority's regulations.

The completion of these regulations will take place in the upcoming financial year.

Market Development:

CONSUMER PROTECTION REGULATIONS

Section 79 read with Section 129 (1)(f) of the Communications Act authorises CRAN to prescribe anything that is necessary or to implement the provisions of this Act. The purpose of these regulations is to increase consumer confidence and awareness of consumer rights and obligations.

Due to budgetary constraints, the department will finalise the regulations in the next financial year.

Market Development:

ENFORCEMENT AND PENALTY GUIDELINES

The Authority, in its strategic plan, identified the need to draft guidelines for the enforcement of certain provisions. With regards to this, the Legal Advice Department developed the Enforcement and Penalty Guidelines. The purpose of these guidelines is to create an enforcement mechanism and penalties for the contravention of provisions in the Communications Act and regarding final regulations that have been published by the Authority.

The department concluded the rule-making process. CRAN will publish the guidelines during the first quarter of the next financial year.

Market Development:

AMENDMENT OF THE COMMUNICATIONS ACT

The Legal Advice Department guided the Ministry of Information and Communication Technology (MICT) and Parliament on the Amendment of the Communications Act. The review aims to align the Communications Act with emerging trends in Information and Communication Technology (ICT) policy, to ensure the regulation and management, and to remedy the provisions of the Act that became obsolete.

The Authority made its recommendations on the Amendment of the Communications Act. CRAN is waiting that the MICT starts with the consultative process.

ENFORCEMENT MATTERS

Section 115 of the Communications Act, empowers the Authority to issue a 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 2017 to 31 March 2018, the Legal Advice Department has issued the following summons.

Summons against Bidvest Namibia Information Technology (Pty) Ltd

The Authority issued a summons against Bidvest on the grounds of not submitting their internal consumer complaints procedure for the period of 1 February 2016 to 31 January 2017 as required by Regulation 4(4) of the Regulations Regarding Consumer Complaints as published in *Government Gazette* No. 4714. General Notice No. 128 dated 18 May 2011.

Bidvest pleaded and admitted to the offence. Cronje&Co, on behalf of Bidvest, informed the Authority that their client would be able to pay a fine. CRAN has to advise on the amount of the fine.

Summons against Telepassport Communications (Pty) Ltd

The Authority issued a summons against Telepassport on the grounds of not submitting their annual consumer complaints reports and internal consumer complaints procedure for the period of 1 February 2016 to 31 January 2017 as required by regulation 4(4) of the Regulations Regarding Consumer Complaints as published in *Government Gazette* No. 4714. General Notice No. 128 dated 18 May 2011.

Telepassport pleaded not guilty.

Summons against Mobile Telephone Networks Business Solution (MTN)

CRAN issued a summons against MTN on the grounds of not submitting their yearly consumer complaints reports and internal consumer complaints procedure for the period of 1 February 2016 to 31 January 2017 as required by regulation 4(4) of the Regulations Regarding Consumer Complaints as published in *Government Gazette* No. 4714. General Notice No. 128 dated 18 May 2011.

A plea from MTN is still pending.

Summons against Dimension Data (Pty) Ltd

The Authority issued a summons against Dimension Data on the grounds of not submitting their internal consumer complaints procedure for the period of 1 February 2016 to 31 January 2017 as required by regulation 4(4) of the Regulations Regarding Consumer Complaints as published in *Government Gazette* No. 4714. General Notice No. 128 dated 18 May 2011.

A plea is pending from Dimension Data, however, after consultation with the Authority Dimension Data submitted their internal consumer complaint procedure.

Summons against Theodorus Klein (Telecom Namibia Limited)

CRAN issued a summons against Telecom on the grounds of failing to submit copies of existing agreements to the Authority as required by regulation 17 (3) of the Regulations prescribing Sharing of Infrastructure as published in *Government Gazette* No. 6141, General Notice No. 400 dated 4 October 2016.

CRAN received a plea of not guilty from Shikongo Law Chambers on behalf of their clients Telecom Namibia Limited c/o Theodorus Klein.

Summons against Theodorus Klein (Telecom Namibia Limited)

The Authority issued a summons against Telecom on the grounds of failing to comply with section 53 (7) of the Communications Act (Act N0. 8 of 2009) and Regulation 9 of the Regulations regarding License Conditions for Telecommunications Service Licence as published in *Government Gazette* No. 5037, Notice No. 308 dated 13 September 2012. Telecom implemented tariffs for calls destined for Angolan mobile networks with effect from 18 May 2015, without the approval of CRAN.

CRAN received a plea of not guilty from Theodorus Klein on the 3 August 2017.

Summons against Rowan Kleintjies (Dimension Data Pty Ltd)

CRAN issued a summons against Rowan Kleintjies on the grounds of failing to submit infrastructure sharing agreements or infrastructure information to the Authority as required by regulation 17 (1) and (3) of the Regulations prescribing Sharing of Infrastructure as published in *Government Gazette* No. 6141, General Notice No. 400 dated 4 October 2016.

Dimension Data pleaded not guilty on 11 September 2017.

Summons against Radio 100

Radio 100 received a summons from the Authority on grounds of failing to submit their audited financial statements for the period 2012 to 2016 as required by section 91 (1) of the Communications Act and Regulation 11 (4) of the Regulations regarding Licence Conditions for a Broadcasting Service License as published in *Government Gazette* No. 5037, Notice No. 308 dated 13 September 2012.

CRAN received a plea of not guilty from Radio 100 for the period of 1 April 2012 to 31 March 2013 and 1 April 2013 to 31 March 2014.

Radio 100 further pleaded guilty to not submitting for the financial year 1 April 2014 to 31 March 2015 and 1 April 2015 to 31 March 2016.

Summons against Carol-Ann van der Walt t/a EFM

Carol-Ann van der Walt t/a EFM received a summons from the Authority on the grounds of contravening Section 35 (2) of the Communications Act, in that she failed to obtain written consent from the CRAN before she allowed radio EFM CC to use her commercial broadcasting service licence.

CRAN received a plea of not guilty from Danie Kotze & Associates on behalf of Carol-Ann Van Der Walt & Radio EFM.

RECOMMENDATIONS FOR LEGISLATIVE, REGULATORY AND POLICY AMENDMENTS

During the year under review, the Authority only made one recommendation regarding legislative, regulatory and policy reform. This is owing to the fact that such recommendations were already made in the previous year and the Authority awaits commencement of the amendment process by the Ministry of Information and Communications Technology.

The proposal is for section 79 to be amended to make it applicable to broadcasting service licensees and postal service licensees. Furthermore, the section must be reviewed to set a framework for informal mediation or the appointment of expert mediators to expedite the adjudication process.

MAJOR DECISIONS MADE BY THE AUTHORITY FOR RESOLUTIONS TO CONSUMER COMPLAINTS

1

Consumer Complaint:

TIRONNEN KALUMA // MOBILE TELECOMMUNICATIONS LIMITED

The complaint submitted relates to a breach of contract and product delivery. The Authority pronounced itself on the matter on the 2 September 2015, and CRAN sought to have clause seven of the subscription agreement mended as follows and for the decision to be published.

Clause seven of the terms and conditions were to be amended as follows:

a) *"Before the expiry of the duration of the agreement in accordance with the provisions of clause seven thereof, MTC shall in writing notify the subscriber that his/her contract is lapsing on XXX date and that he or she is entitled to extend the agreement by a further contract period, in which event the subscriber would be entitled to an offer for a new handset. The extension of the subscription agreement in accordance with this clause shall be in writing and shall be signed by or on behalf of both parties. In the event of such an extension, the remaining provisions of the subscription agreement will apply."*

b) *"Where the agreement is not extended in accordance with the provisions of clause 7A but nevertheless continues to operate indefinitely in accordance with clause seven hereof, then, the subscriber shall be automatically transferred to a Standard Package with a reduced subscription and no handset."*

Based on the Authority's decision, Tjombe- Elago wrote to CRAN seeking advice as to whether or not the said decision applied to all industry players and if not, this constituted unfair regulatory practice against MTC. This matter is now in the High Court of Namibia, MTC // CRAN & Others.

2

Consumer Complaint:

JP'S CLEANING // MOBILE TELECOMMUNICATIONS LIMITED

The complaint refers to outstanding invoices. The complainant alleged that he received account statements for N$3,158.77. The complainant further states that he was handed over to revenue solutions for an amount of N$10,374.20.

CRAN decided in respect thereof and communicated it to the parties on the 4 October 2016. The Authority's decision was as follows:

a) *That the complainant is liable to the respondent in the amount of N$3,158.77 in respect of the outstanding invoices for the period of 28 May 2013 to 27 June 2013;*

b) *That the complainant is liable to the respondent to the amount of N$5,226.75, calculated as follows: N$375.00 X 12.12 = N$4545.00 = N$4545.00 = 15%VAT of N$681.75 in respect of the early termination amount of the subscriber service agreement for the remaining twelve months, and twelve days, from the 26 July 2013 to the 8 August 2014;*

c) *That the complainant is to pay the respondent an amount of N$500.00 in respect of the collection commission as well as further N$205.71 for the*

disbursements incurred in the debt collection process.

d) *That the total sum of N$9,091.23 in respect of the amounts mentioned shall be paid by the complainant to the respondent. In the event that the complainant fails to settle the amount of N$9091.23, the respondent shall be justified in collecting the debt as per provision of the contract entered by the parties;*

e) *That once the complainant settles the amount of N$9091.23 to the respondent, that the respondent will remove the complainant's name from ITC.*

f) *That this resolution should be communicated to the public to alert the other MTC consumers they are by law only required to pay 10% debt collection commission as opposed to 18% in such similar cases.*

g) *That the decision of CRAN was made pursuant to Regulation 5(6) of the Regulations which provide that the Authority may take any other action or decision, as may be appropriate in the circumstances.*

The Authority received an application from MTC to reconsider its decision, but CRAN dismissed the reconsideration and found it as follows:

a) *That the complaint should pay MTC an amount of N$500.00 in respect of collection commission as well as a further N$207.71 for disbursements incurred in the debt collection process.*

b) *A total sum of N$9,091.23 to be paid by the complainant to MTC. In the event that the complainant fails to settle the amount of N$9,091.23 then MTC shall be justified in collecting the debt as per the provisions of the contract entered into between the parties.*

c) *Once the complainant has settled the amount of N$9,091.23 to MTC, MTC should remove the complainant's name from ITC.*

d) *That this resolution should be communicated to the public to alert other MTC consumers that they are by law only required to pay 10% debt collection commission as opposed to 18% in such similar cases.*

On 13 March 2018, the CRAN received a Notice of Motion Review application from MTC's lawyers, Tjombe-Elago Attorneys and the Authority is being represented in the matter by Advocate Esi Schimming-Chase SC on instruction by Nakamhela Attorneys.

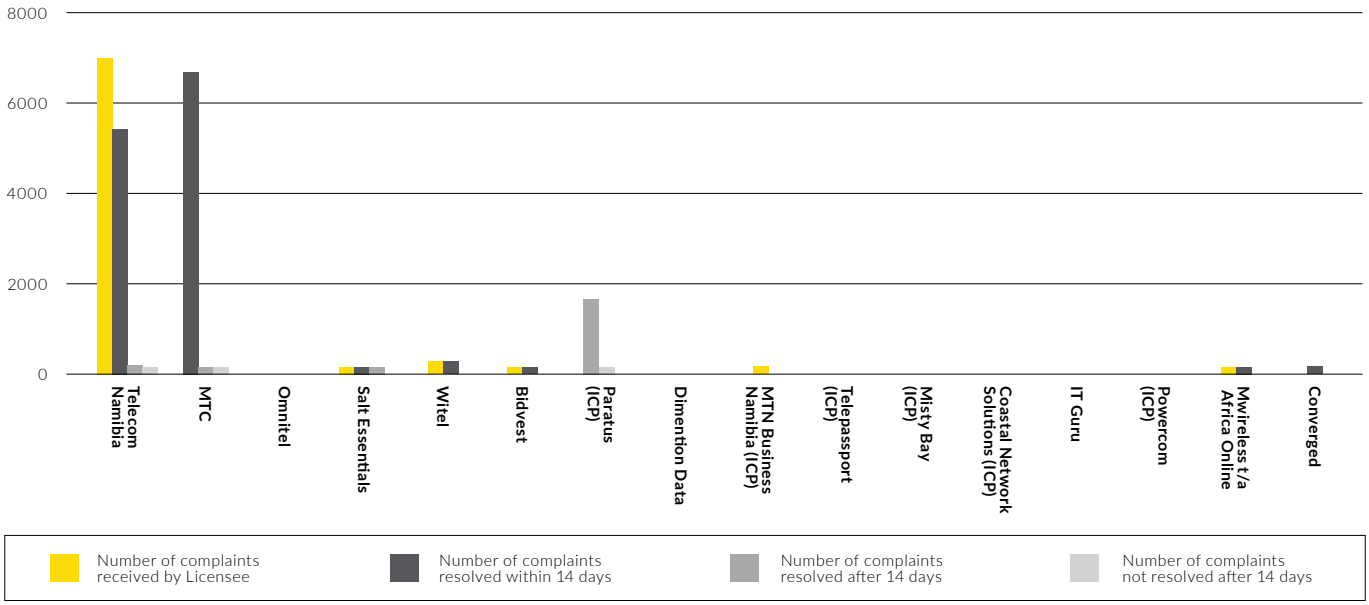
REGULATING ICT FOR A BETTER NAMIBIA

The Legal Advice Department's responsibility is to look out for the consumers' interests and proactively providing legal guidance to deliver on CRAN's mandate, vision, mission as well as minimising risks. The department is committed to providing excellent legal advice to advance the ICT sector.

COMPLAINT STATISTICS

Figure 1 depicts the statistics received from telecommunications service licensees about the complaints that they received directly from consumers:

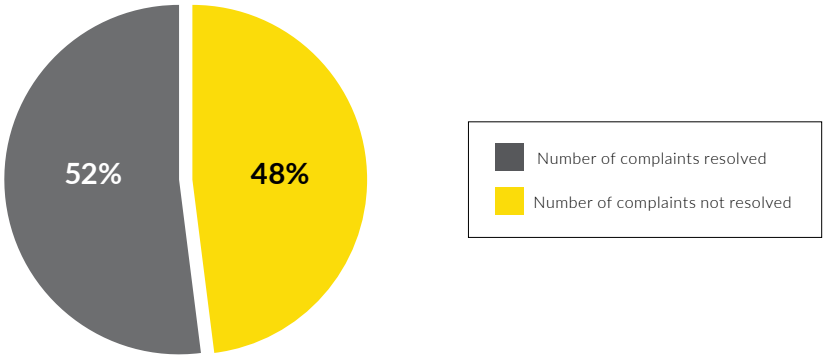
Figure 1: Complaints submissions from consumers



Consumer complaints received by the Authority against telecommunications service licensees

During the period under review, the Authority received 46 consumer complaints against telecommunication service licensees. As of 31 January 2018, CRAN resolved 24 complaints (48%), while 22 complaints remained unresolved (52%). The resolved versus unresolved complaints are summarised in Figure 2.

Figure 2: Consumer complaints submitted to the Authority 2017/2018



A comparison of these statistics with those of the 2016/2017 period, reflects a nine percent reduction in the number of complaints resolved by the Authority.

During this period the majority of the cases relate to PABX hacking that required extensive investigation and stakeholder engagement, which resulted in a delay completing it.

The Authority also received a complaint about postal usage. The minister has not yet ratified the chapter on postal regulation in the Communications Act. Therefore, the Legal Department advised the complainant that the complaint falls outside the Authority's mandate and in the interim, the complainant should complain at the mail distribution department within Nampost.

Complaints against Telecom Namibia Limited

The Authority received twenty two (22) consumer complaints against Telecom Namibia, and 59% of these were resolved as at 31 January 2018. Figure 3 depicts the nature of complaints received against Telecom Namibia.

Figure 3: Types of complaints received against Telecom Namibia Limited

The following is a summary of observations made in respect of Telecom Namibia:

- A comparative analysis between the reporting period 2016/2017 and 2017/2018 indicates an increase of 2% in the number of complaints submitted to the Authority against Telecom Namibia.
- The Authority has further noted a 51% decrease in the number of complaints submitted about poor service delivery, which is mainly about slow internet connections.
- There has been a 28% increase in complaints about billing. These complaints mainly relate to customers being under the impression they have cancelled their contracts with Telecom Namibia, while Telecom Namibia continues billing the customers.
- The Authority has also noted an increase in the number of complaints about the hacking of the PABX systems, which is classified as a service interruption.

Complaints against Mobile Telecommunications Limited (MTC)

The Authority received 23 consumer complaints against Mobile Telecommunications Limited (MTC) of which 48% were resolved as at 31 January 2018.

Figure 4: Types of complaints received against MTC

The following is a summary of observations from the report:

- A comparative analysis between the reporting period 2016/2017 and 2017/2018 indicates a decrease in the number of complaints about poor service delivery (from 56% to 38%).
- There has been a 1% decrease in complaints about billing. These complaints involve customers disputing their bills by claiming that they have not utilised the full data that is reflected on the bill and as such, MTC is not entitled to receive payment for data they have not received.
- The Authority received a complaint about the migration of the 0811 numbers from postpaid to prepaid. The complaint has not yet been finalised as the Authority opted to address the matter by way of regulation in the Consumer Protection Regulations.

Importance of the trend analysis

Consumer protection remains at the core of the Authority's mandate. The trend analysis demonstrates that the Authority is not only instrumental in resolving disputes involving consumers and licensees, but also in assisting licensees to handle and resolve complaints in an efficient manner. According to the trend analysis, licensees still need to do more to improve compliance with the quality of service parameters as prescribed by the Authority especially with regard to network and billing issues.

Jochen Traut

Chief Operations Officer

Operations Department

The ICT industry can have a positive impact in many economic sectors of the country and the lives of all Namibians. CRAN's Operations Department plays a crucial role in achieving this. During the year under review, the Operations Department smoothly carried out CRAN's day-to-day activities. The department issued the first Class Non-Profit ECS/ECNS licence during this period.

Leadership responsibility grows the team in meaningful ways and **allows the organisation to realise its goals and grow those to a broader vision.**

LICENCES

Broadcasting service licences

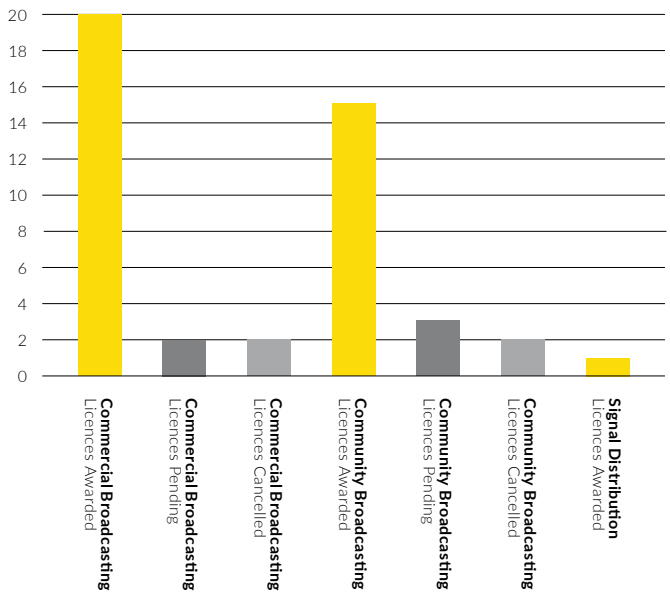
During the period under review, the Authority considered many new applications for broadcasting service licences but also had to consider the renewal of the first broadcasting service licences that had been issued between April 2012 and March 2013. Broadcasting licence are valid for five years.

The Authority granted three new commercial broadcasting service licences for television services, one community broadcasting service licence for radio services and one signal distribution broadcasting service licence until 31 March 2018. The Authority renewed one community broadcasting service licences for a further period of five years in the area of Oranjemund.

The Authority declined the renewal of two community broadcasting service licences previously awarded. CRAN made the decisions due to licensees' non-compliance with broadcasting licence conditions and provisions of the Communications Act.

To date, the Authority has awarded 36 broadcasting service licences as shown in the graph (Figure 1).

Figure 1: Broadcasting Services Licences



The introduction of digital radio broadcasting technologies will alleviate the scarcity of available analogue frequencies for FM Radio broadcasting services. Digital radio broadcasting services will be deployed in spectrum bands not currently utilised and also makes provision for more efficient use of spectrum. The Harambee Prosperity Plan contains a target of 100% digital radio and television coverage by 2020.

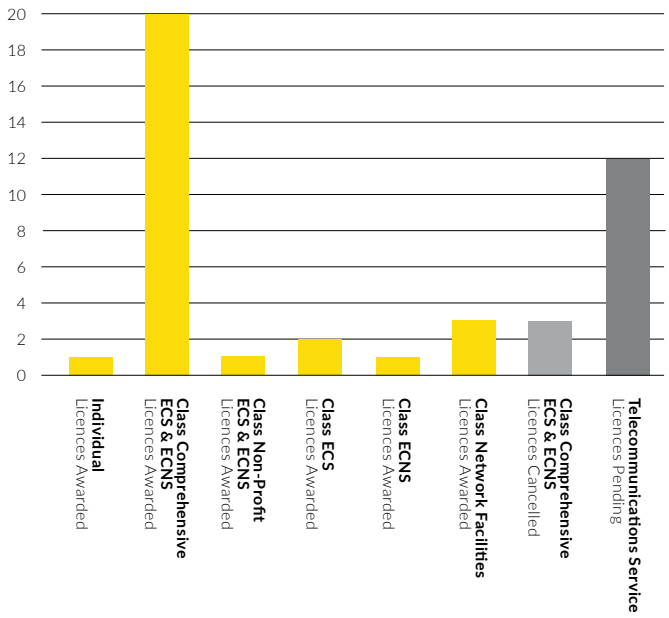
Telecommunications service licences

The number of telecommunications service licensees increased during the period under review. CRAN awarded ten new telecommunications service licences. Additionally, CRAN awarded six of the ten Class Comprehensive ECS and ECNS telecommunications services licences to small and medium enterprises.

The Authority also granted three Class Network Facility telecommunications services licences to facilitate the construction of towers and fibre networks. The new infrastructure will be leased to other telecommunications service licensees as provided for under the infrastructure sharing regulations as well as the implementation of a central database solution to facilitate number portability.

CRAN also awarded the first Class Non-Profit ECS/ECNS licence. To date, the Authority has granted 28 telecommunications service licences as shown in the graph (Figure 2).

Figure 2: Telecommunications Services Licences



During the reporting period, the Authority experienced an influx of applications from neighbourhood watches for Class Non-Profit ECS/ECNS telecommunications service licences providing security services by installing surveillance cameras at strategic points in the suburbs. Such licensees will not compete with other telecommunications services licensees in that these entities do not provide telecommunications services on a commercial basis.

Other licences issued

Two-way radio communication services deemed to be licence-exempt in terms of Regulation 5(2) of the Regulations setting out Broadcasting and Telecommunications Service Licence Categories as published on 18 May 2011 in the *Government Gazette* 4714 but such services still require spectrum use licences to be awarded by the Authority.

The Authority awarded 1,391 spectrum licences for 2 way radio services during the past period. Licensees must renew these spectrum licences on an annual basis.

In addition, the Authority awarded 300 maritime radio operator certificates and 785 aeronautical radio operator certificates to date.

Spectrum

The submission of withdrawals of spectrum licences by One Africa Television is linked to the switch off of analogue television services and implementation of digital terrestrial television services (DTT). This action is implemented in accordance with the ITU GE06 agreement to make the 700 MHz and 800 MHz spectrum bands available for mobile telecommunications services offering improved broadband access and services.

Telecom Namibia Limited withdrew its spectrum licence previously awarded for CDMA services. Telecom Namibia Limited discontinued to provide services on its outdated CDMA network, which further aided the Authority in clearing the 800 MHz spectrum band from legacy analogue broadcasting and spectrum inefficient telecommunication services.

It is worth noting that both Paratus Telecommunications (Pty) Ltd and Telecom Namibia Limited are busy replacing legacy fixed point-to-point and point-to-multipoint WiMAX networks with the latest TDD-LTE network technologies. These upgrades would provide 4G broadband services in the 2.6 GHz spectrum band.

CRAN is busy developing a spectrum assignment strategy for discussion and completion during the next financial year. This policy will pave the way for auctioning of new or returned spectrum to licensees.

ACTIVITIES IN RESPECT OF STRATEGIC OBJECTIVES

The Operations Department undertook the following actions, which were in line with CRAN's strategic plan for the period 2015-2018.

These divisions were primarily responsible for implementation: Operations, Universal Services and Electronic Communications. The Legal Department provided support to the Operations Department to ensure legal compliance in the drafting of regulations.

Focus Area 1: Market Development and Expansion (Quality of Service, Spectrum, Management, Universal Access and Service, Telecommunications, Broadcasting and Postal Services, Number Portability)

Quality of Service

The department issued a tender for the Supply, Installation and Commissioning of Telecommunications Quality of Service Measuring Tools and Monitoring Systems on 11 October 2017. The acquisition of this equipment would have facilitated the ongoing monitoring of quality of service key performance indicators as contained in the Quality of Services Regulations.

However, the Authority had to cancel the tender after completion of the evaluation process because the tendered price amounted to 10.5 million Namibian Dollars while the capital budget allocation was two million Namibian Dollars. The department based the amount on benchmarked pricing for purchasing directly from the vendor without any intermediary 3rd party.

Digital Sound Broadcasting

In line with the envisaged implementation of digital sound broadcasting, the Operations Department held a stakeholders' workshop with broadcasting licensees and the MICT on 6 April 2017. The SADC ICT Ministers also approved the regulatory guidelines as prepared by CRASA for implementation of digital sound broadcasting at its meeting from 4 to 7 September 2017 in South Africa. Execution of digital sound broadcasting by 2020 as set out in the Harambee Prosperity Plan would require the review of various existing regulations. Moreover, the exercise would include the development of new frequency channelling plans. The Operations Department has budgeted for development of all radio broadcasting frequency channelling plans in the 2018/19 financial year.

Type Approval

Type approval is a process whereby the Authority authorises the use of any communication equipment that uses frequencies or interfaces to other communications to be deployed or sold in Namibia. This certification is to ensure that such communication equipment does not interfere with other communication services and comply to health and security requirements.

The Type Approval Regulations came into effect on 1 November 2016. During the period under review, the Authority received 3,655 type approval applications, issued 2,239 certificates and declined two applications. CRAN was in the process of considering 266 applications at the end of the review period.

Type approval applications received	3,655
Type approval certificates issued	2,239
Type approval applications declined	2
Type approval applications in review	266

Postal Services

The Authority appointed a Postal Manager reporting to the Chief Operations Officer effective 1 July 2017.

In line with the envisaged implementation of chapter seven of the Act, upon enactment by the Minister of ICT, the Operations Department started with the drafting of the seven sets of postal services regulations setting transitional procedures, licensing categories, licensing application procedures, submission of interconnection agreements, consumer complaints handling procedures, administrative and license fees, and licensee disputes. The Legal Advice Department assisted the Operations Department in this regard.

The first three sets of regulations are currently under review by the Legal Advice Department and are expected to be ready for the rulemaking process during the first quarter of 2018.

In the coming period, the Operations Department intends to merge the regulations of setting administrative fees and licensee fees for postal services with the already existing regulations on these fees for telecommunications and broadcasting services. Likewise, the same will apply to the regulations stipulating licensee disputes for postal services.

There are reasons for variances experienced regarding the drafting of the seven sets as requested by the Board. The department identified the following number of loopholes and omissions in chapter seven of the Act:

- Provision of universal postal service;
- Issuance of postage stamps';
- Printing of philatelic;
- Courier service;
- Posting of postal articles;
- License fees;
- Authority to craft regulations dealing with prohibited postal articles;
- The prohibition of transmission of indecent material by post or courier;
- Nampost international obligations;
- Delivery of postal articles;
- The disposal of undeliverable articles;
- Prohibited postal articles;

- Postal security and safety;
- The compensation of lost postal articles;
- The criteria for transmission of prohibited postal articles;
- The interconnection agreements and negotiations between parties;
- The Authority's role in arbitrating disputes between interconnecting parties;
- The penalties regarding regulatory offences;
- The restriction of postal articles; and
- The foreign market presence and limit of ownership on postal or courier services in Namibia (shareholding in percentage).

The Operations Department would recommend incorporating the mentioned provisions into the planned revision of the Communications Act during the upcoming period. These amendments would ensure a fully-fledged regulatory framework for both postal and courier services.

Universal Access and Services (UAS)

The UAS Fund has not yet been established due to the fact that parts of Section 23 of the Communications Act being contested in the High Court as unconstitutional by Telecom Namibia Limited. The Authority amended the draft regulation by revising Section 4(1) of the 'Regulation Prescribing the Provision of Universal Service by Telecommunications Service Licensees' to read as follows:

"but subject to the availability of money in the Fund."

The amendment would enable the Authority to operate without the funding aspect of UAS.

The CRAN Board of Directors approved the mentioned regulations on 27 March 2018. The final regulations are pending publication in the *Government Gazette*.

Numbering

Number licence fees and the procedures for number licences were published in the *Government Gazette* No. 5983 on 1 April 2016 (referred to as "the numbering regulations"). The numbering regulations provide for a twelve-month implementation period for all licensees. The service providers utilising numbers include, among others, voice services, data services and machine-to-machine services. The transitioning period ended on 31 March 2017. During the past period, the Operations Department began with enforcement, and assessed number audits as submitted by Telecom Namibia Limited, Paratus Telecommunications (Pty) Ltd and Mobile Telecommunications Limited for compliance to the regulations. The Authority communicated its findings to licensees.

In preparation for number portability, the Operations Department published the proposed amendment of the numbering regulations for public comment in the *Government Gazette* No. 6351, General Notice No. 250 dated 30 June 2017. A public hearing convened on 25 July 2017. The final regulations were recommended for approval to the CRAN Board of Directors at its meeting held on 30 August 2017. A decision concerning the amendment of the numbering regulations is still pending.

Spectrum Management

Operations finalised the regulations to increase spectrum fees as per the current fee structure based on CPI. The final Regulations Setting Out Fees for Spectrum Licences, Certificates and Examinations was published in *Government Gazette* No. 6322, General Notice No. 155 dated 1 June 2017. The fees came into effect on 1 January 2018. CRAN billed all spectrum licensees for 2018 in compliance with the new regulations.

Preparation has commenced for WRC-19. Namibia has been appointed as rapporteurs for four agenda items together with South Africa and Zimbabwe. As in the case of WRC-15, the MICT selected CRAN's Chief Operations Officer and Head: Electronic Communications to fulfil all rapporteur duties at SADC, ATU and ITU level.

OTHER ACTIVITIES UNDERTAKEN BY OPERATIONS AT NATIONAL, REGIONAL AND INTERNATIONAL LEVEL

CRASA participation

The Operations team represented CRAN and actively participated at various CRASA meetings including the executive committee, postal committee, electronic communications committee, universal access and service committee and strategic plan task team of CRASA. The Operations team representatives lead and provided input to the following projects within CRASA:

- SADC TV bouquet;
- SADC Guidelines for Digital Radio Broadcasting (Representative from CRAN's Operations Department was the team leader);
- SADC channelling plans for 3300-3400 MHz, L-Band and Digital Radio Broadcasting;
- Measuring of broadband targets contained in the SADC Broadband Plan;
- SADC Preparation for the Special UPU Congress in October 2018;
- SADC Postal reforms and financial inclusion;
- Development of UAS obligations for the postal sector;
- Development of KPIs for universal service and access;
- SADC Guidelines for Universal Broadband Services in Rural Areas; and
- CRASA five-year strategic plan.

The documents resulting from these meetings were submitted to the CRASA Annual General Meeting for approval in April 2018. The approved documents would be submitted to SADC for consideration by the SADC ICT ministers.

International Telecommunications Union (ITU)

The Chief Operations Officer and Head: Electronic Communications were appointed as rapporteurs by the MICT to represent Namibia as rapporteurs at ITU WTDC-17 in October 2017. A full report on WTDC-17 and resultant resolutions binding Namibia as a member state was submitted to the Ministry.

LEADING THE WAY

The Operations Department is proud to represent Namibia on regional and international telecommunications bodies. This leadership responsibility grows the team in meaningful ways and allows the organisation to realise its goals and grow those to a broader vision.

Helene Vosloo

Head: Economics and Sector Research

Economics & Sector Research Department

During the financial period under review, the Economics Department accomplished many objectives and completed projects. In the reporting period, the department collaborated with regional telecommunications sector regulatory authorities, which helped to strengthen CRAN's team, develop new areas and improve outcomes.

By actively being involved in all local and regional platforms and consultative meetings, **we ensure that Namibians' voices are heard when setting tariffs and shaping the telecommunications environment.**

COST STUDY

The Economics Department finalised the Public Switched Telephone Network (PSTN)/Leased Line cost model. The first hearing was held on 21 July 2015. After consultation and redrafting the regulations another hearing was held on 1 July 2017. CRAN then decided to update the cost model before its completion. The work would continue into the next reporting period.

SADC ROAMING PROJECT

At the CRASA AGM, held from 27 to 28 March 2015, a CRASA Roaming Task Team (CRTT) was established to guide the implementation of the project. Namibia fulfils the role of Vice-chairperson on the committee.

The Committee collected information to calculate the new roaming tariffs according to the methodology approved by the ICT ministers at a meeting held in Walvis Bay in June 2015.

After the ministers' meeting, Namibia took the lead and invited Botswana, Zambia and Zimbabwe to join a pilot study. The implementation of the roaming glide path started as of 1 September 2015. The countries reduced roaming charges effective 1 November 2015. The implementation posed some challenges, but the methodology proved to be the major one.

During 2017 all countries in SADC have joined the initiative except Madagascar, Seychelles, Mauritius and the Democratic Republic of the Congo. CRASA published and awarded a tender for the development of a cost model for roaming in the region. The work would be completed within the next reporting period.

REPORTING AND DATA COLLECTION

The department improved the licensee database, which allows fact-based ICT industry overviews and the monitoring of developments with specific, reliable referencing. The database enables licensees to submit their data and tariffs online. Particular time slots were allocated to enhance the technical capability of the database. This would ensure that licensees correctly enter data about spectrum and infrastructure. During the past period, the department completed the technical portals for MTC and Paratus. The department expects that the database would be finalised within the next reporting period.

The Economics Department continued publishing its online quarterly statistics newsletter to provide the public with up-to-date information on the ICT industry. Furthermore, the Department also released the Telecommunication Sector Performance Review for 2016.

COMPETITION REGULATIONS

CRAN has been operating in an environment where licensees are behaving in an anti-competitive and monopolistic manner. It is against this background that the Authority decided to formulate regulations, which would regulate anti-competitive behaviour in the telecommunications sector.

CRAN finished the regulations in the period under review.

TARIFFS AND FEES

During the period under review, the licensees submitted the following rates and tariffs to CRAN for review and approval.

The department noticed a substantial increase in the number of tariffs submitted for approval by Telecom Namibia Limited from the previous financial year for telecommunication service licensees as Table 1 explains.

Table 1: Tariffs submitted by licensees

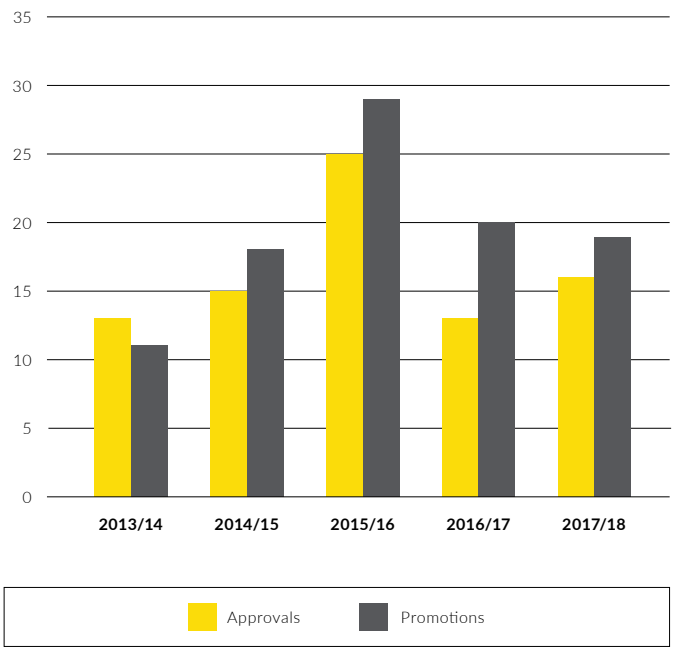
Tariff	Day Submitted	Approved
TELECOM NAMIBIA LIMITED		
Approvals:		
Smart Unlimited Voice Call Plan	8 March 2018	In Progress
South Africa Fixed and Mobile International Amendment	8 December 2017	5 March 2018
Speedlink and TN1 - Amendment	23 November 2017	5 March 2018
Promotions:		
International Voice Bundles	12 April 2017	
Residential Unlimited Call Plan	11 May 2017	
Speedlink Upgrade	23 June 2017	
Smart Phone Free Data	7 July 2017	
Telecom Namibia 25 Birthday	3 August 2017	
Ongwediva Annual Trade Fair	23 August 2017	
Jiva and Smart Package	21 September 2017	
Valentine Promotion	13 February 2018	

Tariff	Day Submitted	Approved
Independence Special	14 March 2018	
Unlimited Voice Call Plan and Unlimited Voice and Data Packages	22 November 2017	
Speedlink and TN1	23 November 2017	
Jiva Promotion	5 February 2018	
Unlimited Voice Call Plan and Unlimited Voice and Data Packages Promotion	8 March 2018	
MOBILE TELECOMMUNICATIONS LIMITED		
Approvals:		
NetMan – Amendment	14 February 2018	5 March 2018
Mobiz - Amendment	14 February 2018	5 March 2018
Post Paid Service Plan & Extra Data	25 January 2018	5 March 2018
Promotions:		
Pre-paid Data	16 August 2017	
Post-paid Data	30 August 2017	
PARATUS TELECOMMUNICATIONS (PTY) LTD		
Approvals:		
YUR SAT	30 May 2017	30 August 2017
WiMax	23 August 2017	
Omajova		
Additions to LTE & New Bundles	23 March 2018	In Progress
New Yur Sat	8 November 2017	5 March 2018
Promotions:		
Additions to LTE & New Bundles	23 March 2018	
Massive Square Promotions	22 June 2017	

Tariff	Day Submitted	Approved
MWIRELESS (PTY) LTD T/A AFRICAONLINE		
Approvals:		
New Tariffs		In Progress
Jet Products		In Progress
MTN BUSINESS (PTY) LTD		
Approvals:		
SME Connect Bizz & MTN VoiP	10 October 2017	Withdrawn
IT GURU		
Approvals:		
New Fiber Products	1 November 2017	5 March 2018
SALT ESSENTIAL IT (PTY) LTD		
Approvals:		
Tariff Amendment	18 December 2017	5 March 2018

In total 16 tariff packages were submitted during the 2017/2018-year. During the same period, the Authority received a total of 19 promotional packages.

Figure 1: Tariff submissions



TRANSFER OF LICENCES AND TRANSFER OF CONTROL

During the year under review, there was an increase in the number of applications from licensees for the transfer of licences and transfer of control of licences. In total, the Authority received six applications for the transfer of control and four applications for the transfer of licences

Table 2: The transfer of licences and transfer of control of licences

Transfer of Shares
MTN Business Solutions (Pty) Ltd – 30% of shares transferred from MTN to Profile Technologies (Pty) Ltd
Misty Bay 140 cc t/a Bitstream – 33% of shares transferred from Robert Binneman to Jacques Serfontein and Leslie Bosman.
Paratus Telecommunications (Pty) Ltd – 26.5% of shares transferred to Nimbus Infrastructure Limited
Paratus Telecommunications (Pty) Ltd – 24.9% of shares to Nimbus Infrastructure Limited
Transfer of Control
Mobile Telecommunications Limited – 34% of shares transferred from Samba DutchCo to Namibia Post and Telecom Holdings
Salt Essential IT (Pty) Ltd – 100% of shares to be transferred to Gerson Uirab, Peter Müller, Vanessa Maresch and Frans Herle.
Carol Ann van der Walt – 100% shares to be transferred to Efm Radio cc
99 FM (Pty) Ltd – 55% of shares transferred from Chrisna Greeff to Christina Magdalena Hugo, Magrieta Cornelia Boltman, Fortune Muninganda Kangueehi, Debora Ann Rowles.
Converged Telecommunications Solutions (Pty) Ltd – 66.2% of shares transferred from Riaan Steyn and Mathew Welthagen to Future Business Trust
Radio Wave cc, Omulunga Radio (Pty) Ltd, Fresh FM (Pty) Ltd and Radio Kudu (Pty) Ltd t/a One FM – 100% of shares to be transferred to Namibia Future Media Holdings (Pty) Ltd

INTERVENTION IS BETTER THAN CURE

The Economics and Sector Research Department actively participated in all local and regional platforms and consultative meetings ensuring that Namibians' voices are heard when setting tariffs and shaping the telecommunications environment.

At CRAN, we are patient but determined to **establish a robust ICT industry in Namibia.**

Lucrezia Henckert-Louw

Head: Human Capital

Human Capital Department

The Human Capital Department is the steward of organisational culture. Thus, the department would build capabilities to bring culture to a place of innovation and driving employee satisfaction.

The period under review was challenging and saw leadership guiding teams during times of uncertainty and volatility. However, the past period also presented many opportunities for employee engagement.

Conscious structuring of the perfect organisational environment could **lead to higher overall success.**

Highlights

The financial year under review marked the following highlights:

- *The department delivered a revised organisational structure, which is required to achieve strategic objectives;*
- *CRAN was compliant to the employment equity requirements;*
- *The department implemented Retention and Talent Management policies;*
- *The department established performance management;*
- *CRAN developed its employees professionally;*
- *The department promoted employee wellness;*
- *CRAN mentored and coached employees for success; and*
- *The Authority complied with the relevant employment legislation.*

Revised organisational structure proposal

In September 2017, HR proposed a revised organisational structure that required the appointment of 16 additional employees. The Board approved the revised corporate structure for the financial year 2018/2019.

Affirmative Action Report and Plans

In line with the Affirmative Action Employment Act No. 29 of 1998, CRAN's Affirmative Action Report for the period 1 July 2017 to 30 June 2018 is due to the Employment Equity Commission in June 2018. The Authority is an equal opportunity employer and is committed to the requirements as prescribed in the Act.

Retention of staff

CRAN's policy recognises that human capital is the most indispensable part of the organisation and hence values its employees. The Authority is committed to attract and retain highly skilled and qualified staff who will enable CRAN to fulfil its mandate and achieve its goals and objectives.

Despite having a retention policy in place, it was difficult to retain highly skilled staff because of the absence of a monetary tool for retention or making counter offers to employees. The main reasons cited for leaving CRAN were the poor remuneration scales and lack of scarcity or retention allowances. CRAN filled positions through the internal promotions and transfer policy. Additionally, long service awards have been implemented and serve as a useful retention measure.

Performance management

The purpose of CRAN's performance management process is to improve organisational performance by integrating and aligning it with the Authority's overall strategic plan.

For the period under review, CRAN employees completed their performance cycle for the period 1 October 2017 to 31 March 2018. The department conducted a series of one-on-one engagement sessions to encourage employees achieving their deadlines and understanding the performance management framework.

Staff Professional Development

CRAN operated in a dynamic environment, which required continuous professional development and a growth mindset in the organisation. Some employees completed short courses and long-term training in the following areas:

- Project management;
- Defensive driving and drivers' etiquette;
- Public Procurement Act;
- Transformation coaching and mentorship;
- ICT regulation, policy and practice;
- Leadership and management development;
- Office and business administration;
- Executive coaching; and
- Logistics and supply chain management.

Employee Wellness

The department establishes wellness requirements on an annual basis, which it promotes and implements throughout the year. The following were the wellness activities completed within the period under review:

- Information dissemination on early detection of prostate and cervical cancer vaccination;
- Flu vaccinations;
- Zumba, aerobics and yoga exercises;
- Vitamin B complex booster injections; and
- Blood transfusion services hosted at CRAN.

Challenges

CRAN faced the following challenges during the period under review:

- *Aligning to the Ministry of Public Enterprises (MOPE) Remuneration Directives;*
- *Employee-employer relations; and*
- *Low staff morale and high turnover.*

Remuneration Directive

The Ministry of Public Enterprises (MOPE) embarked on a study to revise the current remuneration directives. However, the research has been in progress since 2015. In the meantime, CRAN faced various challenges matching remuneration offers and retaining employees.

Bearing in mind the challenges the Authority faced, CRAN would consider revising the existing remuneration scales to align it with the market. Reviewed scales might reduce staff turnover, retain critical staff and enable the organisation to offer market-related salaries. The department submitted revised remuneration scales to REMCO for consideration, recommendation and approval by the Board.

Revision of CRAN remuneration scales in line with CPI increases

Since CRAN's inception in 2012, CRAN remuneration scales were amended with the MOPE Directive in 2014 and again in 2016 according to a CPI increase. Annual inflation adjustments to the scales ensure it remains market-related. CRAN's remuneration scales were posing a challenge to make offers to new employees or matching market remuneration. Against the background of declining economic growth, salary increases would remain a key challenge for the Authority.

Employee-Employer Relations

Under the review period, CRAN employees filed a labour dispute at the Office of the Labour Commissioner in respect of the following disputes:

- **Dispute One** - Illegal deduction of alleged wrong bonus pay and unilateral change of employment agreement;
- **Dispute Two** - Red Circling of employee's salaries in CRAN; and
- **Dispute Three** - Payment of Overtime.

A conciliation meeting addressing dispute 2 took place at the Office of the Labour Commissioner on 6 February 2018.

At the mediation meeting held on 6 February 2018, the employee representatives and the Board resolved to pay out a once off inflation-adjusted amount to all red-circled employees.

The next conciliation meeting would have taken place on 26 and 27 April 2018.

Employee Turnover

The employee turnover rate increased to 21% for this reporting period compared to 5% during the last reporting period. The department would establish the reasons for the high turnover and manage it accordingly.

CRAFTING THE WAY FORWARD

People are the Authority's most valued assets because they contribute to achieving CRAN's objectives.

An employee engagement survey would be conducted to measure engagement levels and employee satisfaction, as well as improve operational effectiveness and deliver on CRAN's mandate. It is essential that the Authority assesses the organisational climate internally and devise strategies to curb the gaps emanating from the employee feedback and to address concerns.

The Authority would explore ways to enhance the performance management framework and system, which measures the degree of attaining CRAN's strategic objectives. The Authority would continue to strengthen its employee retention actions to provide a meaningful employment experience with mutual benefit.

In the new financial year, the department's primary principle is to improve CRAN's performance and uphold a culture that inspires innovation, while growing the Authority's capabilities and talent.

Statistics

CURRENT STAFF COMPLEMENT

The table below indicates the statistics on the current staff complement to date as from 1 April 2017 to 31 March 2018.

Table 1: Staff Compliment

Description	Statistics
Number of Male Employees	22
Number of Female Employees	29
Number of Employees with Disabilities	0
Number of Temporary Employees/Interns	6
Total Number of Employees	**57**

Table 2: Recruitments

Description	Statistics
Number of Male Employees	3
Number of Female Employees	3
Number of Employees with Disabilities	0
Number of Temporary Employees/Interns	10
Total Number of Employees	**16**

PROMOTIONS

The table below indicates the statistics on the employees that were promoted to date as from 1 April 2017 to 31 March 2018.

Table 3: Promotions

Description	Statistics
Number of Male Employees	2
Number of Female Employees	2
Number of Employees with Disabilities	0
Number of Temporary Employees/Interns	0
Total Number of Employees	**4**

Table 4: Resignations

Description	Statistics
Number of Male Employees	2
Number of Females Employees	4
Number of Employees with Disabilities	0
Number of Temporary Employees/Interns	6
Total Number of Employees	**12**

EMPLOYEE TRAINING

The table below indicates the statistics on the employees who undertook training for the period 1 April 2017 to 31 March 2018.

Table 5: Professional Development Training

Description	Statistics
Number of Male Employees	17
Number of Female Employees	18
Number of Employees with Disabilities	0
Total Number of Employees	**35**

The table below indicates the statistics on the employees who undertook formal training through staff development to date as from 1 April 2017 to 31 March 2018.

Table 6: Staff Development

Description	Statistics
Number of Male Employees	5
Number of Female Employees	6
Number of Employees with Disabilities	0
Total Number of Employees	**11**

People are the Authority's most valuable assets **because they contribute to achieving CRAN's objectives.**

Desery Haimbodi

Internal Auditor

Internal Audit & Risk Department

The department regards its controlling function as a way to guarding the organisation and giving peace of mind to the management. Internal Audit is continuously striving to build an internal control system that is effective, efficient and economical to control processes.

Internal Audit is continuously striving to build an internal control system that is **effective, efficient and economical to control processes.**

INTERNAL CONTROLS

Internal auditing

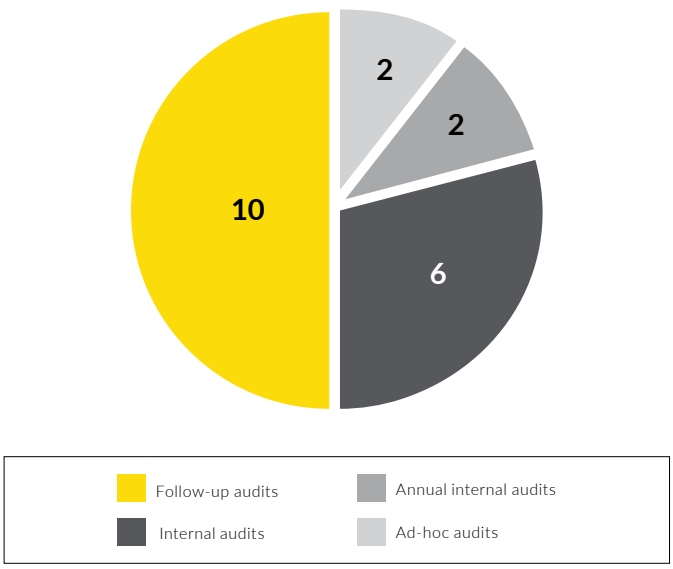
During the past year, the department assured the achievement of CRAN's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

CRAN used internal control measures to direct, monitor and measure resources. In the reporting period, the department played an essential role in detecting and preventing fraud and protecting the organisation's resources, both tangible (such as machinery and property) and intangible (reputation or intellectual property such as trademarks). The Internal Audit Department reported the results of the internal control tests to the respective department heads, the CEO and the Board, as per the approved internal audit plan.

CRAN reached its internal control objectives, which include the reliability of financial reporting, timely feedback on the achievement of operational and strategic goals, and compliance with laws and regulations, policies and procedures.

Figure 1 depicts the figures of the Internal Audit activities carried out in the reporting period.

Figure 1: Number of internal audits



The department categorised its internal audits as follows:

- **Risk-based:** Work completed in areas that have been identified by management in conjunction with Internal Audit as the key inherent high-risk areas of CRAN, as indicated in the detailed risk assessment, which is reviewed and updated as circumstances dictate, usually once every year.
- **Annual:** Work completed on yearly. For example, annual salary increases audits.
- **Ad-hoc:** Unspecified work assignments that may arise during the course of the year such as special investigations, particular board and management requests.
- **Follow-up:** Any formal follow-up assignments.

Internal auditing (consulting)

The Head of Internal Audit serves on the Executive Management Committee in an advisory capacity. The department provided advisory services on a wide range of issues including policy and procedure design, internal controls, and risks.

RISK MANAGEMENT

CRAN appointed a Risk and Compliance Officer during December 2017. The Risk and Compliance Officer's responsibility is to ensure that risk management activities are carried out timely and effectively. The role of the officer is to enable a risk-aware organisation and that CRAN is fully compliant with relevant laws, regulations, contracts, policies, and standards.

The department used the central risk management database (risk logs) to record and track CRAN's risks during the reporting period. Additionally, the Internal Audit Department carried out risk measuring and monitoring in the period under review.

COMPLIANCE MANAGEMENT

Internal Audit used a compliance management database to accomplish CRAN's compliance activities during the past year. Efforts are underway to improve the level of compliance.

PEACE OF MIND

The principles of integrity, objectivity, confidentiality and competency drive the team. The value of Internal Audit is embedded in the peace of mind the organisation obtains knowing that there is a department committed to identifying revenue leakages and controlling costs.

Justus Tjituka

Head: Finance

Financial Review

For the year under review, the Authority recorded a total comprehensive loss of N$ 11.7 million representing an increase of 17.1% from the prior year's loss of N$9.9 million. The increase is ascribed by the increase in the movement for the provision for doubtful debts of N$57.9 million.

	2018 N$ '000	% change	2017 N$'000
Revenue	88,285	-7.2%	95,168
Other income	249	-15.6%	295
Operating expenses	(107,420)	-5.6%	(113,793)
OPERATING PROFIT	**-18,886**	**3.0%**	**-18,330**
Investment revenue	7,234	-13.6%	8,377
Finance cost	(0)	-100.0%	(0)
PROFIT FOR THE YEAR	**-11,652**	**17.1%**	**-9,953**
Other comprehensive income	-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-11,652**	**17.1%**	**-9,953**

REVENUE

Revenue for the year under review decreased by 7.2% from N$95.2 million in 2017 to N$88.3 million in 2018, with regulatory levies, i.e. telecommunications and broadcasting fees contributing to 79% of the revenue.

Revenue comprises of regulatory levies from telecommunications and broadcasting service licensees, spectrum fees and type approval fees. CRAN calculates the regulatory levies as a percentage of operators' turnover based on a progressive licence fee formula that caps the maximum rate at 1.5%. Spectrum fees, which comprised 19% 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.

The significant reduction in revenue came about as a result of decreases in spectrum revenue. The Authority conducted an audit of the spectrum levies structures; hence the lower income in the year under review.

Moreover, the Authority took advantage of the "Rule Nisi" issued by the High Court to allow for the invoicing and collection of all outstanding levies up to the date of the Supreme Court hearing of 6 April 2018 and subsequently, the judgement day of 11 June 2018.

Figure 1: 2018 Revenue breakdown

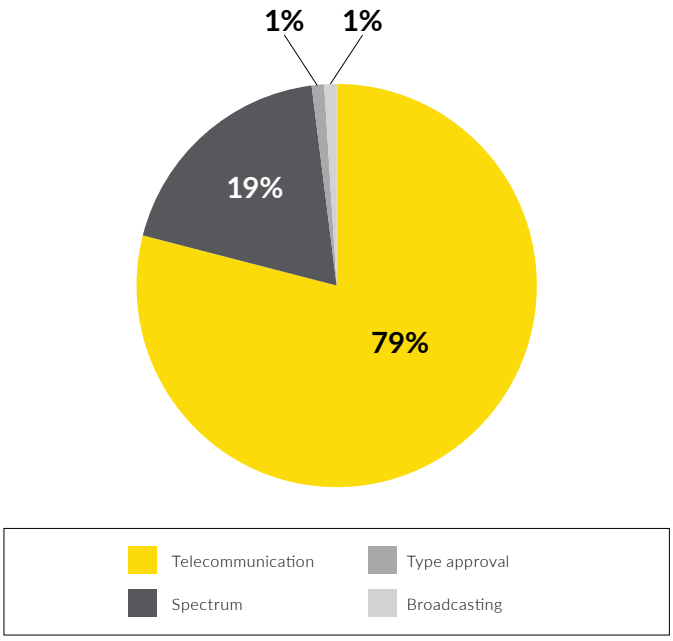
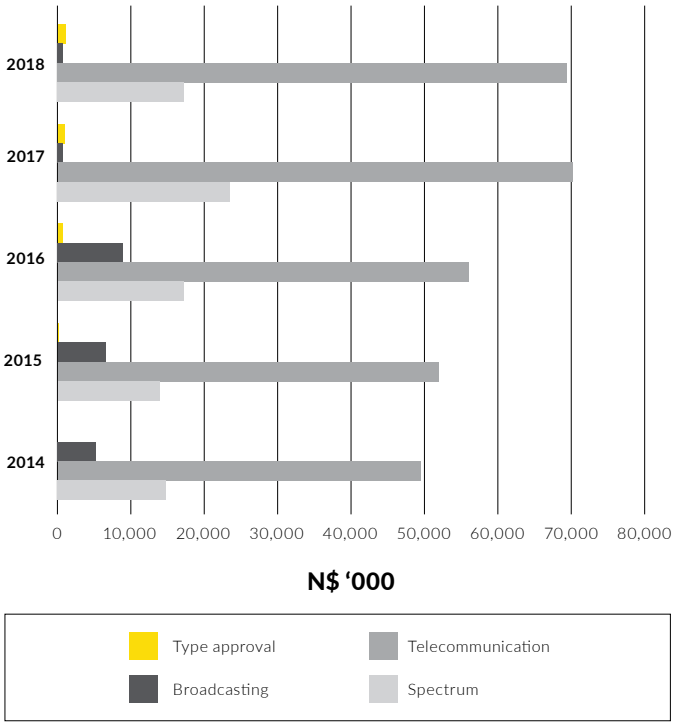


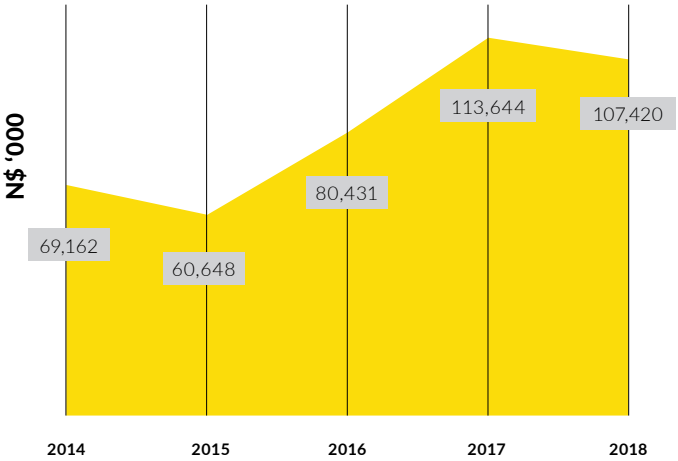
Figure 2: Five year revenue trend



OPERATING EXPENSES

Operating expenses decreased by 5.6% from N$113.8 million in 2017 to N$107.4 million in 2018. The main reason for the decrease is the reduction in the movement for the provision for doubtful debts from N$59.2 in 2017 to N$57.9 million in 2018.

Figure 3: Five year operating expenses trend



Annual Financial Statements

for the year ended March 31, 2018

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Communications Regulatory Authority of Namibia

Annual Financial Statements

for the year ended March 31, 2018

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

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, Act 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.
MEMBERS:	Ms. Frieda Kishi Ms. Anne-Doris Hans-Kaumbi Ms. Beverley Gawanas –Vugs Mr. Moses Molatendi Moses Mr. Mpasi Haingura Mr. Andreas Nekongo
REGISTERED OFFICE:	Communications House 56 Robert Mugabe Avenue Windhoek Namibia
BUSINESS ADDRESS:	Communications House 56 Robert Mugabe Avenue Windhoek Namibia
POSTAL ADDRESS:	Private Bag 13309 Windhoek Namibia
BANKERS:	Bank Windhoek Limited
AUDITORS:	PricewaterhouseCoopers (Namibia) Registered Auditors Chartered Accountants (Namibia)
SECRETARY:	Mr. Tanswell Davies
LAWYERS:	Clement Daniel Attorneys Kangueehi & Kavendjii Inc ENS Africa Nakamhela Attorneys Dr. Weder, Kauta, & Hoveka Inc Bowman Gilfillan Nambahu & Uanivi Angula Co Inc

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Contents

The reports and statements set out below comprise the annual financial statements presented to the minister of information and communication technology:

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

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

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' 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.

Authority secretary and professional advice

All members have access to the advice and services of the Authority's 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 is 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 of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to annual financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control can change with circumstances.

Member

Member

Windhoek, Namibia

16/10/2018

Members'

Responsibilities and Approval

The members are required in terms of the Commmunication 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 the 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 the 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 set 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's 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 2018 and, in light of this review and the current financial position, they are satisfied that the company 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 pages 63 to 65.

The annual financial statements set out on pages 66 to 101, which have been prepared on the going concern basis, were approved by the members of the board on October 15, 2018 and were signed on their behalf by:

Member

Member

Windhoek, Namibia

16/10/2018

While imagining the future and planning purposefully, **CRAN insists on perfecting its skills and techniques to ensure triumph.**

pwc

Independent Auditor's Report

To the Minister of Information and Communication Technology

OUR OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Communications Regulatory Authority of Namibia (the Authority) as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Communications Act, Act 8 of 2009.

What we have audited

Communications Regulatory Authority of Namibia's financial statements set out on pages 66 to 101 comprise:

- the members' report for the year ended 31 March 2018;
- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Authority in accordance with the (International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.

OTHER INFORMATION

The members are responsible for the other information. The other information comprises the information included in the Communications Regulatory Authority of Namibia's Annual Financial Statements for the year ended 31 March 2018. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Tromifus Shapange, Nelson Lucas

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 26 in the financial statements which indicates that the Authority incurred a net loss of N$ (11,652,142) (2017: loss of N$ 9,952,971) for the year ended 31 March 2018 and generated negative cash flow from operating activities amounting to N$ 6,440,674 (2017: N$ 18,498,653). As stated in note 26, these events or conditions, along with other matters as set forth in note 26, indicate that a material uncertainty exists that may cast significant doubt on the authority's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF THE MEMBERS FOR THE FINANCIAL STATEMENTS

The members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Communications Act, Act 8 of 2009, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.

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, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Tromifus Shapange, Nelson Lucas

- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo

Partner
Windhoek, Namibia

02/11/2018

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

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COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Member's 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 March 31, 2018.

1. Incorporation

The Authority is 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:

Ms. Frieda Kishi	Namibian
Ms. Anne-Doris Hans-Kaumbi	Namibian
Ms. Beverley Gawanas–Vugs	Namibian
Mr. Moses Molatendi Moses	Namibian
Mr. Mpasi Haingura	Namibian
Mr. Andreas Nekongo	Namibian

There have been no changes to the directorate for the year under review.

5. Members' interests in contracts

During the financial year, no contracts were entered into which members 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. Going concern

The Authority incurred a net loss of N$ (11,652,142) (2017; Loss of N$ 9,952,971) for the year ended 31 March 2018 and generated negative cash flow from operating activities amounting to N$ 6,440,674 (2017; N$ 18,498,653) mainly due to the non-payment of the disputed revenue from the telecommunication administrative levy that was declared by the Namibia High court to be unconstitutional and invalid. Refer to note 26 for more details regarding the status of the case.

This, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Member's Report

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

The board members believe that they will be in a position to turn around the Regulator's financial situation after the Supreme Court decision for the following reasons:

1) CRAN has asked the Supreme Court to specifically address the following issues in its judgement or final ruling:

   a) The fate of the regulatory levies invoiced and not paid and those invoiced and paid.

   b) The need for the Regulator to defray it's operating expenses and the nature of those operating expenses.

2) On Monday 11th June 2018 the Supreme Court returned judgement on the Appeal Case and ruled as follows:

   i. They Upheld the High Court decision that Section 23(2)(a) of the Communications Act of 2009 and Section 6 of Regulation No. 311 of *Government Gazette* no. 5037 of 13 September 2012 were unconstitutional.

   ii. CRAN will not be required to charge/raise regulatory levies based on these provisions from Judgement day onwards.

   iii. There was no order of costs meaning each entity is to carry its own legal costs (High & Supreme Court).

   iv. CRAN was entitled to collect regulatory levies that were applicable from the period 13 September 2012 up to judgement day (11 June 2018), meaning that the first invoice of 2013 should be prorated to reflect levies for only the last 17 days of Telecom Namibia's financial year 2011-2012.

   v. Finally, CRAN would have to come up with a new regulations for calculating regulatory levy.

8. Auditors

PricewaterhouseCoopers (Namibia) continued in office as auditor for the Authority for the year 2018.

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.

10. Secretary

The Authority's Company Secretary is Mr Tanswell Davies.

Postal address:

Private Bag 13309
Windhoek
Namibia

Business address:

Communications House
56 Robert Mugabe Avenue
Windhoek
Namibia

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Statement of Financial Position

as at March 31, 2018

	Note(s)	2018 N$	2017 N$
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	4,684,146	4,335,069
Intangible assets	5	1,215,929	1,740,718
		5,900,075	**6,075,787**
Current Assets			
Trade and other receivables	6	13,662,915	16,992,377
Other financial assets	7	11,175,523	54,000,000
Cash and cash equivalents	8	89,750,317	55,118,403
		114,588,755	**126,110,780**
Total Assets		**120,488,830**	**132,186,567**
EQUITY AND LIABILITIES			
EQUITY			
Retained income		76,267,377	87,919,519
LIABILITIES			
Non-Current Liabilities			
Deferred capital	10	37,035,281	37,035,281
Current Liabilities			
Trade and other payables	11	3,797,632	1,369,171
Provisions	12	3,388,540	5,862,596
		7,186,172	**7,231,767**
Total Liabilities		**44,221,453**	**44,267,048**
TOTAL EQUITY AND LIABILITIES		**120,488,830**	**132,186,567**

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Statement of Comprehensive Income

	Note(s)	2018 N$	2017 N$
Revenue	14	88,285,308	95,167,552
Other operating income	15	-	294,666
Other operating gains (losses)	16	248,881	(148,658)
Administrative expenses		(33,239,808)	(36,410,593)
Other operating expenses		(74,179,991)	(77,233,089)
Operating loss	17	**(18,885,610)**	**(18,330,122)**
Investment income	18	7,233,468	8,377,151
Loss for the year		**(11,652,142)**	**(9,952,971)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(11,652,142)**	**(9,952,971)**

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Statement of Changes in Equity

	Retained Income N$	Total Equity N$
Balance at April 1, 2016	**97,872,490**	**97,872,490**
Loss for the year	(9,952,971)	(9,952,971)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(9,952,971)**	**(9,952,971)**
Balance at April 1, 2017	**87,919,519**	**87,919,519**
Loss for the year	(11,652,142)	(11,652,142)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(11,652,142)**	**(11,652,142)**
Balance at March 31, 2018	**76,267,377**	**76,267,377**

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Statement of Cash Flows

	Note(s)	2018 N$	2017 N$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	19	(13,674,142)	(26,875,804)
Interest income	18	7,233,468	8,377,151
Finance costs		-	-
Net cash from operating activities		**(6,440,674)**	**(18,498,653)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,415,685)	(642,906)
Sale of property, plant and equipment	4	-	5,680
Purchase of other intangible assets	5	(336,204)	(568,057)
Movement in other financial assets	7	42,824,477	28,500,000
Net cash from investing activities		**41,072,588**	**27,294,717**
Total cash movement for the year		**34,631,914**	**8,796,064**
Cash at the beginning of the year		55,118,403	46,322,339
Total cash at end of the year	8	**89,750,317**	**55,118,403**

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Accounting Policies

01

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 | BASIS OF PREPARATION

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Communications Act, Act 8 of 2009.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the Authority's functional currency.

These accounting policies are consistent with the previous period.

1.2 | SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Trade receivables
The Authority assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in 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 the financial asset.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by

Accounting Policies

1.2 | SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. The useful lives of carports and cubicles, furniture and fixtures, motor vehicles, office equipment, IT equipment, spectrum tools and spectrum monitoring system and computer software are determined based on Authority replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

The residual values 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.

Provisions

Provisions were raised and management determined an estimate based on the best information available. Additional disclosure of these estimates of provisions are included in note 12.

1.3 | 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.

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. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Authority. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Carports and cubicles	Straight-line	25 Years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	4 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	3 years
Spectrum tools	Straight-line	3 years

Accounting Policies

1.3 | PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Item	Depreciation method	Average useful life
Spectrum monitoring	Straight-line	3-7 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 | 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.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its 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

1.5 | FINANCIAL INSTRUMENTS CLASSIFICATION

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

- Held-to-maturity investment
- 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.

Accounting Policies

1.5 | FINANCIAL INSTRUMENTS CLASSIFICATION *(CONTINUED)*

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.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

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

Held-to-maturity investments 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.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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.

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 30 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

Accounting Policies

1.5 | FINANCIAL INSTRUMENTS CLASSIFICATION *(CONTINUED)*

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Authority's's accounting policy for borrowing costs.

Held-to-maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the Authority has the positive intention and ability to hold to maturity are classified as held-to-maturity.

1.6 | TAX

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.

1.7 | 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. This liability is not discounted.

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

1.8 | 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

Accounting Policies

1.8 | IMPAIRMENT OF NON-FINANCIAL ASSETS *(CONTINUED)*

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 | 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 Authority 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 Authority's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 | 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 25.

1.11 | REVENUE

Revenue includes amounts charged to the telecommunications and broadcasting operators as turnover fees.

Accounting Policies

1.11 | REVENUE *(CONTINUED)*

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.

1.12 | TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia 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.

1.13 | 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 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.

1.14 | 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.

Notes

to the Annual Financial Statements

02

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:

Standard / Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IAS 7: Disclosure initiative	January 1, 2017	The impact of the standard is not material.
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	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 April 1, 2018 or later periods:

Standard / Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Insurance Contracts	January 1, 2021	Unlikely there will be a material impact.
• IFRS 16 Leases	January 1, 2019	Unlikely there will be a material impact.
• IFRS 9 Financial Instruments	January 1, 2018	Unlikely there will be a material impact.
• IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Unlikely there will be a material impact.
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Unlikely there will be a material impact.

Notes to the Annual Financial Statements

03

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 and price risk), credit risk and liquidity risk.

The Authority's overall risk management programme 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.

Notes to the Annual Financial Statements

03 | RISK MANAGEMENT *(CONTINUED)*

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

At March 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Deferred capital	-	-	-	37,035,281
Trade and other payables	3,797,632	-	-	-

At March 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Deferred capital	-	-	-	37,035,281
Trade and other payables	1,369,171	-	-	-

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$ 100.9 million (2017: N$ 109.1 million) are exposed to cash flow interest rate risk, however considering the short term maturity of these deposits, these risks are minimized.

Interest rate effect on profit

	Effect on profit 2018		Effect on profit 2017	
	100bp increase in market	100bp decrease in market	100bp increase in market	100bp decrease in market
Cash and cash equivalents and other financial assets	1,009,258	1,009,258	1,091,184	(1,091,184)

Notes to the Annual Financial Statements

03 | RISK MANAGEMENT *(CONTINUED)*

Cash flow interest rate risk

Cash and cash equivalents	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Bank Windhoek Call Account Investments	6.25%	89,739,597	-	-	-	-
Bank Windhoek Fixed-Term deposit	7.35%	11,175,523	-	-	-	-

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	2018	2017
Cash and cash equivalents	89,750,317	55,118,403
Other financial assets	11,175,523	54,000,000
Trade receivables	13,662,915	16,992,377

Foreign exchange risk

The Authority does not hedge foreign exchange fluctuations.

The Authority reviews its foreign currency exposure, including commitments on an ongoing basis.

Price risk

The Authority is not exposed to a material price risk.

Notes to the Annual Financial Statements

04

PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Carports and cubicles	55,070	(4,405)	50,665	55,070	(2,203)	52,867
Furniture and fixtures	3,363,913	(1,450,270)	1,913,643	3,095,200	(1,129,981)	1,965,219
Motor vehicles	1,305,572	(844,232)	461,340	1,305,572	(616,485)	689,087
Office equipment	732,520	(668,266)	64,254	697,414	(533,344)	164,070
IT equipment	2,108,328	(1,921,717)	186,611	1,914,211	(1,632,999)	281,212
Spectrum tools	44,891	(43,494)	1,397	44,891	(43,494)	1,397
Spectrum monitoring system	11,970,644	(9,964,408)	2,006,236	11,067,018	(9,885,801)	1,181,217
Total	**19,580,938**	**(14,896,792)**	**4,684,146**	**18,179,376**	**(13,844,307)**	**4,335,069**

Notes to the Annual Financial Statements

04 | PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Carports and cubicles	52,867	-	-	(2,202)	50,665
Furniture and fixtures	1,965,219	268,713	-	(320,289)	1,913,643
Motor vehicles	689,087	-	-	(227,747)	461,340
Office equipment	164,070	35,106	-	(134,922)	64,254
IT equipment	281,212	208,240	(3,924)	(298,917)	186,611
Spectrum tools	1,397	-	-	-	1,397
Spectrum monitoring system	1,181,217	903,626	-	(78,607)	2,006,236
	4,335,069	**1,415,685**	**(3,924)**	**(1,062,684)**	**4,684,146**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Carports and cubicles	55,070	-	-	-	(2,203)	52,867
Furniture and fixtures	2,173,910	96,063	-	-	(304,754)	1,965,219
Motor vehicles	638,975	294,666	-	-	(244,554)	689,087
Office equipment	263,779	42,434	(5,917)	(779)	(135,447)	164,070
IT equipment	417,963	209,743	-	-	(346,494)	281,212
Spectrum tools	2,175	-	-	-	(778)	1,397
Spectrum monitoring system	2,888,340	-	-	-	(1,707,123)	1,181,217
	6,440,212	**642,906**	**(5,917)**	**(779)**	**(2,741,353)**	**4,335,069**

Notes to the Annual Financial Statements

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INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	5,454,277	(4,238,348)	1,215,929	5,118,074	(3,377,356)	1,740,718

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1,740,718	336,204	(860,993)	1,215,929

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	2,436,131	568,057	(1,263,470)	1,740,718

Notes to the Annual Financial Statements

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TRADE AND OTHER RECEIVABLES

	2018	2017
Trade receivables	202,121,568	163,706,590
Provision for doubtful debts	(188,835,861)	(148,424,473)
Subtotal	13,285,707	15,282,117
Prepayments	40,433	40,433
Deposits	183,998	111,044
Interest receivables	60,761	1,338,440
Other receivables	92,016	220,343
	13,662,915	**16,992,377**

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

	2018	2017
Trade and other receivables	13,662,915	16,992,377

Fair value of trade and other receivables

	2018	2017
Trade and other receivables	13,662,915	16,992,377

The carrying amount of trade and other receivables approximates fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months 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 March 31, 2018, N$ 13,285,707 (2017: N$ 13,240,240) were past due but not impaired.

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

	2018	2017
Past due for 61 to 90 days	1,999,897	12,010,780
Past due for 91 to 120 days	11,285,810	-
Past due for 121 days+	-	1,229,460

Notes to the Annual Financial Statements

06 | TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Trade and other receivables impaired

As of March 31, 2018, trade and other receivables of N$ 188,835,862 (2017: N$ 148,424,473) were impaired and provided for.

The ageing of these receivables is as follows:

	2018	2017
3 to 6 months	58,790,575	58,385,095
Past due for 91 -120 days	58,294,063	7,749,969
Past due for 121 days+	71,751,223	82,289,409

Reconciliation of provision for impairment of trade and other receivables

	2018	2017
Opening balance	148,424,473	89,155,967
Movement	40,411,388	59,268,506
	188,835,861	**148,424,473**

07

OTHER FINANCIAL ASSETS

Loans and receivables

	2018	2017
Nedbank Namibia Limited (F1+)	-	18,000,000
Bank Windhoek Limited (A1+)	11,175,523	18,000,000
SME Bank	-	18,000,000
	11,175,523	**54,000,000**

Current assets

	2018	2017
Fixed-term deposits	11,175,523	54,000,000

Notes to the Annual Financial Statements

07 | OTHER FINANCIAL ASSETS *(CONTINUED)*

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 rating

	2018	2017
Nedbank Namibia Limited (F1+)	-	18,000,000
Bank Windhoek Limited (A1+)	11,175,523	18,000,000
SME Bank (not rated)	-	18,000,000
	11,175,523	**54,000,000**

SME Bank is not rated, however the financial assets held at SME Bank as at year-end were redeemed during the year.

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CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018	2017
Cash on hand	10,720	12,658
Bank balances	624,762	372,203
Short-term deposits	89,114,835	54,733,542
	89,750,317	**55,118,403**

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	2018	2017
Bank Windhoek Limited (A1+)	89,739,597	55,105,745

Notes to the Annual Financial Statements

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FINANCIAL ASSETS BY CATEGORY

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

2018	Loans and receivables	Total
Other financial assets	11,175,523	11,175,523
Trade and other receivables	13,662,915	13,662,915
Cash and cash equivalents	89,750,317	89,750,317
	114,588,755	**114,588,755**

2017	Loans and receivables	Total
Other financial assets	54,000,000	54,000,000
Trade and other receivables	16,992,377	16,992,377
Cash and cash equivalents	55,118,403	55,118,403
	126,110,780	**126,110,780**

10

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.

	2018	2017
Deferred capital	37,035,281	37,035,281

Notes to the Annual Financial Statements

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TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	2,763,671	1,236,339
Other accrued expenses	13,048	8,896
Deposits received	396,075	-
Other payables	624,838	123,936
	3,797,632	**1,369,171**

Fair value of trade and other payables

	2018	2017
Trade payables	3,797,632	1,369,171

The carrying amount of trade and other payables approximates fair value.

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PROVISIONS

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision - Leave pay	1,779,766	154,325	(350,581)	-	1,583,510
Provision - Performance bonus	2,698,817	888,674	(910,649)	(1,191,903)	1,484,939
Provision - Severance pay	1,384,013	-	11,031	(1,074,953)	320,091
	5,862,596	**1,042,999**	**(1,250,199)**	**(2,266,856)**	**3,388,540**

Notes to the Annual Financial Statements

12 | PROVISIONS *(CONTINUED)*

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Total
Provision - Leave pay	922,462	968,530	(111,226)	1,779,766
Provision - Performance bonus	2,680,401	1,866,906	(1,848,490)	2,698,817
Provision - Severance pay	1,020,134	461,551	(97,672)	1,384,013
	4,622,997	**3,296,987**	**(2,057,388)**	**5,862,596**

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FINANCIAL LIABILITIES BY CATEGORY

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

2018	**Financial liabilities at amortised cost**	**Total**
Trade and other payables	3,797,632	3,797,632

2017	**Financial liabilities at amortised cost**	**Total**
Trade and other payables	1,369,171	1,369,171

Notes to the Annual Financial Statements

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REVENUE

	2018	2017
Telecommunications	69,304,468	70,200,837
Broadcasting	693,833	611,000
Spectrum	17,110,407	23,427,865
Type approval	1,176,600	927,850
	88,285,308	**95,167,552**

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OTHER OPERATING INCOME

	2018	2017
Donations received	-	294,666

Notes to the Annual Financial Statements

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OTHER OPERATING GAINS (LOSSES)

Gains (losses) on disposals, scrappings and settlements

	2018	2017
Property, plant and equipment	(3,924)	(237)
Foreign exchange gains (losses)		
Net foreign exchange gains (losses)	252,805	(148,421)
Total other operating gains (losses)	**248,881**	**(148,658)**

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OPERATING PROFIT (LOSS)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

	2018	2017
Audit fees	-	166,104

Remuneration, other than to employees

	2018	2017
Consulting and professional services	2,835,627	2,788,873

Leases

Operating lease charges	2018	2017
Premises	2,956,574	2,058,476
Motor vehicles	49,951	54,881
Equipment	828,173	741,467
Operating lease other	2,940	36,957
	3,837,638	**2,891,781**

Notes to the Annual Financial Statements

17 | OPERATING PROFIT (LOSS) *(CONTINUED)*

Depreciation and amortisation

	2018	2017
Depreciation of property, plant and equipment	1,062,684	2,741,353
Amortisation of intangible assets	860,993	1,264,248
Total depreciation and amortisation	**1,923,677**	**4,005,601**

Other

	Notes	2018	2017
Other operating gains (losses)	16	248,881	(148,658)

Expenses by nature

The total administrative expenses and other operating expenses are analysed by nature as follows:

	2018	2017
Employee costs	25,964,361	27,437,192
Operating lease charges	3,837,638	2,891,781
Depreciation, amortisation and impairment	1,923,677	4,005,601
Other expenses	2,315,869	1,692,719
Bad debts	57,901,621	59,268,506
ICT Communications	2,881,263	4,979,028
Legal expenses	611,223	1,350,140
Consulting and professional fees	1,443,404	1,453,448
Training and development	1,649,546	1,301,065
Projects	1,105,785	540,443
Business related trips	2,444,251	2,468,178
Media and communications	2,734,289	3,396,112
Membership and license fees	1,113,892	949,554
General operating expenditure	1,492,980	1,909,915
	107,419,799	**113,643,682**

Notes to the Annual Financial Statements

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INVESTMENT INCOME

Interest income

From investments in financial assets:

	2018	2017
Bank and other cash	7,233,468	8,377,151

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CASH USED IN OPERATIONS

	2018	2017
Loss for the year	(11,652,142)	(9,952,971)
Adjustments for:		
Depreciation and amortisation	1,923,677	4,005,601
Losses on disposals, scrappings and settlements of assets and liabilities	3,924	237
(Gains) losses on foreign exchange	(252,805)	148,421
Interest income	(7,233,468)	(8,377,151)
Movements in provisions	(2,474,056)	1,239,599
Changes in working capital:		
Trade and other receivables	3,329,462	(9,935,105)
Trade and other payables	2,681,266	(4,004,435)
	(13,674,142)	**(26,875,804)**

Notes to the Annual Financial Statements

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COMMITMENTS

Authorised capital expenditure

	2018	2017
Not yet contracted for and authorised by members	3,091,461	3,711,337

This committed expenditure relates to capital expenditure that was authorised, but not contracted for.

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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

	2018	2017
- within one year	2,985,736	2,020,850
- in second to fifth year inclusive	2,707,052	3,270,259
	5,692,788	**5,291,109**

Notes to the Annual Financial Statements

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CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities - 2018

	Opening balance	Cash flows	Closing balance
Deferred capital	37,035,281	-	37,035,281
Other liabilites	123,936	500,902	624,838
Total liabilities from financing activities	**37,159,217**	**500,902**	**37,660,119**

Reconciliation of liabilities arising from financing activities - 2017

	Opening balance	Cash flows	Closing balance
Deferred capital	37,035,281	-	37,035,281
Other liabilites	669,185	(545,249)	123,936
Total liabilities from financing activities	**37,704,466**	**(545,249)**	**37,159,217**

Notes to the Annual Financial Statements

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REMUNERATION OF BOARD MEMBERS

Non-executive

2018	Members' fees	Total
Ms. Frieda Kishi	132,864	132,864
Mr. Moses Molatendi Moses	133,714	133,714
Ms. Beverley Gawanas–Vugs	151,779	151,779
Ms. Anne-Doris Hans-Kaumbi	199,894	199,894
Mr. Mpasi Haingura	131,614	131,614
	749,865	**749,865**

2017	Members' fees	Total
Ms. Frieda Kishi	96,600	96,600
Mr. Moses Molatendi Moses	103,379	103,379
Ms. Beverley Gawanas–Vugs	140,485	140,485
Ms. Anne-Doris Hans-Kaumbi	160,977	160,977
Mr. Mpasi Haingura	101,898	101,898
	603,339	**603,339**

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RELATED PARTIES

Relationships

Line Ministry with significant influence	Ministry of Information and Communications Technology (MICT)
Entities reporting to the MICT	Telecom Namibia Limited Mobile Telecommunications Limited Namibia Broadcasting Corporation

Notes to the Annual Financial Statements

24 | RELATED PARTIES *(CONTINUED)*

Members of key management

F Mbandeka (Chief Executive Officer)
J Traut (Chief Operations Officer)
J Tjituka (Head: Finance)
E Nghikembua (Head: Legal Advice)
L Henckert-Louw (Head: Human Resources)
R Le Grange (Head: Electronic Communications)
H Vosloo (Head: Economics and Sector Research)
M Rittman (Head: Internal Audit)
K Sikeni (Head: Corporate Communication)
M Angula (Head: Universal Access and Services Projects)

Related party balances

Significant amounts included in trade receivables regarding related parties

	2018	2017
Telecom Namibia Limited	86,258,063	85,973,045
Mobile Telecommunications Limited	77,027,100	38,023,020
Namibia Broadcasting Corporation	3,541,978	4,308,014

Related party transactions

Significant transactions with related parties included in revenue

	2018	2017
Telecom Namibia Limited	47,610,495	27,647,330
Mobile Telecommunications Limited	73,883,100	43,038,020
Namibia Broadcasting Corporation	119,100	3,212,280

Compensation to key management

	2018	2017
Short-term employee benefits	14,054,843	13,377,066

Notes to the Annual Financial Statements

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CONTINGENCIES

The Authority has been engaged in a legal battle with Telecom Namibia, one of its licensees who was not in agreement with the basis used by the Regulator for calculating the levy on the net revenue of licensees. Telecom sued the Regulator and was granted a High Court ruling in their favour. The High Court judgement in the Telecom/CRAN case stated that "the invoicing of Regulatory Levies in terms of Section 23(2) (a) of the Communications Act (No. 8 of 2009) and Regulation 6 promulgated in the General Notice 311 of 2012 was ruled to be unconstitutional and the Regulator can therefore not issue invoices on these levies."

CRAN appealed against the High Court ruling to the Supreme Court and the date for the Supreme Court to hear the case was set for 4 April 2018. Subsequently, CRAN applied to the High Court to suspend the implementation of the judgement until such time that the Supreme Court has pronounced itself on the appeal matter. On 7 November 2017, the Court issued a "rule-nisi" with a return date of 19 January 2018 which was subsequently extended until 4 April 2018 to coincide with the date of the Appeal Hearing in the Supreme Court. The "rule nisi" restores things to what they were before the court case that was brought about by Telecom Namibia. As a result of the "rule nisi", CRAN invoiced all licensees for outstanding levies and demanded payment.

On Monday 11 June 2018 the Supreme Court returned judgement on the Appeal Case and ruled as follow;

- They Upheld the High Court decision that Section 23(2)(a) of the Communications Act (No. 8 of 2009) and Section 6 of Regulation No. 311 of *Government Gazette* no. 5037 of 13 September 2012 were unconstitutional.
- CRAN will not be required to charge/raise regulatory levies based on these provisions from Judgement day onwards.
- There was no order of costs meaning each entity is to carry its own legal costs (High & Supreme Court).
- CRAN was entitled to collect regulatory levies that were applicable from the period 13 September 2012 up to judgement day (11 June 2018), meaning that the first invoice of 2013 should be pro-rated to reflect levies for only the last 17 days of Telecom Namibia's financial year 2011-2012.
- CRAN would have to come up with new regulations for calculating regulatory levy.

While the process to amend the Communications Act is in progress, the CRAN Board of Directors are considering a proposal from Management for an interim methodology to calculate regulatory levies. The interim methodology, once approved by the Board would be applicable for the interim period until the new regulations based on the amended Act comes into play.

On the other hand, MTC is of the opinion that the Supreme Court order must be interpreted to be effective from 29 September 2016 and not 11 June 2018. While the Authority does not agree with this interpretation, we engaged MTC on the application of its interpretation, which we believe give us a solution for the invoice of the 2015/2016 financial year. In light of their own interpretation, MTC is liable to pay the Authority pro-rated fees for the period 1 October 2015 to 28 September 2016. This is owing to the fact that this period is before 29 September 2016. The pro-rated invoice for this period, would amount to N$34 million.

The Authority is amendable to consider settling the issue of the period 1 October 2015 to 28 September 2016 on this principle and find another solution for the period 29 September 2016 to 30 September 2016 and 1 October 2016 to 30 September 2017, respectively.

Notes to the Annual Financial Statements

26

GOING CONCERN

The Authority incurred a net loss of N$ (11,652,142) (2017; Loss of N$ 9,952,971) for the year ended 31 March 2018 and generated negative cash flow from operating activities amounting to N$ 6,440,674 (2017; N$ 18,498,653) mainly due to the non-payment of the disputed revenue from the telecommunication administrative levy that was declared by the Namibia High Court to be unconstitutional and invalid. Refer to note 25 for more details regarding the status of the case.

This, along with other matters, indicate the existence of a material uncertainty, which may cast significant doubt on the Authority's ability to continue as a going concern.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

The board members believe that they will be in a position to turn around the Regulator's financial situation after the Supreme Court decision for the following reasons:

1) CRAN has asked the Supreme Court to specifically address the following issues in its judgement or final ruling:

   a) The fate of the regulatory levies invoiced and not paid and those invoiced and paid.

   b) The need for the Regulator to defray its operating expenses and the nature of those operating expenses.

2) On Monday 11 June 2018 the Supreme Court returned judgement on the Appeal Case and ruled as follow;

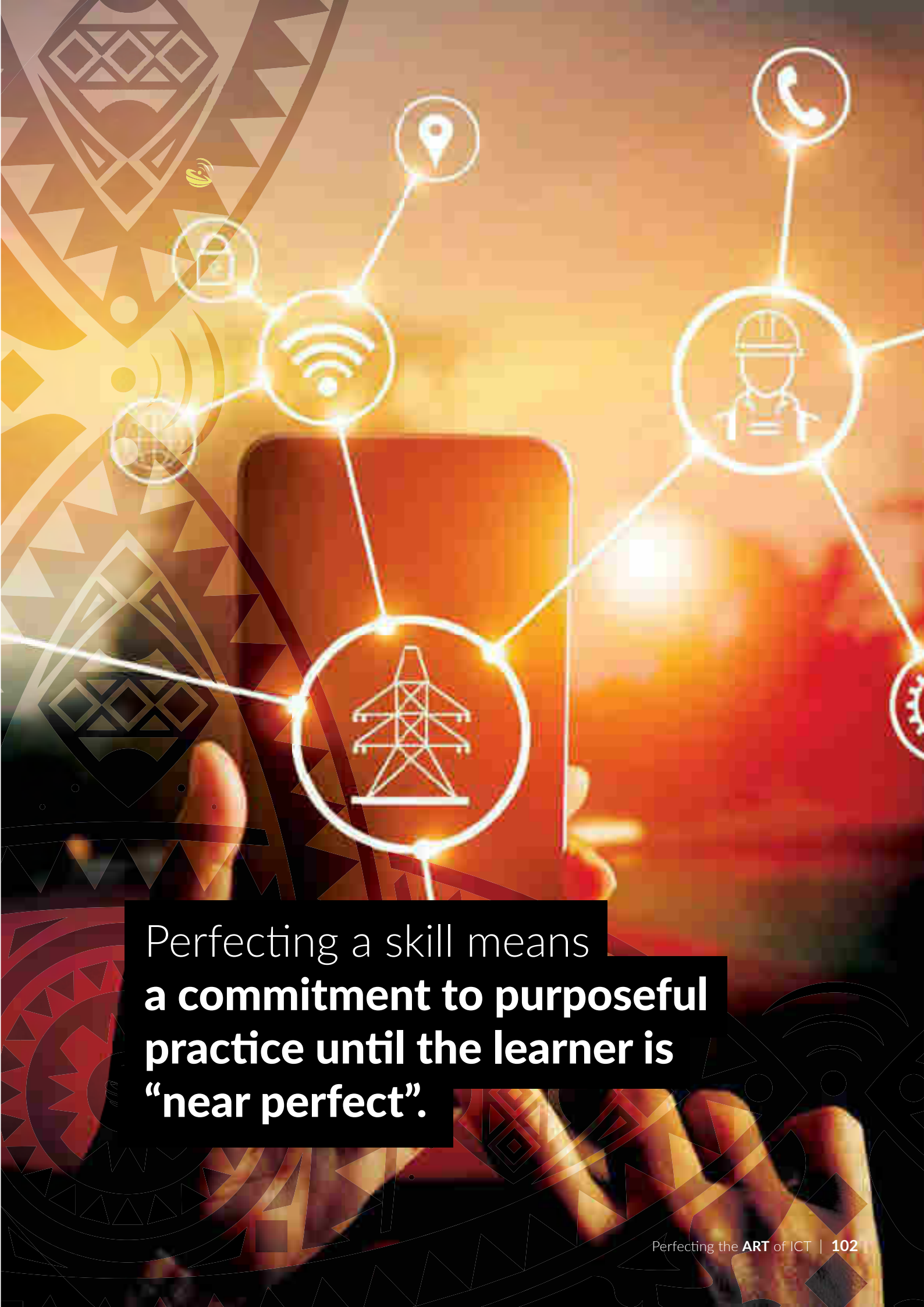
   i. They upheld the High Court decision that Section 23(2)(a) of the Communications Act (No. 8 of 2009) and Section 6 of Regulation No. 311 of *Government Gazette* no. 5037 of 13 September 2012 were unconstitutional.

   ii. CRAN will not be required to charge/raise regulatory levies based on these provisions from judgement day onwards.

   iii. There was no order of costs meaning each entity is to carry its own legal costs (High & Supreme Court).

   iv. CRAN was entitled to collect regulatory levies that were applicable from the period 13 September 2012 up to judgement day (11 June 2018), meaning that the first invoice of 2013 should be pro-rated to reflect levies for only the last 17 days of Telecom Namibia's financial year 2011-2012.

   v. Finally, CRAN would have to come up with a new regulations for calculating regulatory levy.



Perfecting a skill means **a commitment to purposeful practice until the learner is "near perfect".**

COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA
Annual Financial Statements for the year ended March 31, 2018

Detailed Statement of Comprehensive Income

	Note(s)	2018 N$	2017 N$
REVENUE			
Broadcasting		693,833	611,000
Spectrum		17,110,407	23,427,865
Telecommunications		69,304,468	70,200,837
Type approval		1,176,600	927,850
	14	**88,285,308**	**95,167,552**
OTHER INCOME			
Donation received		-	294,666
OTHER OPERATING GAINS (LOSSES)			
Losses on disposal of assets or settlement of liabilities		(3,924)	(237)
Foreign exchange gains (losses)		252,805	(148,421)
	16	**248,881**	**(148,658)**
EXPENSES (Refer to page 104)		**(107,419,799)**	**(113,643,682)**
OPERATING LOSS	17	**(18,885,610)**	**(18,330,122)**
Investment income	18	7,233,468	8,377,151
LOSS FOR THE YEAR		**(11,652,142)**	**(9,952,971)**

Detailed Statement of Comprehensive Income

	Note(s)	2018 N$	2017 N$
OPERATING EXPENSES			
Administrative expenses			
Auditors remuneration	17	-	(166,104)
Amortisation		(860,993)	(1,264,248)
Computer expenses		(21,152)	-
Depreciation		(1,062,684)	(2,741,353)
Employee costs		(25,964,361)	(27,437,192)
General operating expenditure		(1,492,980)	(1,909,915)
Lease rentals on operating lease		(3,837,638)	(2,891,781)
		(33,239,808)	**(36,410,593)**
Other operating expenses			
Bad debts		(57,901,621)	(59,268,506)
Building expenses		(1,202,435)	(962,948)
Business related trips		(2,444,251)	(2,468,178)
Consulting and professional fees		(1,443,404)	(1,453,448)
Employee wellness		(200,220)	(460,181)
ICT communications		(2,881,263)	(4,979,028)
Legal expenses		(1,392,223)	(1,335,425)
Media and communications		(2,734,289)	(3,396,112)
Membership and license fees		(1,113,892)	(949,554)
Projects		(1,105,785)	(540,443)
Training and development		(1,649,546)	(1,301,065)
Vehicle expenses		(111,062)	(118,201)
		(74,179,991)	**(77,233,089)**
		(107,419,799)	**(113,643,682)**

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