



ANNUAL REPORT

2020

CRAN

Communications Regulatory Authority of Namibia

## ABOUT THE THEME

**The central theme for this year's annual report is “Moving towards a digital economy by building a knowledge-based society.”**

As the world dives into the digital age, people are increasingly moving towards a digital economy and using digital platforms that transcend time and space to seek information and to share stories. Since the Authority's existence, Namibia's ICT growth has actively followed this global trend.

A knowledge-based economy requires widespread availability, affordability and accessibility to a full range of communication and technology infrastructure services; from fixed-line and mobile telephone services, radio and television broadcasting, to high-speed internet services. Such an economy also requires skills development to support and enable the full utilisation of available ICTs. Namibia was ranked 51st out of 138 countries in the World Economic Forum's Global Competitiveness Report of 2016/17. The country's mobile phone network population coverage increased exponentially to 95% while mobile subscriptions were recorded at 119.16 per 100 inhabitants.

There still exists an unequal distribution of bandwidth across the globe, however, with Africa having the lowest international connectivity of all regions; there is twice as much bandwidth per inhabitant available in Asia and the Pacific, four times as much in the CIS region, eight times as much in the Americas and more than twenty times as much in Europe.

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*As we move towards a digital economy, we intend to transcend time and space by addressing the socio-economic barriers to ICT usage; transforming Namibia and its people into an active knowledge-based society that derives the full socio-economic benefits from the sector.*

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## INTRODUCTION

### ABOUT THIS REPORT

#### SCOPE, BOUNDARY AND REPORTING CYCLE

CRAN's 2020 Annual Report provides information relating to our strategy, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 31 March 2020.

We endeavour to illustrate a comprehensive review of the business by analysing our performance against the Authority's strategic objectives, highlighting successes and challenges experienced this year. In assessing the issues that materially impact value creation, we have included the significant risks and impacts associated with our activities over the short-term (less than 12 months), medium-term (three to five years) and long-term (beyond five years).

This report focuses on the main operations and activities that contribute to CRAN's performance (pages 31 - 68). Unless otherwise stated, all performance data is for the 12-month period ended 31 March 2020.

#### EXTERNAL AUDIT AND COMBINED ASSURANCE

An independent audit of the Authority's annual financial statements was performed by SGA Chartered Accountants and Auditors, Windhoek. The rest of this report has not been subjected to independent audit or review. Information reported, other than that mentioned above, is derived from the Authority's own internal records and from information available in the public domain.

CRAN has adopted a combined assurance model that facilitates a coordinated approach to all assurance and governance activities. Our Audit and Risk Committee provides internal assurance to the Board on the execution of CRAN's combined assurance plan on an annual basis.

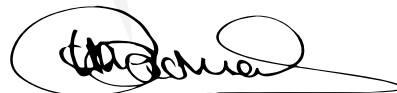
The Authority's financial, operating compliance and risk management controls enable an effectively governed environment that supports the integrity of information used by CRAN for internal decision making and external reports.

#### STATEMENT OF THE BOARD OF DIRECTORS ON CRAN'S 2020 ANNUAL REPORT

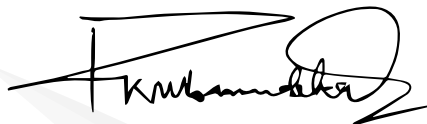
We have applied our collective mind, as a Board, to the preparation and presentation of the information in this report. We believe that the report presents a balanced and fair account of the Authority's performance for the financial year 1 April 2019 to 31 March 2020, as well as an accurate reflection of our strategic commitments for the short, medium and long term.

The Board approved this Annual Report on the recommendation of the Audit and Risk Committee and the consolidated annual financial statements on (pages 70 - 118).

We encourage you, as one of our interested stakeholders, to share your views and comments on this annual report to the Corporate Communications Department at: [communications@cran.na](mailto:communications@cran.na).



**HEINRICH GAOMAB II**  
CHAIRPERSON OF THE BOARD



**FESTUS K. MBANDEKA**  
CHIEF EXECUTIVE OFFICER

## ABOUT CRAN

### OUR CORE PURPOSE

The Communications Regulatory Authority of Namibia (CRAN) is an independent regulator established under Section 4 of the Communications Act (Act No. 8 of 2009) to regulate, supervise and promote the provision of telecommunications services and networks, broadcasting, postal services sectors, and the use and allocation of radio spectrum in Namibia.

Regulations for these sectors are developed by CRAN, licences are issued to telecommunications and broadcasting service providers, licensee compliance with the rules and regulations in place is monitored, and the radio spectrum is effectively planned and controlled.

### DELIVERING SOCIETAL VALUE THROUGH OUR CORE PURPOSE

CRAN's core purpose is to support the Namibian government to provide for its citizens and sustain socio-economic development through the creation of telecommunications, broadcasting, and postal services.

As a public enterprise, we are committed to the attainment of national development plans and international and regional agendas. This represents the cornerstone of CRAN's contribution to the development of Namibia's ICT and Postal sectors: supporting government, communities, business and individuals to build a better future.

We are committed to safeguarding our consumers against unfair business practices and poor-quality services provided by telecommunications, broadcasting, and postal services licensees, and facilitate the process of resolving such complaints in a timely and efficient manner.

### OUR VISION

*"Access, quality and affordability for all"*

To be a dynamic regulator of the Information and Communications Technology (ICT) sector that is transforming Namibia and its peoples into an active knowledge-based society that derives the full socio-economic benefits of ICTs.

### OUR MISSION

*"To regulate the ICT and Postal sectors for the socio-economic benefit of all Namibians"*

To purposefully regulate electronic communications services and networks and postal services, and the spectrum, so that all Namibians derive the full socio-economic benefits of ICTs.



### OUR VISION

Access, quality and affordability for all.



### OUR MISSION STATEMENT

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



### OUR CORE VALUES

#### ACCOUNTABILITY

Account for our actions and decisions, taking ownership in a transparent and integrated manner in all our dealings.

#### PASSION

Passion about our purpose, brand, people and stakeholders.

#### TEAMWORK

Harness the power of working together to meet our strategic objectives in a cohesive and collaborative manner.

#### RESPECT

Maintain cordial relations with our diverse internal and external stakeholders.

#### INNOVATION

Be innovative in an evolving and diverse ICT and Postal sectors.

## OUR CONTRIBUTION TO NATIONAL, REGIONAL AND INTERNATIONAL AGENDAS

## AGENDA

## CRAN'S CORRESPONDING CONTRIBUTION

Ministry of Information and  
Communication Technology (MICT)  
Strategic Plan 2017-2022

CRAN will support the MICT's strategic plan through the implementation of the various strategic objectives detailed under Focus Areas 1, 2 and 4 in this report. CRAN will enhance the existing regulatory framework and develop new interventions for the ICT and Postal sectors to contribute to the provision of access to quality, reliable and affordable services and to enable sector reform.

Namibia's Fifth National  
Development Plan (NDP5)

CRAN will contribute to the NDP5 through the implementation of various strategic objectives detailed under Focus Area 2 by contributing to Namibia's socio-economic development.

Harambee Prosperity Plan (HPP)

CRAN will support the goals of the HPP through the implementation of various strategic objectives detailed under Focus Areas 2 and 4. This will contribute to Namibia's socio-economic development and create a regulatory framework that facilitates access to broadband and digital broadcasting services as per the targets set out in the HPP.

Vision 2030

CRAN will contribute to the implementation of Vision 2030 through various strategic objectives as detailed under Focus Areas 1 and 2 by developing a comprehensive regulatory framework for the ICT and Postal sectors and by contributing to the provisioning of access to quality, reliable and affordable ICT and Postal services.

Southern African Development  
Community (SADC) Vision

CRAN will support the implementation of the SADC Digital 2027 Vision, projects identified by the SADC ICT Ministers as part of the SADC Regional Initiatives of the 4th Industrial Revolution, the SADC Postal Strategy, and the SADC E-Commerce Strategy through the various strategic objectives outlined under Focus Areas 2 and 4 to facilitate the provision of access to quality, reliable and affordable services and to enable sector reform.

International Telecommunications  
Union (ITU)

CRAN will support the implementation of the ITU Strategic Plan and WTDC-17 Action Plan as outlined under Focus Areas 1, 2 and 4 through the development of a comprehensive regulatory framework for the ICT sector, contributing to the provisioning of access to quality, reliable and affordable services and enabling sector reform.

Universal Postal Union (UPU)

CRAN will support the implementation of UPU's Strategic Plan through the development of a regulatory framework for the Postal sector.

## OUR CORPORATE STRUCTURE


**MINISTRY OF INFORMATION AND  
COMMUNICATION TECHNOLOGY**

**CRAN**  
Communications Regulatory Authority of Namibia
**BOARD OF DIRECTORS**
**Audit and Risk  
Committee**
**Human Resources and  
Remuneration  
Committee**
**Legal and Technical  
Committee**
**CHIEF EXECUTIVE OFFICER**
**Human Capital  
Department**
**Internal Audit  
and Risk  
Department**
**Legal Advice**
**Corporate  
Communication  
Department**
**Operations  
Department**
**Finance  
Department**
**Economics and  
Sector  
Research  
Department**



## OUR BUSINESS

### CRAN MILESTONES

- From 2011, up to the end of the financial year (ended 31 March 2020), CRAN has issued **41 Telecommunications Service Licences, 16 Community Broadcasting Service Licences and 20 Commercial Broadcasting Service Licences.**
- Between January 2009 to October 2016, **Termination rates** in Namibia decreased from **N\$1.06c to N\$0.10c** for mobile and fixed operators alike, in order to ensure fair competition and consumer protection in the telecommunications sector.

**41** TELECOMMUNICATIONS  
SERVICE LICENCES  
**16** COMMUNITY BROADCASTING  
SERVICE LICENCES  
**20** COMMERCIAL BROADCASTING  
SERVICE LICENCES

**N\$1.06c**  
**N\$0.10c**  
TERMINATION RATES



- CRAN was instrumental in drafting and implementing regulatory frameworks and policy guidelines for Digital Terrestrial Television (DTT) in March 2013, to support the migration from analogue to digital television,** which required member states of the International Telecommunication Union (ITU) to develop Frequency Channelling Plans in compliance with the ITU GE06 agreement. **Namibia became the first country in SADC to migrate from analogue television to DTT by the ITU deadline of 17 June 2015** providing digital television broadcasting services to more than **70% of the population** as provided by NBC and MultiChoice Namibia's GoTV bouquet.



NAMIBIA FIRST COUNTRY  
IN SADC TO MIGRATE  
FROM ANALOGUE  
TELEVISION TO DTT  
BY THE ITU DEADLINE  
OF 17 JUNE 2015

- CRAN proudly launched its **first consumer campaign, "Consumer is King"** in May 2013. This was aimed at creating **awareness about consumer complaints procedures, CRAN's mandate and its purpose,** and the Communications Act (No. 8 of 2009), as well as educating potential stakeholders about our licence application procedures.



- The regulations setting out **Cost Accounting Procedures and Reporting** were published in December 2013. These are to ensure that every licensee keeps separate accounts for their telecommunications services, and to comply with data collection efforts.

COST ACCOUNTING PROCEDURES  
AND REPORTING



- CRAN further issued **regulations setting out licence conditions for Spectrum Use Licences** in December 2013, in order to impose conditions on broadcasting and telecommunications spectrum use licensees in addition to the conditions imposed by the Act. The main purpose of these regulations is to ensure efficient use of spectrum and adherence to the technical conditions attached to these licences and the Frequency Band Plan of Namibia.



- In 2014, CRAN commenced with the **Consumer Protection Regulations** aimed at safeguarding consumer interests, and guaranteeing accessible, transparent and efficient compensation for consumers who are mistreated in the ICT marketplace.



CONSUMER  
PROTECTION  
REGULATIONS

2013





## CONSUMER COMPLAINTS



### • Michael Atkinson Advertising / Mobile Telecommunications Limited Consumer Complaint

On 5 January 2015, the Complainant submitted a written consumer complaint to the Authority against the Respondent in terms of the Consumer Protection Regulations, complaining that the Respondent's claim that their internet service is the fastest in Namibia, is misleading and untrue. The Complainant furthermore complained that the advertisement placed by the Respondent, claiming that their data services are "unlimited", is inaccurate.

The Authority ordered that:

- o The Authority finds that the advertisement by the Respondent that they have the fastest internet in Namibia constitutes puffing and is therefore not allowed.
- o The Authority finds that the Respondent's claim that its 3G and 4G services are unlimited is misleading and constitutes false advertising, and thus a direct contravention of section 79 of the Communications Act.
- o The fact that the offer is effectively limited to 90GB, for instance, is a material condition, especially given that this limitation contradicts the prominent message of "unlimited" data. The Respondent must therefore communicate this limitation upfront, rather than hiding it in its policies and fine print.
- o The Respondent must thus withdraw the advertisement and replace it with wording that accurately reflects the essence of paragraph 4.1 of the Fair and Acceptable Use Policy.
- o The Respondent is prohibited from using the word "unlimited" in any of its advertising of internet services which are subject to paragraph 4.1 of the Fair and Acceptable Use Policy.



## SADC HOME AND AWAY ROAMING PROJECT.

- At regional level, a Communications Regulators' Association of Southern Africa (CRASA) Roaming Task Team (CRTT) was established in March 2015 to oversee and guide the implementation of the **SADC Home and Away Roaming Project**. Namibia, Botswana, Zambia and Zimbabwe started with the implementation of the pilot project and have reduced roaming charges effective November 2015.



## BROADCASTING CODE

- In April 2015, CRAN commenced with drafting the **Broadcasting Code** to ensure independent regulation of broadcasting services, access to broadcasting services, and broadcasting content that will serve the public interest. The amendment of the Broadcasting Code was published in May 2019, after various consultations and public hearings were held to solicit inputs and comments from the public and other stakeholders.



## NEW LICENCE CATEGORY NETWORK FACILITIES

- In August 2015, a **new licence category**, the **Network Facilities Licence** was introduced, which allows the licensee to construct, maintain, own and make available one or more network elements, infrastructure or other facilities that facilitate the provision of telecommunications services, broadcasting services, electronic communications services or application services including content services.

- Draft regulations in respect of the **Universal Service Fund** and **Universal Access and Service**, aimed at closing the digital divide gap between rural and urban areas, were published in June 2015 and were finalised during December 2016.
- In 2016, CRAN successfully rolled out a nationwide **Consumer Education Campaign**, entitled **OWN IT! The Right To Connect**, which aimed to **empower, inform, and engage consumers on the regulatory process**. It further aimed to create **awareness about consumer rights, responsibilities, obligations and CRAN's mandate**.
- The **National Numbering Plan** for Namibia was finalised in April 2016. This plan is a pre-requisite for number portability, which allows fixed and mobile numbers to move from one licensee to another without losing their number, most importantly to create competition by levelling the playing field between operators.
- **Quality of Service** Regulations were **implemented on 21 April 2015** and the main purpose is to **enforce compliance with the minimum standards set in these regulations for network quality, service quality, billing and customer service**. Quality of Service drive testing was conducted in 2016 in addition to the bi-annual reports submitted by licensees and an analysis was done on the quality of service information gathered from the licensees, to make an assessment and ensure compliance by licensees with the Regulations on Quality of Service from July to September 2016.
- CRAN served as Chair on the executive committee of CRASA in 2016 and as Vice-Chair until March 2018. During this time, various initiatives and milestones, such as **market studies on financial inclusion of postal services** and the **review of the SADC Frequency Band Plan have been achieved**. Capacity building and training on various regulatory aspects to ensure harmonisation and timely implementation of up-to-date regulatory frameworks in the region were also conducted.
- CRAN embarked on the **coverage for roll out obligations for broadband and telecommunication services** around the country through various **interventions in the third quarter of 2016**. These interventions include imposing additional obligations on the licensees applying for **additional 3G spectrum allocation, to accelerate coverage to under and unserved areas and to improve the quality of service, in order to meet the objectives of the Harambee Prosperity Plan (HPP) and Ministerial targets set therein**.
- CRAN further implemented **Infrastructure Sharing Regulations**, which were published during **October 2016** to create a framework for all **licensees to share passive infrastructure**, such as tower space and wireless and fibre transmission networks **and active infrastructure**, such as central databases and platforms. Enforcement of these regulations will make provision for sharing of infrastructure between licensees on a non-discriminatory basis, ensure that **costs are reasonable and lower the barrier of entry to the market for new entrants**.
- During November 2016, CRAN commenced with the enforcement of **Type Approval** regulations after allowing the industry a grace period of 22 months to adhere to these regulations published in January 2015. These regulations **ensure the importation of telecommunications equipment to meet international standards** and curb the **influx of outdated, counterfeit and grey products into the market**.
- CRAN launched an **interactive portal** that enables licensees to **submit data online on 18 January 2016**. This data includes all the information as required in terms of the regulations setting out Cost Accounting Procedures and Reporting requirements.



UNIVERSAL SERVICE FUND  
UNIVERSAL ACCESS AND  
SERVICE

## OWN IT!



081 123 4567  
083 123 4567  
084 123 4567  
085 123 4567



QUALITY  
OF  
SERVICE



MARKET STUDIES ON  
FINANCIAL INCLUSION  
OF POSTAL SERVICES  
CONDUCTED.  
SADC FREQUENCY BAND  
PLAN WAS REVIEWED



INFRASTRUCTURE  
SHARING IMPLEMENTED  
REGULATIONS



TYPE APPROVAL  
MEETS  
INTERNATIONAL  
STANDARDS



INTERACTIVE PORTAL  
SUBMIT DATA ONLINE

2016



- In 2016, CRAN was rated **82<sup>nd</sup> out of 189 countries worldwide** and placed **10<sup>th</sup> in Africa** and **4<sup>th</sup> in SADC** according to ITU's collection of data up to 2015, based on the **ITU ICT tracker for regulators**.

2016

### 3RD GENERATION

- CRAN was classified as a **third generation** regulator in 2016, based on its actions **taken and regulatory framework put into place enabling investment, innovation** and access through a dual focus on stimulating competition in services and content delivery and consumer protection.

### WWW REVAMPED

- CRAN **revamped** its **website** in 2016 to include new robust functionalities to provide critical information, news, events and documents about CRAN and the ICT industry.



### CONSUMER COMPLAINTS

- On 16 June 2017, the Board took a decision in the Mobile Telecommunications Limited (MTC) / Kauluma consumer complaint. The Respondent was directed to amend its terms and conditions in its standard subscriber service agreement to read as follows:
  - o Within 30 days before the expiry of the duration of the Agreement in accordance with the provisions of clause 2.1 thereof, 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 extension, the remaining provisions of the subscription agreement will apply.
  - o Where the Agreement is not extended in accordance with the provisions of clause 2.1 (a) but nevertheless continues to operate indefinitely in accordance with clause 2.1 hereof, then, the subscriber shall be automatically transferred to a Standard Package with a reduced subscription and no handset.

The Authority further directed that this decision be applied to all new and existing contracts that lapse after date on which this decision is communicated to Respondent.

2017



### CLASS NETWORK FACILITIES TELECOMMUNICATIONS SERVICE LICENCE AND CLASS NON-PROFIT ECNS/ ECS TELECOMMUNICATIONS SERVICE LICENCE INTRODUCED

- In 2017, CRAN introduced two new service licence categories, namely **Class Network Facilities Telecommunications Service Licence** and **Class Non-Profit ECNS/ECS Telecommunications Service Licence**. The two new service licence categories were approved to support the implementation of **infrastructure sharing** and equal treatment of non-profit entities providing broadcasting and telecommunications services in the industry.



### AWARDS 2017

- CRAN received two awards in 2017. One award was for the **company that employs the most student interns** in the country, from the **Institute of People Management (IPM)**. The **Golden Key Award** was for being the **most open and transparent public institution** with universal access to information, from the **Media Institute of Southern Africa (MISA)**.



- In 2018, CRAN rolled out **Regulations for Postal Services**, which will result in the provision of Namibia Post Ltd (NamPost) with a Public Operator Postal Licence and eventually, the courier service providers.



REGULATIONS FOR POSTAL  
SERVICES ROLLED-OUT

- In November 2018, CRAN published its **Spectrum Assignment Strategy** and commenced review of its spectrum regulatory framework with the publication of the regulations prescribing procedures regarding Application for and Amendment, Renewal or Transfer of Spectrum as published in Government Gazette No. 6888, General Notice No. 105 dated 29 April 2019.



SPECTRUM ASSIGNMENT  
STRATEGY PUBLISHED

- In 2019, during the 19th annual awards ceremony at the **Ongwediva Annual Trade Fair (OATF)**, CRAN received an award for being the **Best Exhibitor in the ICT industry**. CRAN's main focus at the trade fair was to create awareness about Consumer Protection on consumer's ICT rights and responsibilities.



ONGWEDIVA ANNUAL  
TRADE FAIR (OATF)  
BEST EXHIBITOR IN THE ICT  
INDUSTRY

- In April 2019, CRAN published the **Number Portability** regulations providing for the implementation of number portability by all holders of both Individual or Class Comprehensive Telecommunications Service Licences (ECS & ECNS) and number licences. Implementation of number portability is to be completed by the end of April 2021.



NUMBER PORTABILITY  
REGULATIONS PUBLISHED

- A critical framework/initiative developed in 2020 was the **Frequency Channelling Plan for Digital Sound Broadcasting**. This Plan would allow for the freeing up of more spectrum, which will result in the expansion of broadcasting services in accordance with the targets set out in the HPP and the ITU GEO6 to which Namibia is a signatory.



FREQUENCY CHANNELLING  
PLAN FOR DIGITAL SOUND  
BROADCASTING

2018

2019

2020



• **Memorandums of Understanding** with various institutions are as follows:

- **Namibia Statistics Agency (NSA):** aimed at collaborating to advance common goals in the areas of data collection and analysis in telecommunications services and networks, broadcasting, postal and the allocation of radio spectrum.
- **National Commission on Research, Science and Technology (NCRST):** to identify roles and responsibilities in the planning of collaborative research and development, educational and training activities.
- **Ministry of Finance: Directorate of Customs and Excise:** promote cooperation and coordination when dealing with equipment approvals and standards at various border posts within and around the Republic of Namibia.
- **Bank of Namibia (BON):** to establish the manner in which the regulators will interact and cooperate with each other in respect of investigations, analysis and the handling of mobile network operators, money market, SIM registration etc.
- **Namibian Police Force (NAMPOL):** to assist the Authority in the investigation of regulatory offences.
- **Namibian Competition Commission (NaCC):** to manage and facilitate cooperation and consultation in respect of competition matters in the ICT industry.
- **United Nations Educational, Scientific and Cultural Organizations (UNESCO):** to establish a framework for cooperation in order to achieve a common objective of providing substantial development benefits for the broadcasting sector.
- **Namibia Public Workers Union (NAPWU):** to effectively manage industrial relations between CRAN and NAPWU in order to develop and foster a fair and equitable relationship between the two parties.
- **Namibia University of Science and Technology (NUST), University of Namibia (UNAM) and International University Management (IUM):** to coordinate internships and capacity building.

## OUR OPERATIONS

CRAN is mandated by the Communications Act, (Act No. 8 of 2009) to grant, review, amend, transfer, suspend and revoke licences in the areas of broadcasting and telecommunications services in Namibia. CRAN's licensing regime is technology neutral, thus allowing the end user to have more choices.

### BROADCASTING SERVICE LICENCE CATEGORIES

|   |  |
|---|--|
| Commercial Broadcasting Service                       | A broadcasting service operating for profit.   |
| Community Broadcasting Service                        | A broadcasting service that serves a particular community (either geographic or a group of persons having a common interest) and is wholly-owned by a non-profit association registered in terms of section 21 of the Companies Act, 2004 (Act No. 28 of 2004). If it is not registered, then it should be established in terms of a constitution (or other agreement containing provisions that comply with the effect of the provisions of section 21 of the Companies Act, 2004 (Act No. 28 of 2004). |
| Signal Distribution                                   | The conveyance of a broadcasting signal in its final content format on behalf of a broadcasting licensee is to its listener base, in the geographical area it is licensed for.   |
| Multiplex   | Means the operation of multiplexer equipment for the purpose of delivering broadcasting services.  |
| Class Comprehensive Multiplex and Signal Distribution | Means providing an electronic communications network service for signal distribution as well as operation of multiplexer equipment for the purpose of delivering broadcasting services.  |

### TELECOMMUNICATIONS SERVICE LICENCE CATEGORIES

|   |  |
|---|--|
| Class ECS   | This licence allows a licensee to provide telecommunications services to its customers over another licensee's network.  |
| Class ECNS  | This licence allows a licensee to roll out and operate physical electronic infrastructure. This network can be made up of any technology and the licensee may choose and may enter into commercial agreements with other licensees to allow them to use its network, eg. a Class ECS licensee.                               |
| Class Comprehensive Telecommunications Service Licence (ECNS and ECS) | This licence is a combination of ECNS and ECS and therefore allows the licensee to provide services to its customers and, own and operate a network.   |
| Class Network Facilities  | This licence allows the licensee to construct, maintain, own and make available one or more network elements, infrastructure or other facilities that facilitate the provision of telecommunications services, broadcasting services, electronic communications services or application services including content services. |



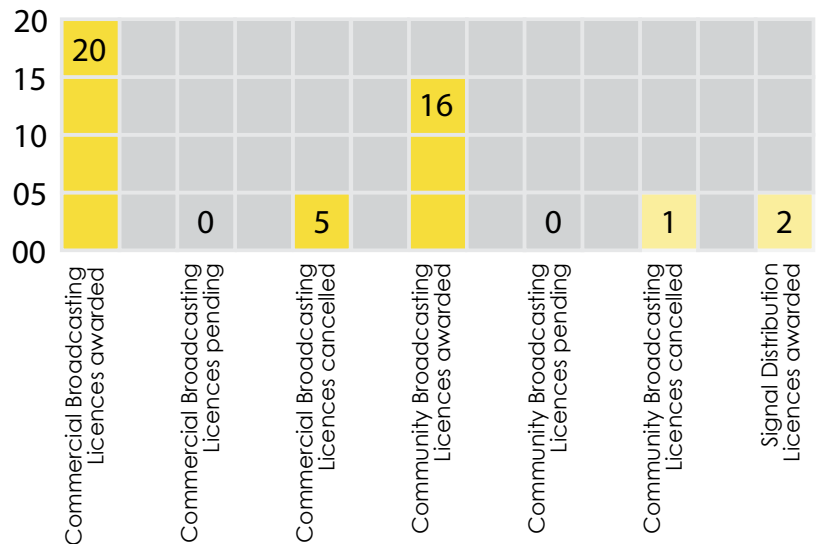
## BROADCASTING SERVICE LICENCES

The Authority published a moratorium on the issuance of broadcasting service and spectrum licences on 22 January 2019 in Government Gazette No. 6826, General Notice No. 5. The moratorium was necessitated by the need to maintain a static spectrum database of assigned spectrum to allow analysis of available spectrum for the review of the frequency channelling plan for analogue FM radio broadcasting services. The said moratorium, however, made provision for completion of the licence evaluation process in respect of applications received before the effective date of the moratorium.

During the period under review, six new applications for broadcasting service licences were received for consideration by the Authority, four of which were for commercial broadcasting, one for community broadcasting, and one for signal distribution. Five of the six new applications were approved. The consideration process of one application is pending, due to public comment being awaited in response to the notice in the Government Gazette.

The Authority received one application for the renewal of a community broadcasting service licence. There are currently 36 broadcasting service licensees providing broadcasting services, and two signal distribution service licensees in Namibia.

**Broadcasting Service Licences 2011 - 2020**

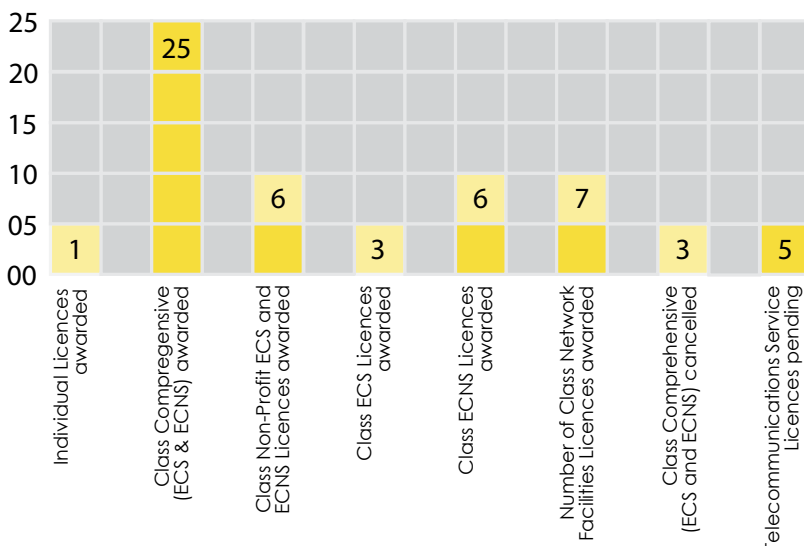


## TELECOMMUNICATIONS SERVICE LICENCES

During the period under review, 18 new applications for telecommunications service licences were received for consideration by the Authority, three of which were for Class Comprehensive Electronic Communications Service (ECS) and Electronic Communications Network Service (ECNS) licences, four for Class ECNS licences, five for Class Network Facilities licences and six for Class Non-Profit ECS/ECNS licences. The Authority awarded 11 telecommunications service licences and declined two telecommunications service licences. The consideration process of five applications are pending, due to public comment being awaited in response to the notice in the Government Gazette.

The Authority has awarded 48 telecommunications service licences to date, as shown in the graph below.

**Telecommunications Service Licences 2011 - 2020**



## OUR LEADERSHIP

## BOARD MEMBERS

**HEINRICH GAOMAB II****Independent non-executive chairperson**

Joined the Board on 1 July 2019

Qualifications: MSc (Quantitative Development Economics); BCom (Hons)

Value added to the Board: Corporate governance, strategic leadership, business ethics, institutional change management and organisational transformation; audit and financial management, relationship management, reputational management, and executive management.

Other current roles: Chairman of the Committee on Operations and Development Effectiveness (CODE); Member of the Audit and Finance, Ethics Committee, African Development Bank Group; Director of the Institute of Governance of Namibia and Institute of Directors; Founding President of the Namibia Economic Society.

Previous roles: Executive Director, African Development Bank Group; Alternate Executive Director, African Development Bank; Chairman of the Board of Trustees, Government Institutions Pension Fund; Commissioner of the National Planning Commission; Chief Executive Officer/Secretary to the Commission, Namibian Competition Commission; Member of the Vice-President's Council on Economic Matters; Vice-President of the Group of Experts on Competition Policy and Law at the United Nations Conference on Trade and Development (UNCTAD); Deputy Director, Policy Development, Research and Regional Integration, Southern African Customs Union (SACU); Manager and Principal Economist, Policy Research and Macroeconomic Modelling and Forecasting Division(s), Research Department, Bank of Namibia.

**VIVIENNE KATJIOUNGUA****Independent non-executive vice-chairperson**

Joined the Board on 1 July 2019

Chairperson of the Legal and Technical Committee

Member of the Audit and Risk Committee

Qualifications: LLB (Bachelor of Laws); LLM (International Trade Investment and Business Law – Cum Laude); Postgraduate Diploma (Economics for Competition Law)

Value added to the Board: Professional legal counsel

Other current roles: Acting CEO, Chief Legal Advisor and Company Secretary at Business and Intellectual Property Authority (BIPA); Member of the Law Society of Namibia and admitted as Legal Practitioner; Member of the Center for American and International Law (Texas, USA).

Previous roles: Advisor to the Executive Director of International Trade Centre (ITC), Geneva, Switzerland; Member of the Executive Committee of the African Union Regional Sports Council (Region 5) and Vice-Chairperson of the Regional Anti-doping Organisation, Gaborone, Botswana; Chairperson and Board member of the Namibia Sports Commission, Namibia; Director of Restrictive Business Practices at the Namibia Competition Commission; Trade Advisor to Namibia Agronomic Board (Agricultural Trade Forum).

**THOMAS HANGULA MBOME****Independent non-executive director**

Joined the Board on 1 July 2019

Member of the Legal and Technical Committee

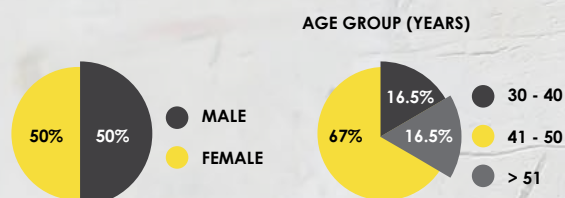
Member of the Human Resources and Remuneration Committee

Qualifications: BSc (Systems Administration and Networks); National Diploma (Information Systems Administration); Certificate in Computer Forensics; Certificate of Information Technology.

Value added to the Board: ICT, with extensive knowledge on both Ethernet and Wireless Local Area Network (LAN). Design and implementation of network architecture.

Other current roles: Data Administrator, Office of the President.

Previous roles: LAN and Wireless Hotspot Technician, Telecom Namibia; Internet Protocol Technician, Telecom Namibia; Office of the Auditor General, Computer Technician; Schoemans Office Systems, Technician.







### TULIMEVAVA MUFETI

#### Independent non-executive director

Joined the Board on 1 July 2019

Chairperson of the Human Resources and Remuneration Committee

Member of the Legal and Technical Committee

Qualifications: Doctor of Philosophy (Information Systems); MSc (Computer Science)

*Value added to the Board:* ICT Technologies, Research in educational technology, Computing education, and ICT4D.

*Other current roles:* Associate Dean, School of Computing, University of Namibia (UNAM); Head, Department of Information Systems.

*Previous roles:* Head: Department of Computer Science, UNAM; Acting Coordinator: Interactive MultiMedia Unit (IMMU).



### GERHARD COELN

#### Independent non-executive director

Joined the Board on 1 July 2019

Member of the Legal and Technical Committee

Member of the Audit and Risk Committee

Qualifications: MBA; BSc (Electrical and Electronic Engineering)

*Value added to the Board:* Supports business development through electricity infrastructure; management of assets, financial and human resources, strategic and scenario planning, corporate development, and operation of businesses.

*Other current roles:* Consultant in electricity distribution and supply industry development and restructuring at local, regional, and national level.

*Previous roles:* Engineer: power systems and electricity networks at Henning Seelenbinder and Partners; Engineer at Municipality of Walvis Bay, Electricity Department; conducted Coastal Power Station Feasibility Study in 1998; participated in the restructuring of the Electricity Supply Industry (ESI) in Namibia; Founding CEO of Erongo Regional Electricity Distributor (RED); Public Private Partnership with Rural Maintenance (Pty) Ltd to craft strategies for municipalities' electricity departments in South Africa.



### DORETHY ELIZABETH SMIT

#### Independent non-executive director

Joined the Board on 1 July 2019

Chairperson of the Audit and Risk Committee

Member of the Human Resources and Remuneration Committee

Qualifications: BCom Hons (Accounting); BCom (Accounting); Chartered Accountant (South African Institute of Chartered Accountants)

*Value added to the Board:* Accounting and auditing.

*Other current roles:* Auditor, Consultant and Entrepreneur; Member of the Institute of Chartered Accounts of Namibia (ICAN), South African Institute of Chartered Accounts (SAICA) and the Public Accountants and Auditor's Board (PAAB).

*Previous roles:* Chief Financial Officer, Oryx Properties Limited; Employer Trustee, Chairperson and Principal Officer, Nedbank Namibia Pension Fund; Chief Financial Officer, Nedbank Namibia Ltd.



## EXECUTIVE MANAGEMENT COMMITTEE (EXCO)



**FESTUS K. MBANDEKA**  
Chief Executive Officer

**Joined EXCO on 8 September 2015**

**Qualifications:**

BA (Political Science, Honours Programme; Sociology); LLB.

Specific areas of expertise: Executive experience in legal advisory and regulatory matters, executive management, specialised knowledge in telecommunications and corporate issues, stakeholder engagement with public and private sector.



**JOCHEN RUDOLF TRAUT**  
Acting Chief Executive Officer

**Joined EXCO on 11 December 2011**

**Qualifications:**

BCom; National Diploma (Technology); Senior Management Development Programme (SMDP); Postgraduate Diploma (Telecommunication Management).

Specific areas of expertise: Technical, operational and strategic expertise in spectrum management; licensing infrastructure sharing; broad-band policies; numbering; type approval and quality of service; cyber security; broadcasting; postal and courier services and Universal Access.



**RONEL LE GRANGE**  
Head: Electronic Communications

**Joined EXCO on 21 February 2012**

**Qualifications:**

Postgraduate Diploma (Mobile Telecommunications - with merit); BAEd; Postgraduate Certificate (International Management). Specific areas of expertise: Managing high-level technical and commercial projects (from the scoping and planning stages through to completion for the mobile operators in Namibia). Spectrum management; licensing infrastructure sharing; numbering; type approval and quality service.



**JUSTUS TJITUKA**  
Head: Finance

**Joined EXCO on 2 February 2012**

**Qualifications:**

MBA (Financial Management); BA (Accounting/Business Management and Computer Science).

Specific areas of expertise: Financial accounting management and annual financial statements; investments and liquidity management; financial planning and control; costing and budgeting; systems implementation; procurement and logistics management.



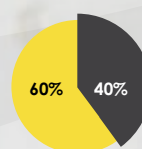
**HELENE VOSLOO**  
Head: Economics and Sector Research

**Joined EXCO on 1 February 2012**

**Qualifications:**

BCom (Hons); MBA

Specific areas of expertise: Economist in the regulatory environment having worked at the Electricity Control Board and CRAN. Also serving currently on the ECB Board of Directors.



MALE  
FEMALE

AGE GROUP (YEARS)



20 - 30  
31 - 40  
41 - 50  
51 - 60



**LUCREZIA HENCKERT-LOUW**  
Head: Human Capital

**Joined EXCO on 3 January 2012**

*Qualifications:*

*BTech (Human Resources Management); Senior Management Development Programme (SMDP).  
Specific areas of expertise: Human Capital generalist, specialising in recruitment, benefits management, organisational development; change management; labour relations; policy development; organisational wellness; talent management, strategic management, and leadership.*



**DESERY HAIMBODI**  
Acting Head: Internal Audit

**Joined EXCO on 1 May 2018 (in an acting capacity)**

*Qualifications:*

*BTech (Accounting and Finance).  
Specific areas of expertise: Risk identification and assessment; effectiveness of controls and compliance with procedures and regulations.*



**EMILIA N NGHIKEMBUA**  
Head: Legal Advice

**Joined EXCO on 1 March 2015**

*Qualifications:*

*LLM (Cum Laude); MA (ICT Policy, Regulation and Management (pending completion June 2020).  
Specific areas of expertise: Law; ICT policy, regulation and management; Board governance.*



**KATRINA C. SIKENI**  
Head: Corporate Communication

**Joined EXCO on 16 March 2015**

*Qualifications:*

*BA (Hons - Integrated Organisational Communication); BA (Communication Science – with distinction).  
Specific areas of expertise: Stakeholder engagement; reputation management; brand management; and internal and external corporate communication management.*



**TANSWELL DAVIES**  
Governance Executive

**Joined EXCO on 13 February 2015**

*Qualifications:*

*BJuris; LLB. Admitted Legal Practitioner of the Namibian High Court.  
Specific areas of expertise: Corporate law, governance, ICT law, disciplinary matters and workplace disputes, and High Court litigation.*



## CHAIRPERSON'S STATEMENT

*'CRAN has continued to make significant progress in rolling out its Strategic Plan, implementing numerous initiatives and legal frames in line with its mandate and core values. I am confident that we are on a path to achieving our overarching objectives: to ensure business sustainability, improve stakeholder experiences and sector reform, and enhance the socio-economic benefits of the Information and Communications Technology (ICT) and Postal sectors.'*

I welcome this opportunity to reflect on our progress and challenges over the year and to share some forward-looking strategic perspectives.

The Authority commenced with the implementation of its three-year Strategic Plan 2018 - 2020 in April 2018. The Plan was premised on the attainment of a conducive regulatory environment where all consumers have access to quality services and products at just and reasonable prices and to provide operators and investors maximum opportunity for full participation.

The Authority's ultimate objective is to allow for the development and expansion of the Information and Communications Technology (ICT) sector to offer all Namibians a greater choice of services and providers, expanding further into underserved and un-served areas, and increasing employment, earnings, and public benefits. The Communications Sector is vital to national socio-economic development and effective competition in the sector would lead to better quality services at lower prices for all Namibians.

### OUR RESPONSE TO COVID-19

The ICT sector worldwide has demonstrated its resilience in the face of crisis a number of times over the years. During the 2008-2009 economic recession, which had led to a decrease in both investment and number of consumers, the sector was said to be in better shape than it was after the crisis of 2001-2002. At the time, already, it was anticipated that the ICT sector would be instrumental in enabling the positive transformation of the global economy post-crisis. Now bracing itself for yet another recession due to the spread of COVID-19, the ICT sector is being called on to keep us all connected and productive during the lockdown. The effects of COVID-19 on the ICT sector became evident soon after the lockdown. The supply of raw materials is being affected and the electronics value chain is being disrupted, causing an inflationary risk on products. More positively, the disruption has already caused an acceleration of remote working, an exponential rise in video calls/phone calls, as an increasing number of people are organising meetings via apps or collaboration platforms. The all-round impact of the COVID-19 will no doubt place a strain on telecommunications infrastructure and cause potential congestion of fixed broadband services due to increased communication and the need for social distancing.

Amidst rising concern and uncertainty, it is encouraging to observe the proactive measures taken by CRAN in response to COVID-19, ensuring the safety of its employees and publics. Social distancing and self-isolation mean that telecommunication has become an elevated essential service. It is therefore extremely important for all communications service providers to maintain essential connectivity and for keeping information channels open.





Even though businesses will invariably grapple with losses, in the long run, the ICT industry might be one of the few still standing and, in many aspects, stronger than before. But it will not be plain sailing for all businesses in the market.

As connectivity and communication services become more important than ever, CRAN will continue with assigning rollout obligations linked to spectrum licences and will continuously monitor the implementation of these obligations to ensure service availability to Namibian citizens.

### ENSURING GOOD GOVERNANCE

I am grateful for the sound governance structures put in place by the former Chairperson, Frieda Kishi, and former Board members, and, in taking the helm with my fellow members since July 2019, will ensure continued stewardship and good corporate governance and sustainability of the Authority at all levels. A strong culture of ethics and a clear commitment to fulfilling the Authority's mandate and the strategy will lead the way forward.

I express appreciation to the former Minister of Information and Communications Technology, Hon. Stanley Simataa for the Board members appointed on 1st July 2019 that bring the right balance of experience, skills and diversity of perspective needed to provide the governance, oversight, and strategic direction necessary to ensure The Authority's continued resilience, stability, financial sustainability and operational effectiveness.

To strengthen CRAN's ability to manage business risks proactively and fully embed a risk management culture throughout the organisation, a Risk Management Committee will be established with the mandate of coordinating enterprise risk management, business continuity, compliance management, and to enhance collaboration across the organisation in respect of identifying, reviewing and challenging risks arising from our business activities.

### POLICY AND REGULATORY ENVIRONMENT

A good regulatory environment is a prerequisite to the successful utilisation of ICT as an enabler for socio-economic development. The legal framework should thus remain relevant, practical, and comprehensive and must be aligned with national needs and regional and international ICT trends.

This focus area was addressed through the implementation of several key initiatives aimed at ensuring the development and implementation of a comprehensive regulatory framework for the ICT and Postal sectors by 2021. Several regulations were drafted during the period under review and the review process for several sets of regulations were completed.

The National Broadband Policy and Implementation Action Plan (IAP) was approved by Cabinet in February 2020. The policy is aligned with Namibia's Vision 2030, Harambee Prosperity Plan (HPP), the Fifth National Development Plan (NDP5) and, at an international level, the ITU GEO6, to which Namibia is a signatory. The policy spans 2019 - 2029, while the IAP is from 2019-2024.

The policy defines broadband as a high-speed connection to the internet and sets a minimum download speed of 2Mbps. It provides a framework for a holistic development of broadband in Namibia, which is universally available and affordable, and which will ensure the transformation of Namibia into a knowledge-based, digital economy.

To implement universal broadband in the country, four policy objectives will be pursued through its strategies and activities. These objectives are to ensure universal access to broadband infrastructure and services; promote the development of content, applications and innovation; support efforts aimed at capacity building; create awareness and reduce the digital divide; and provide an enabling environment for broadband deployment. The policy has the ambitious aim of providing broadband speeds of at least 2Mbps to 95 per cent of the population by 2024, promoting the development of content and applications and providing incentives for further investment in broadband deployment.

Chapter VII of the Communications Act No. 8 of 2009 provides for the regulation of Postal Services, and, as such, the Namibia Post Limited Regulations was thereby enabled by the Hon. Minister of Information and Communication Technology during the period under review. The regulations setting out postal service license application procedures, postal license categories, and postal license fees were published in December 2019 for the effective regulation thereof.

With respect to Number Portability, an amendment to the numbering regulations, which provides for the implementation of mobile number portability by all holders of both Individual or Class Comprehensive Telecommunications Service Licences (ECS and ECNS) and number licences, was approved by the Board on 28 June 2018. The Final Notice was published in the Government Gazette, No. 6692; General Notice No. 500. The amendment to the regulations became effective on 30 August 2018 (the date on which the Government Gazette and General Notice was published).

Implementation of Number Portability is scheduled for completion by the end of April 2020 and will allow consumers to retain their mobile numbers when changing service providers and when moving from one geographical area to another. Moreover, licensees will be able to proceed with the latest technologies providing for machine-to-machine communications as set out in the Numbering Plan.

Enabling Sector Reform depends on having a forward-looking regulatory environment that is responsive to the Namibian ICT and Postal sectors in terms of market developments, emerging technologies and trends enabling sector reform.

In accordance with the outcomes of ITU World Radiocommunication Conference 2019 (WRC-19), the SADC Frequency Band Plan and footnotes and the SADC Guidelines for Short Range Devices were revised by the spectrum task team under the Electronic Communications Committee of CRASA, chaired by Namibia. Both documents, once approved by SADC senior officials and the SADC ICT ministers for approval, will form the basis for Namibia's new Frequency Band Plan and Licence Exempt Spectrum.

## SUPPORTING ECONOMIC AND SOCIAL DEVELOPMENT THROUGH OUR STRATEGIC PRIORITIES

CRAN's fundamental objective is to see Namibia's ICT and Postal markets develop and expand in order to reach more Namibians. The market development will offer greater choice, expand into underserved and un-served areas, and increase employment and benefits. These markets are an enabler of overall development and growth.

The Authority, through implementation of its 2018 - 2020 Strategic Plan, and subsequent 2020 - 2023 Strategic Plan, is tasked with monitoring emerging technologies and trends to enable sector reform, thereby facilitating improvement in technology and telecommunications services. Ultimately, all strategic initiatives identified and implemented as part of strategy are in support of Government's aim is to achieve 95% broadband coverage, 100% broadband connections and usage to all primary and secondary schools in the country to enable e-learning, and 90% broadband connection and usage to 70% of the health facilities in the country to ensure e-health, all by 2024.

A full account of the strategic initiatives being implemented with respect to the five strategic goals are discussed in the Chief Executive's report and other sections of this report.

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement and customer satisfaction remains a key focus area. Effective engagement with licensees, consumers, Memorandum of Understanding (MOU) partners and other key stakeholders who are impacted by CRAN's activities helps us to better understand and respond to stakeholder concerns and interests.

During the period under review, 43 stakeholder engagement initiatives were successfully implemented. These included several public and consultative meetings, such as the stakeholders' consultative workshop held prior to the approval of the National Broadband Policy and IAP, public consultations on the Cyber Crime Bill and Data Protection Bill, and an annual Licensee Stakeholder event. Internationally, the Authority attended the ITU World Radiocommunication Conference (WRC-19) and participated in the sixth National ICT Summit. CRAN also hosted and participated in various CRASA committee meetings.

On the back of CRAN's high level participation at various CRASA committee meetings, it is encouraging to note that Namibia was elected as Vice Chairperson of the CRASA Electronic Communications Committee for the forthcoming three years and serves as Chairperson for the Spectrum Task Team within the committee. In terms of our SADC participation, CRAN is represented on the following task teams and steering committees within SADC: The Regional Satellite Framework Task Team; the 4th Industrial Revolution Implementation Steering Committee; and the SADC CIRT Implementation Steering Committee.

We also support communities through our corporate social investment sponsorships and donations. These events and activities serve as an engagement platform to create awareness on CRAN's mandate, to seek mutual

understanding on issues of concerns, and to synergise values and interests between CRAN and its stakeholders.

Several stakeholder events planned in 2020 by CRAN or other parties have, however, been suspended or postponed due to the COVID-19 pandemic. For example, all SADC meetings have been suspended and the 1st African Telecommunications Union (ATU) WTDC-21 preparatory meeting, at which CRAN was tabled to represent Namibia as rapporteurs, has been postponed.

We conduct stakeholder satisfaction surveys which provide insights that inform the planning and development of stakeholder engagement initiatives. As part of our commitment to consumer education and protection, CRAN tracks consumer complaints and trends and patterns of complaints and adjudication. These findings help CRAN to make sound strategic considerations towards improving its consumer protection mandate.

## MAIN CHALLENGES AND TARGETS

One of the significant challenges affecting the Authority's sustainability and financial resources during the reporting period was the finding of the High Court in September 2017 that section 23(2) of the Communications Act, (Act No. 8 of 2009) was unconstitutional. Section 23(2) provides that the Authority may impose a regulatory levy as a percentage of income of providers of services concerned, whether such income is derived from the whole business or a prescribed part of the business. CRAN appealed the judgement in the Supreme Court, the outcome being that the Authority will not be entitled to charge regulatory levies based on the provisions of section 23(2) as from the date of the Supreme Court judgement.

The basis for the unconstitutionality was due to the fact that the imposition of a regulatory levy in section 23 was too broad and lacked the necessary guidelines and regulations that would justify the formula and or levy imposed in relation to the cost of regulating the ICT industry. The section gave the Authority wide and unrestricted preliminary powers that should have been set out in regulations.

Following the Supreme Court judgment, the MICT, in collaboration with CRAN, has amended the particular unconstitutional provision to the effect that the basis on which regulatory levies are to be collected would be justified against the Authority's cost of regulating the ICT industry. Approximately N\$158 million in regulatory levies could not be generated by the Authority during the last few years. This has had an adverse impact on the sustainability of the Authority and, as such, the operational budget had to be streamlined. This has resulted in having to defer regulatory projects, restrictions placed on training and development, restrictions on travelling to attend a number of critical meetings facilitated by regional and international ICT regulatory bodies (to which the Authority is a member), and restrictions on recruitment and the freezing of new positions.

Despite implementing strict financial controls, the Authority has not compromised on ensuring that its legal mandate is executed effectively, especially amidst the prevalence of the COVID-19 pandemic.

## LAUNCH OF OUR NEW STRATEGIC PLAN 2020 – 2023

During the period under review, the 2018 - 2020 Strategic Plan was appraised in order to adopt a performance management system that is based on the balanced scorecard approach. The revised plan for the period 2020 - 2023 was approved by the Board in December 2019 and endorsed by the former Minister of ICT, Hon. Stanley Simataa, will become effective on 1 April 2020.

The new Strategic Plan is premised on the following four strategic themes:

- Strategic partnering for the achievement of relevant mutually beneficial stakeholder relationships with both internal and external stakeholders.
- Operational excellence underpinned by a well-resourced organisation with aligned processes providing quality output to the benefit of the industry and stakeholders.
- Innovation, as a theme, will drive flexible solutions and frameworks that will build stakeholder trust through improved turnaround times and quality business processes.
- Safeguarding organisational sustainability by effectively harnessing the organisation's financial, human, and technological resources.

The attainment of the four themes and the strategic objectives will result in the Authority's sustainability, the improvement of stakeholder's experience and sector reform. From this, Namibians will also enjoy the socio-economic benefits of the ICT and Postal Sector.

In implementing the new Strategic Plan, the Authority will be guided by its value propositions which are aimed at creating cordial relations with all stakeholders, brand loyalty and recognition, innovation, and accountability.

I believe that the new 2020–2023 Strategic Plan positions the Authority to face the challenges of the future. The strategy is aimed at building smart partnerships and building mutually beneficial internal and external stakeholder relationships; operational excellence underpinned by a well-resourced organisation; and innovation to drive flexible solutions and frameworks that will build stakeholder trust through improved turnaround times and quality business processes. The focus over the duration of the new strategic planning cycle (2020 – 2023) will furthermore be on safeguarding organisational sustainability by effectively harnessing the Authority's financial, human, and technological resources.

Ensuring resilience within a volatile market remains relevant, and I am confident that through implementation of the strategy, myself, my Board colleagues, and executive management will safeguard the Authority's interests in an operating environment that will remain volatile, both globally and locally. At a national level, we will continue to actively engage with our Portfolio Ministry in support of the broader national objectives with respect to harnessing the full potential of the telecommunications services sector to the benefit of our economy and its citizens.

## OUTLOOK

The COVID-19 pandemic will continue to impact on a number of the organisation's activities and performance, and on all our stakeholders, for the foreseeable future. Internally, we will monitor and respond to the fast-changing situation and business landscape in order to align with regulations and industry best practices.

In supporting Namibia's development into a digital economy, we will continue to drive collaborations and developments that help to address socio-economic development challenges in Namibia through advancing ICT. Our commitment to the attainment of national development plans and international and regional agendas represents the cornerstone of CRAN's contribution to the development of Namibia's ICT and Postal sectors: supporting government, communities, business, and individuals to build a better future.

We believe strongly that improved voice and data connectivity is a powerful tool for accelerating socio-economic transformation and contributing meaningfully towards achieving national and global development objectives.

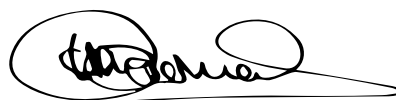
## APPRECIATION

On behalf of the Board, I wish to express my gratitude to Hon. Stanley Simataa, who served as the former Minister of ICT until March 2020 and as Deputy Minister of ICT until February 2018, as well as Hon. Engel Nawatiseb, who served as Deputy Minister until March 2020, for the invaluable contribution made to building a stable ICT sector in Namibia.

The Board's warmest and heartfelt congratulations are extended to the newly appointed Minister of Information and Communication Technology, Hon. Dr. Peya Mushelenga, and his Deputy Minister, Hon. Emma Theofelus.

A special thank you goes to our Chief Executive Officer, Festus Mbandeka, who has shown great leadership and dedication during his tenure with CRAN. Mr Mbandeka was appointed as Attorney General by His Excellency President Hage G. Geingob on 21 March 2020, shortly before the end of the Authority's financial year ended 31 March 2020. We wish Hon. Mbandeka all the best and much success in his new portfolio.

May I also take this opportunity to thank our stakeholders for their usual cooperation and support towards the development of our ICT sector.



**HEINRICH GAOMAB II**  
CHAIRPERSON OF THE BOARD



## CHIEF EXECUTIVE OFFICER'S REPORT

*‘I can comfortably state that during my tenure, I executed my functions with vision and a sense of purpose and with dedication, teamwork and resilience. The Authority has made good strides in the implementation of the 2018 – 2020 Strategic Plan and the achievement of its strategic goals. It has been a pleasure to engage with the new Board and the executive management in reviewing the strategy and crafting the 2020 – 2023 Strategic Plan which encapsulate the principles of the balanced scorecard with the primary aim to measure and achieve maximum performance both at the individual and organisational level. While I will not have the privilege of seeing full execution of the new Strategic Plan unfold, I have every confidence in the ability of the Board and executive management to succeed in the execution of this Plan.’*



As CRAN's 2018 - 2020 Strategic Plan comes to an end on 31 March 2020, we reflect on the outcomes of the five strategic goals, objectives and initiatives implemented, and consider the challenges encountered in the implementation of the current Plan.

The 2018 - 2020 Strategic Plan was initially designed to advance the development of a conducive regulatory environment where all consumers have access to quality services and products at just and reasonable prices and provide operators and investors maximum opportunity for full participation.

### DELIVERING ON OUR 2018 - 2020 STRATEGIC PLAN

The Authority has awarded thirteen new telecommunications service licences and six broadcasting service licences during the reporting period. These licence awards will ensure market expansion, effective competition and greater choice to consumers and businesses.

In supporting socio-economic development and market expansion, CRAN's ability to create long-term value is directly impacted by sector developments. Last year we witnessed the significance of the advent of the Frequency Channelling Plan for digital sound broadcasting. This Plan is aimed at freeing up of more spectrum, promoting the expansion of broadcasting services in line with the targets set out in the Harambee Prosperity Plan (HPP) and the ITU GEO6, to which Namibia is a signatory.

During the past year, there have been several further positive developments. The launch of the Government's National Broadband Policy in February 2020 represents a key step towards Namibia's dreams of becoming a digital society. The successful implementation of the above Policy's objectives will enable Namibia to make great strides towards becoming a digital economy. CRAN's Head: Electronic Communications has been appointed to the National Broadband Policy Steering Committee responsible for the implementation of the policy for a period of five years.



In awarding spectrum, CRAN's first spectrum auction to assign the 800 MHz spectrum band for IMT services via competitive bidding commenced in April 2020 and was concluded in June 2020. This will allow for the rollout of broadband services in line with the Broadband Policy.

Another important development was the provision of regulations setting out postal service licence application procedures and postal license categories, and regulations setting out postal licence fees. These were published in December 2019 for the effective regulation of postal services.

In striving to lay the foundation for the accelerated rolling out and development of ICT services to underserved and unserved areas, is the establishment and implementation of the Universal Access and Service (UAS) Fund, which will improve access to information, especially in the underserved and unserved areas.

CRAN has developed the Economic Portal for UAS to determine the level of access to quality and reliable communications services. All maps were imported, and all layers were added, such as schools, population, clinics etc. This not only allows CRAN to determine where the underserved and unserved areas are, but it also provides a clear indication of the level of access to ICT services in Namibia. The availability and access to telecommunication services in rural areas remains a challenge, largely due to uneven access to electricity and the high unit cost of rolling out ICT infrastructure throughout a vast geographic area.

Our Strategic Plan objectives include monitoring emerging technologies and trends to enable sector reform and monitoring technologies to facilitate improvement in technology and telecommunications services. Our objective this year included acquiring software and handsets to conduct drive testing to measure compliance with the standards as set out in the Quality of Service regulations in respect of the quality of 2G, 3G and 4G technologies. The final implementation was, however, delayed due to the lockdown imposed in both South Africa and Namibia as a result of the COVID-19 pandemic.

## FINANCIAL PERFORMANCE AND INTERNAL MANAGEMENT

It has been another challenging year in terms of our financial performance. The Company recorded a total comprehensive loss of N\$37.7 million for the period under review, compared to a N\$12.6 million loss the previous year. The upsurge is on account of an increased provision for doubtful debts and a decrease in regulatory levy income. Revenue for the year under review decreased by 15%, from N\$107 million in 2019 to N\$91 million in 2020.

Telecommunications and broadcasting regulatory fees contributed to 19.6% of the total revenue. The significant reduction in revenue during the reporting period continues to be affected by the 11 June 2018 Supreme Court decision that declared section 23(2)(a) and regulation 6, the basis on which the regulator was determining the regulatory levy, as unconstitutional, and that CRAN could no longer raise revenue on that basis from there onwards.

Operating expenses increased by 7.23%, from N\$126.2 million in 2019 to N\$135.4 million in 2020. The primary reason for the increase is ascribed to the increase in the provision for bad debt stemming from the Numbering Plan invoices, which is being legally disputed by the two dominant licensees similarly to the aforementioned regulatory levy invoices.

To mitigate the adverse impact of the cumulative loss of revenue generated from regulatory levies, CRAN has continued to implement cost cutting measures to ensure business sustainability with income generated by alternative revenue streams, while ensuring that our legal mandate is executed effectively. Some of these measures include certain regulatory projects that had to be deferred, restrictions on training and development, restrictions on travelling to attend a number of critical meetings facilitated by regional and international ICT regulatory bodies to which CRAN is a member, and restrictions on recruitment and the freezing of new positions.

A welcome development in July 2019 was the successful transfer of Namibian Communication Commission (NCC) assets and liabilities to CRAN, valued at N\$76 million. CRAN's cumulative asset value has consequently increased to N\$145.4 million as of 31 March 2020, up from N\$100.1 million the previous year.

Other positive internal administrative developments include the successful implementation of IFRS 16 Leases, which replaced IAS 17 Leases and introduced new requirements for the classification and measurement of leases, the upgrading of our Sage X3 ERP system, and enhancements to billing and spectrum management. Going forward, the Finance Department will be implementing the interim levy structure, upgrading the IDU budgeting systems and departmental policies, and will continuously pursue the collection of outstanding regulatory levies.

## VALUING OUR HUMAN CAPITAL

CRAN implements a human capital strategy and framework aimed at attracting and retaining talent. An emphasis is placed on engaging effectively with our employees and on ensuring that our strategies and policies address employee needs and that the work environment promotes employees' wellness, innovation and a high-performance culture. At the end of the year, we had 63 employees.

The COVID-19 pandemic has disrupted the world of work as we know it, with most employees having to work remotely. This disruption requires the organisation to shift the way of doing business to align with these new circumstances and to be agile in capacitating the business with the requisite skills as the need arises. CRAN has put measures in place to mitigate COVID-19 related impacts and risks and implements initiatives to promote the wellbeing of our employees.

As I mentioned earlier, CRAN has aligned its Strategic Plan with its performance management strategy using the balanced scorecard methodology. Progress with introducing and cascading this improved approach has been delayed owing to the ban on travelling and other limitations related to the COVID-19 pandemic.

We have taken decisive steps to improve levels of staff retention. Previously salaries were not market related, in part due to limitations placed by the remuneration directives. The implementation of the new compensation scales has seen employees being compensated fairly, thereby closing the gap compared to the market. Staff turnover for the period under review was 4.76%, compared to 5.10% the previous year.

Our labour relations remain robust. A recognition and procedural agreement was signed with the Namibia Public workers Union (NAPWU) on 11 June 2019, the exclusive bargaining unit on behalf of employees, and wage negotiations were successfully completed for the period 1 April 2020 to 31 March 2021.

A labour dispute filed by some of CRAN's employees at the Office of the Labour Commissioner, emanating from a Board resolution with regards to performance bonuses for the period 2016/2017, was settled. The parties agreed to resolve the dispute and payment of outstanding bonuses was made to all the affected employees for the periods 2016/2017 and 2017/2018, calculated at 10% respectively. The bonus payments were paid with the September 2019 payroll.

### POSITIVE OUTLOOK

The COVID-19 pandemic will continue to impact a number of the Authority's activities and performance, and all of our stakeholders, for the foreseeable future. Internally, we will monitor and respond to the fast-changing situation and business landscape in order to align with regulations and industry best practices.

During the pandemic, connectivity and communication services have been more important than ever. CRAN will continue with assigning rollout obligations linked to spectrum licences and continuously monitor the implementation of these obligations to ensure service availability to Namibian citizens.

Focus in the coming year will continue to be placed on the development and implementation of a comprehensive Regulatory Framework for the ICT and Postal sectors by 2021.

In supporting Namibia's development into a digital economy, we will continue to drive collaborations and developments that help to address socio-economic development challenges in Namibia through advancing ICT. Our commitment to the attainment of national development plans and international and regional agendas represents the cornerstone of CRAN's contribution to the development of Namibia's ICT and Postal sectors: supporting government, communities, business, and individuals to build a better future.

### APPRECIATION

In closing, I express my thanks to the former CRAN Board for its considered guidance over the years, and the honour of working with the newly appointed Chairperson, Heinrich Gaomab II and fellow Board members over the past eight months.

I also thank the management team and all our employees for their work towards delivering on CRAN's objectives. It has been a privilege to serve as the Chief Executive Officer of CRAN since September 2015. My tenure concluded in March 2020 and I wish the acting Chief Executive Officer Mr Jochen Traut, every success as he takes on the responsibility of managing the organisation during this challenging phase pending further developments.

I wish the Authority every success in the journey ahead.



**FESTUS K. MBANDEKA**  
CHIEF EXECUTIVE OFFICER





## CORPORATE GOVERNANCE

### CRAN's GOVERNANCE FRAMEWORK

CRAN, as a public enterprise, is governed by various legislation, including the Communications Act No. 8 of 2009, the Public Enterprises Governance Act No. 1 of 2019 (including Directives issued by the Ministry of Public Enterprises), and the Procurement Act No. 15 of 2015. CRAN is further governed by a number of internal policies relating to finance, human resources, internal audit, and electronic communications.

The Board and Board Committees' mandates, functions, and responsibilities are governed by the Board Charter and sub-Board Committees' terms of reference, which is derived from the relevant legislation governing CRAN. CRAN also has a Delegation of Authority Policy in place, which delegates certain functions and duties to management and sub-management committees in line with the applicable legislation, policies and governance frameworks.

Emphasis continued to be placed on meeting the strategic objective of enhancing the existing governance frameworks during the year under review. An Internal Policy Review Workshop was held with EXCO to revise all outdated internal policies, thereby ensuring alignment with best practices. In addition, the terms of reference for the Board Committees, as well as the Governance Policy and Procedures were revised. All draft policies and procedures have subsequently been submitted to the Board for consideration and approval.

### BOARD MANDATE, POWERS, AND FUNCTIONS

The CRAN Board of Directors is mandated to oversee the regulation of the communications industry in the Republic of Namibia in accordance with the provisions of the Communications Act in an objective, fair, transparent and ethical manner, based on the principles of good corporate governance and administrative justice.

The Board of Directors is also the custodian of CRAN's Strategic Plan and shall ensure that the strategic objectives, in terms of the Plan, are effectively managed and implemented.

The Board is a non-executive Board and, as such, does not perform any management or operational functions or assume any management or operational responsibilities. The Board has an objective and independent leadership directive and provides strategic direction to management for the effective implementation of CRAN's Strategic Plan and the attainment of the objectives of the Act.

### BOARD APPOINTMENTS

In accordance with section 9 (1) of the Communications Act (No. 8 of 2009), the former Minister of Information and Communication Technology (MICT) Hon. Stanley Simataa announced the appointment of the new CRAN Board of Directors, effective from 01 July 2019 until 31 June 2022. The role of the new Board of Directors is to assess the overall direction and strategy of the Authority.

### GOVERNANCE EXECUTIVE: ROLE AND RESPONSIBILITIES

The Governance Executive is appointed by the Chief Executive Officer and the Board and is responsible for, amongst other things, providing administrative support to the Chairperson and the Board. He/she reports administratively to the Chief Executive Officer and functionally to the Board. The Governance Executive is also responsible for assisting the Chairperson in ensuring the proper conduct of Board and Committee meetings, facilitating the induction of newly appointed Board members, and supporting the Board as a whole in effectively discharging its responsibilities.

The Governance Executive is also responsible to the Board for ensuring that Board procedures are followed and that all applicable legal, policy and governance requirements are properly complied with.

The Governance Executive is required to act as a central source of guidance and advice to the Board and must provide both the Board as a whole, and members individually, with the appropriate guidance on how their responsibilities may optimally be discharged in the best interest of CRAN.

### DISCLOSURE OF INTEREST

The Chairperson of the Board is a non-executive Board member of the Capricorn Group Holdings Limited, which is the parent company of Capricorn Connect (Pty) Ltd. Capricorn Connect is a licensee regulated by the Authority.

Paratus Namibia Holdings, previously Nimbus Infrastructure Namibia, is one of Ms Dorethy Smit's clients. Dr Tulimevava Mufeti is an employee of the University of Namibia. The University has signed an MOU with the Authority, prior to Dr Mufeti's appointment on the Board, to provide for graduate internships at CRAN. UNAM is a Broadcasting Service Licensee and has a Community Broadcasting Licence which was renewed in March 2017, prior to Dr Mufeti's appointment.

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.

### BOARD COMMITTEES

To assist the Board in discharging its responsibilities, certain functions are delegated to the three Board committees, constituted by the Board:

- Legal and Technical Committee
- Audit and Risk Committee
- Human Resources and Remuneration Committee

The Chairperson of the Board is not a member of any of the constituted committees.



#### Legal and Technical Committee members:

1. Vivienne Katjuongua (Chairperson)
2. Tulimevava Mufeti
3. Gerhard Coeln
4. Thomas Mbome

The committee consists of four Board members and is chaired by Ms. Vivienne Katjuongua. The committee is advisory in nature and makes recommendations for approval by the Board. The functions and responsibilities of the committee include, but are not limited to, the following:

- a) Consider regulations drafted under the Communications Act, 8 of 2009, before final submission to the Board for approval.
- b) Consider licence and spectrum licence applications submitted to the committee by management.
- c) Consider all disputes including both consumer complaints and licensee disputes submitted to the committee by management before final submission to the Board for approval (if so required).
- d) Consider all compliance and enforcement matters as submitted by management, relating to the Communications Act and the regulations issued thereunder, before final submission to the Board for approval (if so required).
- e) Consider and advise on the initiation, opposition, settling, or withdrawing of legal proceedings by or against CRAN before final submission to the Board for approval (if so required).
- f) Consider all tariff and rate applications before they are submitted to the Board for approval (if so required).
- g) Consider the proposals of management on the outcome of investigations as conducted by CRAN in terms of section 122 of the Communications Act before final submission to the Board for approval (if so required).
- h) Consider spectrum management policies and strategies as they may arise before final submission to the Board.

#### Audit and Risk Committee Committee members:

1. Dorethy Smit (Chairperson)
2. Vivienne Katjuongua
3. Gerhard Coeln

The committee consists of three Board members and is chaired by Ms. Dorethy Smit. The committee is advisory in nature and makes recommendations for approval by the Board. The functions and responsibilities of the committee include, but are not limited to, the following:

- a) Examine CRAN's financial statements, including statements of the Universal Service Fund (USF), prior to submission and approval by the Board.
- b) Review and recommend the annual budget of CRAN for approval by the Board.
- c) Oversee the Internal Audit function of CRAN.
- d) Recommend the appointment of external auditors and oversee the external audit process.
- e) Oversee, develop, and monitor the implementation of CRAN's IT governance framework.
- f) Make recommendations to the Board concerning CRAN's Risk Management policy and strategy.
- g) Monitor the implementation of the Risk Management policy and strategy by management.
- h) Review the annual financial statements, risk management reports, and other reports and information falling within the scope of its responsibilities.
- i) Oversee the implementation of an effective compliance framework and process.
- j) Review CRAN's compliance with applicable laws, regulations, rules, standards, contractual obligations, policies and procedures and report significant matters to the Board.

#### Human Resources and Remuneration Committee Committee members:

1. Tulimevava Mufeti (Chairperson)
2. Dorethy Smit
3. Thomas Mbome

The committee consists of three Board members and is chaired by Dr Tulimevava Mufeti. The committee is advisory in nature and makes recommendations for approval by the Board. The functions and responsibilities include, but are not limited to, the following:

- Advise and recommend to the Board on policy and strategy for the remuneration and incentivisation of CRAN's employees.
- Undertake an annual review of the remuneration packages and advise the Board on the annual adjustments that might be necessary.
- Review any proposed changes to the organisational structure of CRAN and recommend to the Board thereon.

- Monitor and oversee all transformation and affirmative action issues.
- Review the Human Resources policies and procedures of CRAN and recommend revisions as necessary to the Board.
- Advise the Board on performance related salary increases for all employees.
- Monitor the employee training and development programmes.
- Monitor and oversee all labour relations issues.

#### ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

During the period under review, CRAN held nine Board meetings; four Legal and Technical Committee meetings; four Audit and Risk Committee meetings and seven Human Resources and Remuneration Committee meetings. All minutes, in respect of these meetings, were approved and signed off by the Board and committees.

The attendance at meetings during the year under review was as follows:

| Director                    | Category  | Board Meeting | Special Board Meeting | Legal and Technical Committee | Audit and Risk Committee | Human Resources and Remuneration Committee |
|-----------------------------|---|---------------|-----------------------|-------------------------------|--------------------------|--|
|                             | <b>Meetings held</b>                                    | <b>9</b>      |                       | <b>4</b>                      | <b>4</b>                 | <b>7</b>                                   |
| <b>Frieda Kishi</b>         | Non-executive chairperson (up to 30 June 2019)          | Chair 3       |                       |                               |                          |  |
| <b>Heinrich Gaomab II</b>   | Non-executive chairperson (from 1 July 2019)            | Chair 2       | 3                     |                               |                          |  |
| <b>Moses Moses</b>          | Non-executive vice-chairperson (up to 30 June 2019)     | 3             |                       | 1                             |                          |  |
| <b>Vivienne Katjiuongua</b> | Non-executive vice-chairperson (from 1 July 2019)       |               | 1                     | Chair 3                       | 3                        |  |
| <b>Andreas Nekongo</b>      | Independent non-executive director (up to 30 June 2019) | 3             |                       | 1                             | 1                        |  |
| <b>Anne-Doris Kaumbi</b>    | Independent non-executive director (up to 30 June 2019) | 3             |                       | Chair 1                       | 1                        | 2  |
| <b>Beverly Vugs</b>         | Independent non-executive director (up to 30 June 2019) | 2             |                       |                               | Chair                    |  |
| <b>Mpasi Haingura</b>       | Independent non-executive director (up to 30 June 2019) | 3             |                       |                               |                          | 2  |
| <b>Tulimevava Mufeti</b>    | Independent non-executive director (from 1 July 2020)   | 2             | 3                     | 3                             |                          | Chair 5                                    |
| <b>Dorethy Smit</b>         | Independent non-executive director (from 1 July 2020)   | 2             | 3                     |                               | Chair 3                  | 5  |
| <b>Thomas Mbome</b>         | Independent non-executive director (from 1 July 2020)   | 2             | 3                     | 3                             |                          | 5  |
| <b>Gerhard Coeln</b>        | Independent non-executive director (from 1 July 2020)   | 2             | 3                     | 3                             | 3                        |  |

## CODE OF CONDUCT AND BUSINESS ETHICS

CRAN has a Business Ethics and Code of Conduct Framework in place to ensure that its employees uphold, at all times, the highest ethical standards of conduct in the achievement of the objectives of the Communications Act, and to fulfil CRAN's Vision, Mission and Values.

The Business Ethics and Code of Conduct Framework promotes ethical behaviour by all CRAN's stakeholders; ensures legal compliance by all Board members, staff members, suppliers, contractors and other stakeholders; builds sound labour relationships and a harmonious work environment; and promotes the practice of good corporate governance and leadership at CRAN.

## KEY FOCUS AREAS FOR 2020/2021

### Improve frameworks, systems and tools

The Authority intends to procure an E-Board management system to support good corporate governance practices and decision-making processes, enhance effective leadership, improve communication, and enhance productivity.

The system will empower the Board and Management with the right tools, insight, and analytics to securely access board materials, track company performance and gather real-time information on competitive news and regulatory filings. It will furthermore assist the Board and Management to securely build, share and collaborate on Board meetings and materials, such as approval process management, role-based permissions, member directory, building committees, forming contacts, and creating regular reports. It is also intended to provide mobile access for real-time updates.

## INTERNAL AUDIT (ASSURANCE)

The Internal Audit Department provides independent and objective assurance on the adequacy and effectiveness of CRAN's control and governance processes. This is demonstrated by the direct functional reporting of the department to and approval of the Annual Audit Plan by the Board Audit Committee.

The department re-aligned its Audit plan to the Authority's risk profile and achieved an audit completion rate of 90% during the year under review.

In this regard, key matters affecting CRAN have been raised and reported. Appropriate actions were recommended where Management agreed to implement the recommended actions. All the reports have been presented to Management and quarterly to the Board Audit Committee for monitoring.

## COMPLIANCE MANAGEMENT

A compliance assessment was completed during the year under review, which indicated that the majority of CRAN's external compliance obligations are rated high. We have noted an increase in the compliance obligations from the previous year. A total of 154 compliance obligations were identified, compared to 117 the previous year. The chart below graphically illustrates the universal compliance obligations that the organisation is required to adhere to.

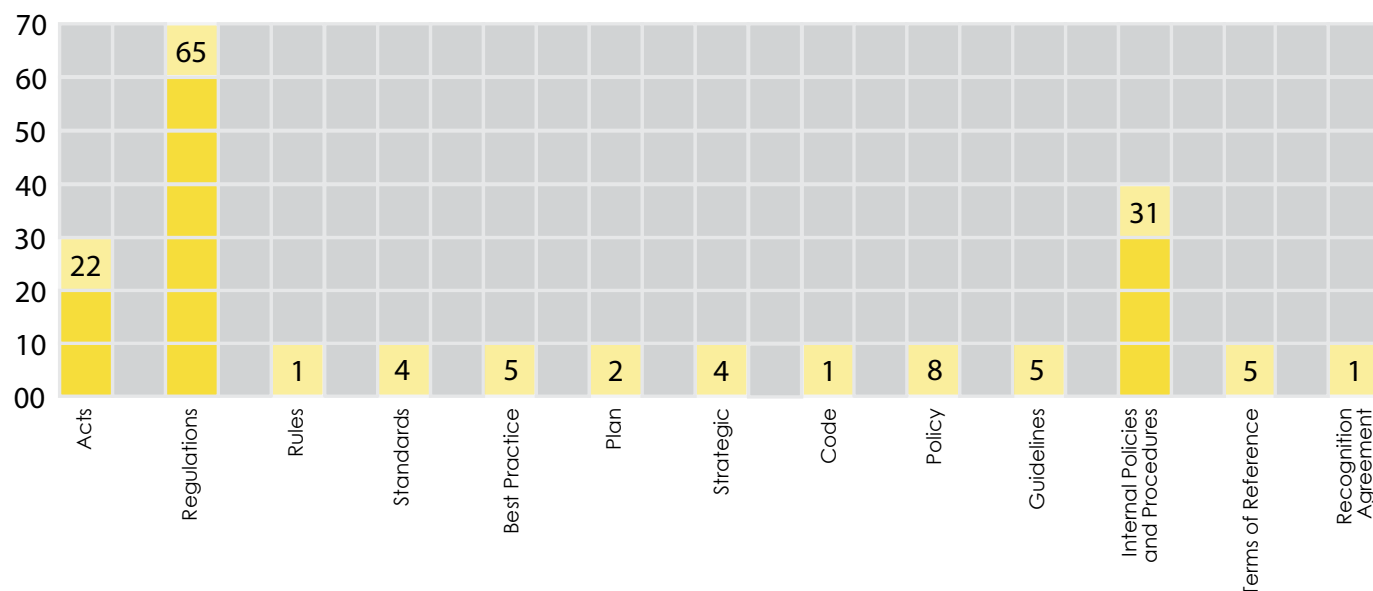
Regulations under the Communications Act, (Act 8 of 2009) make up the largest compliance obligations (i.e. 42%).

Based on self-assessment results from the various departments, CRAN achieved a 75% – 99% average level of compliance rating. While this level of compliance can be viewed as "satisfactory", it shows that CRAN is not yet fully compliant with all of its statutory obligations.

## KEY FOCUS AREAS FOR 2020/2021

Focus will be placed on executing the approved Internal Audit Plan for 202/2021 as approved by the Audit Committee.

## CRAN'S COMPLIANCE OBLIGATIONS





## OUR MATERIAL RISKS

### GOVERNANCE OF RISK

CRAN's Enterprise-wide Risk Management (ERM) process is executed by the Board of Directors and management through the formulation and application of strategy. The process is designed to identify and manage potential risks that may affect the entity and to provide reasonable assurance in the achievement of its objectives.

The Board is responsible for the governance of risk within the organisation. The Board has appointed an Audit and Risk Committee to assist it in carrying out this responsibility.

Management, in turn, is accountable to the Board (through the Audit Committee) for designing, implementing and monitoring the systems and processes of risk management and integrating them into the day-to-day activities and strategies of CRAN. The Internal Audit Department is tasked to facilitate CRAN's risk management activities.

### KEY RISKS

The Authority's risk register is aligned to its core mandate and objectives.

The table below presents risks that have an inherently high risk rating value with respect to the execution of CRAN's mandate and sustainability, and presents mitigation measures to address these.

A total of ten strategic risks have been identified and analysed as critical and significant.

### STRATEGIC RISK REGISTER 2019/2020

| No | Risk   | Risk response   |
|----|--|---|
| 1  | Ineffective and inadequate licence fees, terms and conditions  | <ul style="list-style-type: none"> <li>Drafting new procedures to collect levies.</li> <li>Act has been amended, awaiting Cabinet approval.</li> </ul>  |
| 2  | Litigations  | <ul style="list-style-type: none"> <li>Appointing external legal representation.</li> <li>Developing internal legal expertise.</li> <li>Legislation is continually reviewed and revised where necessary.</li> </ul>                                     |
| 3  | Inability to timely investigate violations and offences, and to procedurally and legally enforce penalties or other punitive measures for offences committed | <ul style="list-style-type: none"> <li>Appointment of full-time trained investigator.</li> </ul>  |
| 4  | Inadequate / limited spectrum monitoring sites   | <ul style="list-style-type: none"> <li>Three-year budget plan to expand monitoring sites, maintain current monitoring sites, renew Service Level Agreement (SLA) with TCI.</li> </ul>   |
| 5  | Ineffective and inadequate compliance monitoring   | <ul style="list-style-type: none"> <li>Planned expansion of monitoring network (more fixed sites required).</li> <li>Full utilisation of Automated Spectrum Management System (ASMS)</li> <li>Perform site visits for proactive inspections.</li> </ul> |
| 6  | Failure to implement Numbering Plan and Number Portability   | <ul style="list-style-type: none"> <li>Amendment of regulations for fixed portability pending rule-making.</li> <li>Implementation of mobile portability in progress, enforcement of Numbering Plan.</li> </ul>   |
| 7  | Lack of Cyber Security laws and policies   | <ul style="list-style-type: none"> <li>Prepare action for implementation of Cyber Incidence Response Team (CIRT).</li> <li>Minister to draft regulations regarding classes of services to be accredited (refer to draft bill).</li> </ul>               |
| 8  | Lack of Universal Access Services (UAS) Fund   | <ul style="list-style-type: none"> <li>Act has been amended; awaiting Cabinet approval.</li> </ul>  |
| 9  | Inadequate business continuity management  | <ul style="list-style-type: none"> <li>Drive the finalisation, implementation and facilitate the development and routine testing of Succession Plan, IT Disaster Recovery Plan, Emergency Response Plan and Crisis Communication Plan.</li> </ul>       |
| 10 | Lack of Project Management framework and methodology   | <ul style="list-style-type: none"> <li>Develop and implement a Project Management framework.</li> </ul>   |

### KEY FOCUS AREAS FOR 2020/2021

A Risk Management Committee will be established to coordinate enterprise risk management, business continuity, compliance management, and to enhance collaboration across the Authority in respect of identifying,

reviewing and challenging risks arising from our business activities. The establishment of the Committee will strengthen CRAN's ability to manage risk proactively and fully embed a risk management culture throughout the Authority.

## DELIVERING ON OUR STRATEGIC PLAN (2018 – 2020)

### OUR KEY STRATEGIC GOALS



## OUR PERFORMANCE STATUS as at 31 March 2020

### STRATEGIC FOCUS AREA 1: POLICY AND REGULATORY ENVIRONMENT

| Strategic Goal  | Strategic Objective   | Status   |
|---|---|--|
| <b>1.</b><br>Develop and implement a comprehensive Regulatory Framework for the ICT and Postal Sectors by 2021              | 1.1 Develop the Regulatory Framework by 2021  | The following regulations are pending approval and implementation:<br>(a) Penalty Regulations,<br>(b) Amendment of Annexure A of the Spectrum Licensing Procedure (c) Regulations Regarding Numbering Administration (Amendment to include Number Portability).  |
|   | 1.2 Review the existing Regulatory Framework by 2021  | The review process for the following sets of regulations have been completed:<br>(a) Code of Conduct for Broadcasting Service Licensees,<br>(b) Regulations Setting out Licence Procedures, Transitional Procedures and Licence Categories for Postal Services,<br>(c) Amendment to Regulations in Respect of Type Approval and Technical Standards for Telecommunications Equipment<br>(d) Spectrum Licensing Procedure,<br>(e) UAS License Imposition Guidelines, and<br>(f) Guidelines for Mediation Proceedings. |
| <b>2.</b><br>Contribute to the achievement of National Development Goals through a coordinated Sector-wide approach by 2021 | 2.1 Implement the objectives of the National Broadband Policy as it relates to CRAN, by 2021  | The Minister of ICT published the National Broadband Policy of Namibia: 2019-2029 (Decision No: 11th/25.06.19/001) The Broadband Policy Steering Committee was constituted in February 2020 to oversee implementation of the policy.   |
|   | 2.2 Implement the objectives of the Postal Sector Legal Framework to ensure that efficient, reliable and good quality Postal Services are made available throughout Namibia by 2021 | NamPost applied for a postal service licence on 7 February 2020. The application is to be published in the Government Gazette for public comment.  |
|   | 2.3 Implement the objectives of NDP 5 as it relates to Broadcasting 2021/ 2022  | CRAN has awarded 37 broadcasting service licences to date. The said licensees have rolled limited broadcasting services to new geographical areas. The review of the FM Analogue Channelling Plan has been published in the Government Gazette on 18 February 2020 for public comments.  |



**STRATEGIC FOCUS AREA 2: ECONOMIC AND SOCIAL DEVELOPMENT**

| Strategic Goal   | Strategic Objective   | Comments on current status  |
|--|---|---|
| <b>1.</b><br>Facilitate access to quality, reliable and affordable services by 2021      | 1.1 Determine the level of access to quality and reliable communications services | The database of all of the infrastructure information has been developed and linked to the GIS System. A GAP Analysis Report still needs to be done to highlight infrastructure shortcomings and the cost thereof.                      |
|  | 1.2 Facilitate the expansion of the Postal Network through UAS obligations        | This objective can only be addressed once a licence has been issued to NamPost. The number of postal outlets remained at 138 for 2019/2020.   |
| <b>2.</b><br>Contribute towards Namibia's Sustainable Socio-Economic Development by 2021 | 2.1 Review ICT's contribution to GDP by 2021                                      | Information Communication was split from transport and is now reported on separately by NSA. Since 2013 this sector contributed between 1.4% and 1.5% to GDP in current prices. The contribution at the end of 2019 was 1.4%.           |
|  | 2.2 Assess the affordability of ICT and Postal Services by 2021                   | Assessment has been completed based on Affordability ranking in Africa.   |
|  | 2.3 Enforce the implementation of Number Portability by 2020                      | The Authority completed the reconsideration process and the amendment of the regulations to provide for both fixed and mobile portability is pending publication in the Government Gazette.   |
|  | 2.4 Implement the UAS Framework by 2021   | The amendment to section 23 of the Communications Act (Act 8 of 2009) was approved by Parliament on 20 March 2020. Regulations in respect of UAS levies will be published by the Authority in the period 1 April 2020 to 31 March 2021. |

**STRATEGIC FOCUS AREA 3: CONSUMER ADVOCACY AND STAKEHOLDER ENGAGEMENT**

| Strategic Goal   | Strategic Objective  | Comments on current status  |
|--|--|---|
| <b>1.</b><br>Create brand awareness and education of consumers on rights and obligations in order to enhance and maintain a positive image of CRAN by 2021 | 1.1 Improve CRAN's image as an effective Regulator by 2021 | A stakeholder satisfaction survey was concluded in April 2019. The results indicated that the majority of licensees and media who participated in the survey were satisfied with information that CRAN disseminates whilst 21% were not satisfied. These results informed the planning and development of stakeholder engagement initiatives for the following reporting period. Implementation has commenced and 70% completion was achieved on 31 March 2019. |
|  |  | 43 stakeholder engagement initiatives, including the annual Licensee Stakeholder event, were successfully implemented with various stakeholders.  |

## STRATEGIC FOCUS AREA 4: ENABLING SECTOR REFORM

| Strategic Goal   | Strategic Objective  | Status   |
|--|--|--|
| <b>1.</b><br>Facilitate the adoption of technological innovation by 2021 | 1.1 Facilitate the implementation of Digital Broadcasting technologies by 2021   | The Frequency Channelling Plan for Digital Sound Broadcasting was published in the Government Gazette for public comments on 18 February 2020. The said Frequency Channelling Plan is pending approval by the CRAN Board of Directors.   |
|  | 1.2 Facilitate the availability of Spectrum for provision of services by 2021  | <p>The Final Acts of ITU WRC-19 has been published on 31 March 2020. The national Frequency Band Plan will be reviewed in accordance with the Final Acts.</p> <p>The Authority finalised the Spectrum Auction Bidding document for 800 MHz and will publish the said document on 1 April 2020.</p>   |
|  | 1.3 Strengthen the security of ICT services to build confidence in the use of technologically advanced services and applications by 2021 | <p>The Electronic Transactions Act was published in the Government Gazette on 29 November 2019. The notice of commencement of the Act was published on 16 March 2020 excluding section 20, chapter 4 and chapter 5 that will come into operation at a later date.</p> <p>Public consultations on the Cyber Crime Bill and Data Protection Bill was concluded in February 2020.</p> |
|  | 1.4 Assess the impact of emerging technologies and regulatory trends on the ICT sector by 2021   | The study paper on convergence within ICT and broadcasting was completed.  |

## STRATEGIC FOCUS AREA 5: ORGANISATIONAL SUSTAINABILITY

| Strategic Goal   | Strategic Objective   | Status   |
|--|---|--|
| <b>1.</b><br>Continue to be a self-sustaining effective organisation | 1.1 Broadening the revenue base   | Postal licensing fees will be a minimal contributor to the finances of CRAN. No new revenue streams were identified to date. However, with the Public Key Infrastructure (PKI) and CIRT responsibilities CRAN might find additional chargeable services in the future. |
|  | 1.2. Enhance CRAN's existing Governance Framework by 2019   | Board Committee terms of reference were reviewed and are ready for circulation and approval. An Internal Policy Review Workshop was held with EXCO to revise all outdated policies.  |
|  | 1.3 Review the Business Processes by 2021   | The tender evaluation process for the review of the Authority's business processes has been completed.   |
|  | 1.4 Develop and implement the Human Resources framework fostering a sustainable and satisfied workforce | A new Employee Survey was designed and sent out to employees for completion. The baseline established is 62.5%.  |





## STRATEGIC FOCUS AREA 1: POLICY AND REGULATORY ENVIRONMENT

# 1

CRAN appreciates that a good regulatory environment is a prerequisite to the successful utilisation of ICT as an enabler for socio-economic development. The legal framework, i.e. the Communications Act and regulations, should thus remain relevant, practical and comprehensive. The legal framework must also be aligned with national needs, regional and international ICT trends.

### OUR STRATEGIC GOALS

- Develop and implement a comprehensive Regulatory Framework for the ICT and Postal sectors by 2021.
- Contribute to the achievement of national development goals through a coordinated sector-wide approach by 2021.

### OUR 2020 PERFORMANCE

This focus area was addressed through the implementation of several key initiatives aimed at ensuring the development and implementation of a comprehensive Regulatory Framework for the ICT and Postal sectors by 2021; implementing the objectives of the National Broadband Policy as it relates to CRAN, by 2021; implementing the objectives of the Postal Sector Legal Framework to ensure that efficient, reliable and good quality Postal services are made available throughout Namibia by 2021; and implementing the objectives of NDP5 as it relates to Broadcasting by 2021/2022.

#### Develop and review the Regulatory Framework by 2021

The following regulations were drafted during the reporting period:

- Penalty regulations
- Amendment of the regulations prescribing the National Numbering Plan, Numbering Licence Fees, and Procedures for Number Licences

The review process for the following sets of regulations has been completed:

- Amendment to Code of Conduct for Broadcasting Service licensees
- Regulations setting out Licence Procedures, Transitional Procedures and Licence Categories for Postal Services
- Amendment to regulations in respect of Type Approval and Technical Standards for Telecommunications Equipment
- Spectrum Licensing Procedure
- Universal Access and Services (UAS) Licence Imposition Guidelines
- Guidelines for Mediation Proceedings

#### Implementation of Legislative Drafting Plan

CRAN's Management Legislative Drafting and Sector Reform Committee is an approval body to whom the Chief Executive Officer has delegated authority, to approve certain determinations in relation to the formulation of the regulatory framework, specifically the initiation, drafting and review of regulations and other sector reform initiatives.

The Committee does not constitute a Committee of the Board. The Committee, however, makes recommendations, via the Chief Executive Officer, to the Board's Legal and Technical Committee for the approval of final regulations and or amendments thereto. The table below indicates the status of implementation of the Legislative Drafting Plan as at 31 March 2020.

| Regulations / Legislation   | Description  | Status (as at 31 March 2020)  |
|---|--|---|
| Regulations to Ensure Consumer Protection in the Telecommunications Sector  | These regulations were drafted in terms of section 79 and 129 of the Communications Act. The purpose of the regulations is to set out the basic consumer rights and to ensure accessible, transparent and efficient redress for consumers who are subjected to abuse or exploitation in the marketplace.   | The drafting of the regulations has been finalised, however, the scope and extent of the regulations, requires an amendment to section 79 of the Communications Act. The regulations have thus been placed on hold until such time that the legislative amendments are finalised. |
| Penalty regulations   | These regulations were drafted in terms of section 129(2) of the Communications Act. The purpose of the regulations is to consolidate and simplify the penalty regime for contraventions and failures and matters related to penalties in regulations, to improve compliance with the Act and regulations made under the Act and to promote a transparent, non-discriminatory, well-defined and consistent approach when dealing with compliance, enforcement and penalties. | Regulations finalised.  |
| Conditions on Service Providers in terms of section 72(4) of the Communications Act (SIM Registration)  | Drafted in terms of section 72(4) to impose further Conditions on Service Providers relating to SIM Registration Regulations as prescribed by the Minister of Information and Communications Technology.   | The conditions have been finalised but await the commencement of part 6 of the Communications Act by the MICT.  |
| Regulations prescribing Fees for Spectrum Licences, Certificates and Examinations   | Drafted in terms of sections 38(5), 101 and 129 to set spectrum fees.  | Rule-making in process.   |
| Frequency Band Plan in respect of Analogue Frequency Modulation Radio Broadcasting and Frequency Band Plan in respect of Digital Sound Broadcasting | Drafted in terms of section 100 to prescribe a Frequency Band Plan. The frequency plans seek to define how the radio spectrum must be used, aims to ensure that the radio frequency spectrum is utilised and managed in an orderly, efficient and effective manner, and aims to reduce congestion in the use of frequencies and protecting frequency users from any interference or other inability to make use of the frequencies assigned to them.                         | Rule-making in process.   |
| Regulations prescribing Reporting Obligations for Licensees   | Drafted in terms of section 129 (1) (f) to establish an integrated reporting framework within which licensees must submit information required by the Authority to discharge its regulatory functions under the Act.   | Rule-making in process.   |
| Amendment to the regulations prescribing the National Numbering Plan for use in the Provision of Telecommunications Services                        | Drafted in terms of section 81(1), (3) and (4) and 129 to allow fixed telecommunications porting.  | Regulations finalised.  |

| Regulations / Legislation  | Description  | Status (as at 31 March 2020)  |
|--|--|---|
| Regulations setting out Licence Procedures, Transitional Procedures and Licence Categories for Postal Services | Drafted in terms of sections 98 and 129 to establish a postal services licensing regime.   | Final regulations published.  |
| Amendment to regulations in respect of Type Approval and Technical Standards for Telecommunications Equipment  | Drafted in terms of section 129 to address the challenges encountered in the implementation of the regulations in respect of Type Approval and Technical Standards for Telecommunications Equipment published in Government Gazette No. 5659, General Notice No. 22, dated 3 January 2015. | Final amendment published.  |
| Amendment of Annexure A of the Spectrum Licensing Procedure  | Drafted in terms of section 101(2), section 101(5), section 101(14) and section 101(16) read with section 129, is to conform to the list of Radio Apparatus Exempt from Spectrum License to the ITU standards.   | Final amendment published.  |
| Amendment to section 23 of the Communications Act  | Drafted to ensure that the section is constitutional and valid as per directions of the Supreme Court thereby enabling CRAN to impose a new valid regulatory levy on the communications industry.  | Approved by the National Assembly and currently awaiting endorsement by the National Council. |
| Amendment to section 23 of the Communications Act  | Drafted to ensure that the section is constitutional and valid as per directions of the Supreme Court thereby enabling CRAN to impose a new valid regulatory levy on the communications industry.  | Approved by the National Assembly and currently awaiting endorsement by the National Council. |
| Regulations in terms of section 23(2)(c) Amendment Act   | To enable CRAN to impose a regulatory levy in line with amendment to section 23 of the Communications Act.   | Drafting of these regulations will commence once the Amendment Bill is signed into law.       |

### Consumer complaints

Consumer protection forms an integral part of CRAN's mandate. CRAN launched Namibia's first ever National Consumer Advocacy and Protection Campaign on 16 May 2013. The regulator endeavours to ensure that consumers receive the full benefits of competitive electronic communication services and are protected from any exploitation or abuse. CRAN has implemented a streamlined complaints-handling system in the regulations regarding procedures for the Adjudication of Disputes in accordance with the Communications Act (No. 8 of 2009).

The regulations regarding procedures for the Adjudication of Disputes were published in 2017 and amended in 2019. In terms of those regulations, consumers are first required to try and resolve the dispute directly with the service provider before contacting CRAN. If the dispute is not resolved within 14 days, the consumer may submit the dispute to CRAN by completing the appropriate form together with supporting evidence. The table below indicates the status of complaints lodged by consumers and investigations during the period under review.

### Telecommunications Service Licences

During the period 1 February 2019 – 31 January 2020, the Authority had forty Telecommunication Service Licensees. The Authority requested the licensees to submit their annual consumer complaints reports and their internal procedures for the resolution of disputes for the period 1 February 2019 – 31 January 2020.

Thirty of the forty Telecommunication Service Licensees held either a Class Comprehensive ECS licence, a Class Network Facilities licence, or Full-Service licence (ECS, ECNS), resulting in an obligation to licensees to comply with Regulation 8. The remainder of the ten licensees hold a Class Non-Profit ECNS licence, and are not obligated to submit consumer complaint reports.

The following licensees have not submitted their Annual Reports and Internal Complaints Procedures, though obligated to do so by the type of licences held:



**Licensees that did not submit reports**

1. Mantle Investments (Pty) Ltd
2. Loc8 Mobile CC
3. Demshi Investments CC
4. Coastal Network Solutions CC
5. Excellent Communications (Pty) Ltd
6. Data Continuity Namibia (Pty) Ltd
7. Namibia Power Corporation (Pty) Ltd
8. Schoeman Technologies (Pty) Ltd
9. Oblix Communications Networks CC
10. Atlas Towers (Pty) Ltd

On 6 December 2019, the Authority requested all licensees to submit their annual consumer complaint reports on or before 31 January 2020 and followed up with a reminder on 20 January.

Of the 30 telecommunications service licensees that are obliged to submit their annual consumer complaint reports, only twenty submitted their reports, and ten licensees failed to comply with the regulations.

**Annual Consumer Complaint Reports**

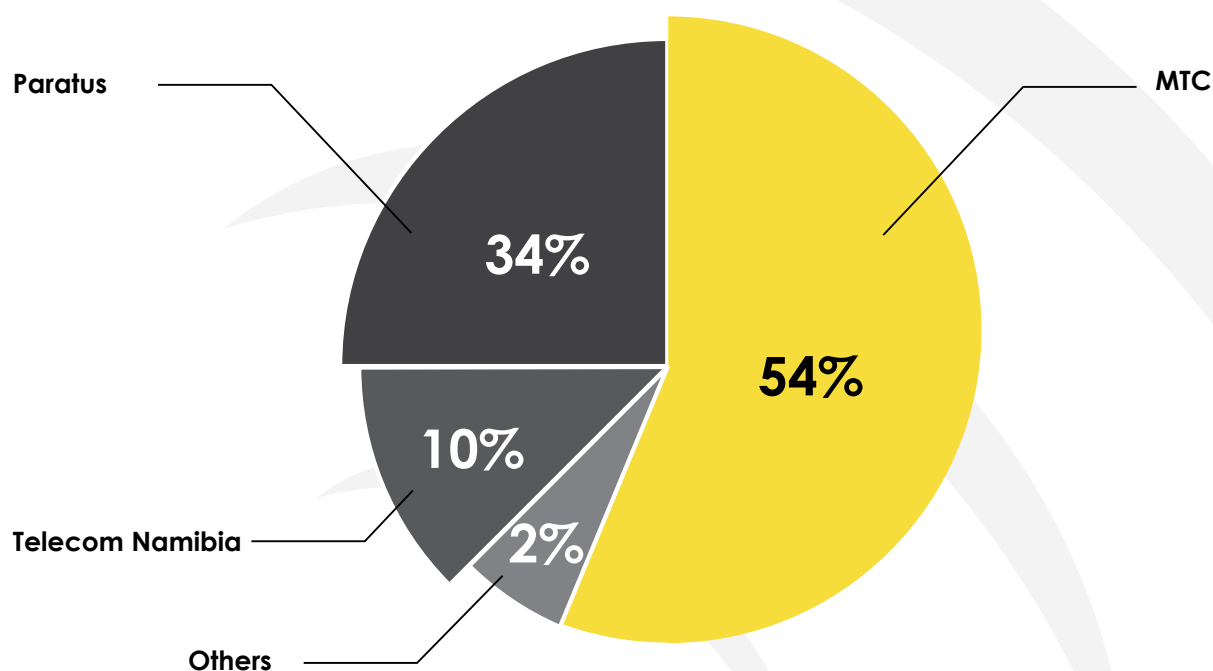
The table below depicts the number of complaints submitted to the telecommunications service licensees as well as the time frame during which these complaints were finalised. Licensees are obligated to deal with complaints within 14 days once received. If licensees fail to finalise the complaint, they must advise the consumer to approach the Authority for relief.

The MTC statistics indicate that eight matters were unresolved and referred to the Authority for resolution.

**Complaints submitted directly to licensees**

| LICENSEE                                       | TOTAL SUBSCRIBERS (CONSUMERS) | COMPLAINTS RECEIVED | RESOLVED WITHIN 14 DAYS | RESOLVED AFTER 14 DAYS | COMPLAINTS NOT RESOLVED | COMPLAINTS DELIVERED TO CRAN |
|--|-------------------------------|---------------------|-------------------------|------------------------|-------------------------|------------------------------|
| Mobile Telecommunications Limited              | 2,597 232                     | 36,217              | 36,210                  | 7                      | 8                       | 8                            |
| Mwireless (Pty) Ltd                            | 812                           | 1                   | 1                       | -                      | 1                       | 1                            |
| Cosmos Digital (Pty) Ltd                       | -                             | 14                  | 14                      | -                      | -                       | -                            |
| PowerCom (Pty) Ltd                             | -                             | 6                   | 4                       | 2                      | -                       | -                            |
| Integrated Communication Systems CC            | -                             | -                   | -                       | -                      | -                       | -                            |
| Telepassport CC                                | -                             | 36                  | 36                      | -                      | -                       | -                            |
| Paratus Telecommunications (Pty) Ltd (Paratus) | 5,626                         | 22,685              | 20,800                  | 1,123                  | 682                     | -                            |
| Witel (Pty) Ltd                                | 1,650                         | 559                 | 559                     | -                      | -                       | -                            |
| Converged Telecommunications Solutions CC      | -                             | 19                  | 19                      | -                      | -                       | -                            |
| Q-Kon Telecom CC                               | -                             | 239                 | 223                     | 11                     | -                       | -                            |
| Salt Essential CC                              | 6                             | 20                  | -                       | -                      | -                       | -                            |
| Dimension Data Namibia (Pty) Ltd               | -                             | -                   | -                       | -                      | -                       | -                            |
| Telecom Namibia Ltd                            | 554,579                       | 6,873               | 4,714                   | 2,158                  | 61                      | 19                           |
| IT Guru Solutions                              | 155                           | 15                  | 15                      | -                      | -                       | -                            |
| Misty Bay Investments CC                       | 156                           | 75                  | 75                      | -                      | -                       | -                            |
| Omnitel (Pty) Ltd                              | -                             | 2                   | 2                       | -                      | -                       | -                            |
| Bidvest (Pty) Ltd                              | -                             | -                   | -                       | -                      | -                       | -                            |
| MTN Business Namibia                           | 676                           | 548                 | 543                     | 5                      | -                       | -                            |
| Virtua Porting XS (Pty) Ltd                    | -                             | -                   | -                       | -                      | -                       | -                            |
| Focus Engineering CC                           | -                             | -                   | -                       | -                      | -                       | -                            |

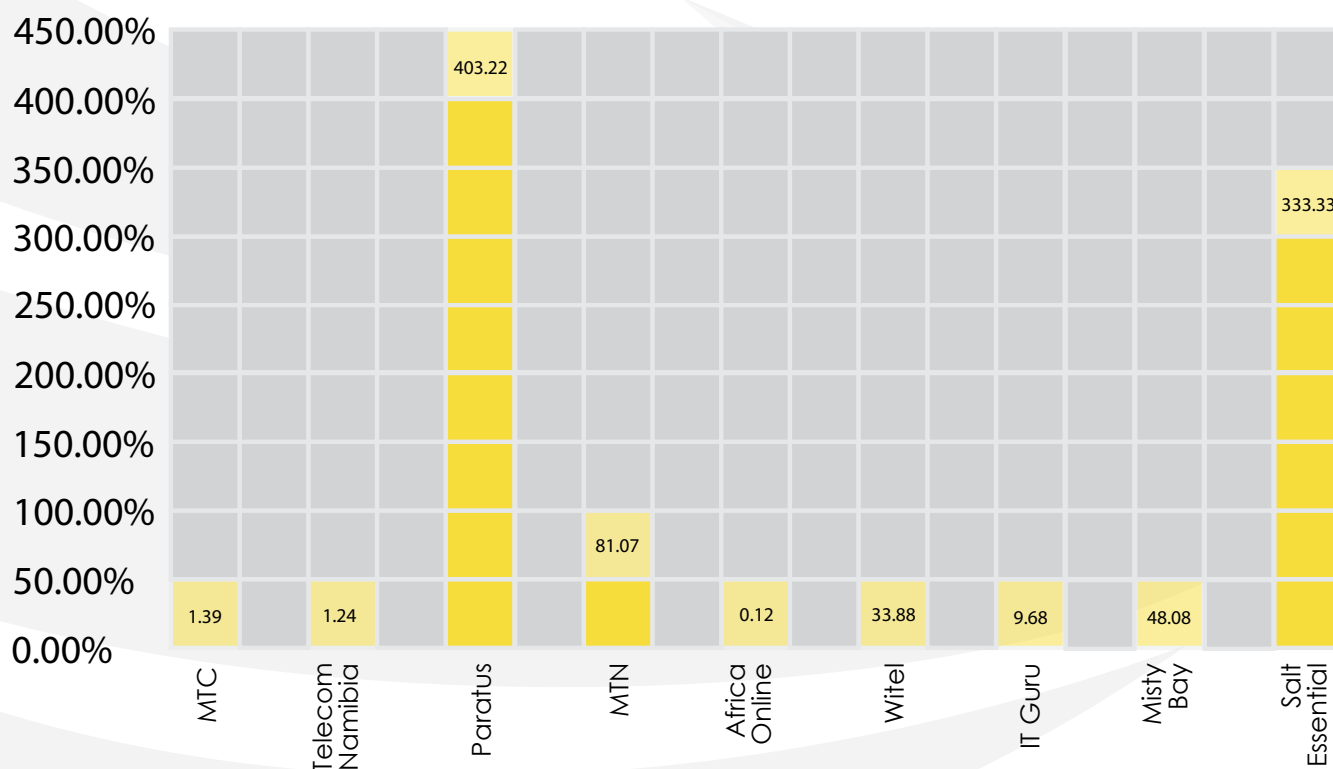
Total number of complaints received by licensees



The graph above indicates that MTC received the most complaints, at 54%, followed by Paratus at 34 %, and Telecom Namibia, at 10% respectively. The rest of the licensees constituted less than 2% complaints received.

It should be taken into consideration that MTC has the largest customer base in the country, with the graph below illustrating the percentage of complaints received by the licensees relative to the total number of customers they have. The number of customers are calculated as the number of active SIM cards as well as subscriptions (such as FTTH).

Percentage of complaints relative to the total number of customers



Paratus recorded the highest complaints received relative to its number of customers (403.22% for every 100 customers, or four complaints per customer on average) during the period under review, followed by Salt IT Essential (333.33% for every 100 customers, or three complaints per customer on average). This could indicate that, for example, one customer lodged more than one complaint to the licensee during the period under review, or submitted the same complaint several times because it was not satisfactorily dealt with within the 14 days period. Alternatively, it could mean that the customer expected the complaint to be resolved in a different manner.

It is important to note that MTC received more complaints in total figures than all of the other licensees combined. This number only represents a mere 1.39 % of their customers, meaning that MTC managed to resolve most of the complaints received within 14 days.

The low number of complaints might be due to a number of factors, namely:

- 1) Good quality of service or problem solving when a customer complains
- 2) Poor record keeping by the licensee
- 3) Slow progress in resolving complaints
- 4) Customers not complaining because they have become complacent

- 5) Customers not complaining because there might be no other service provider.

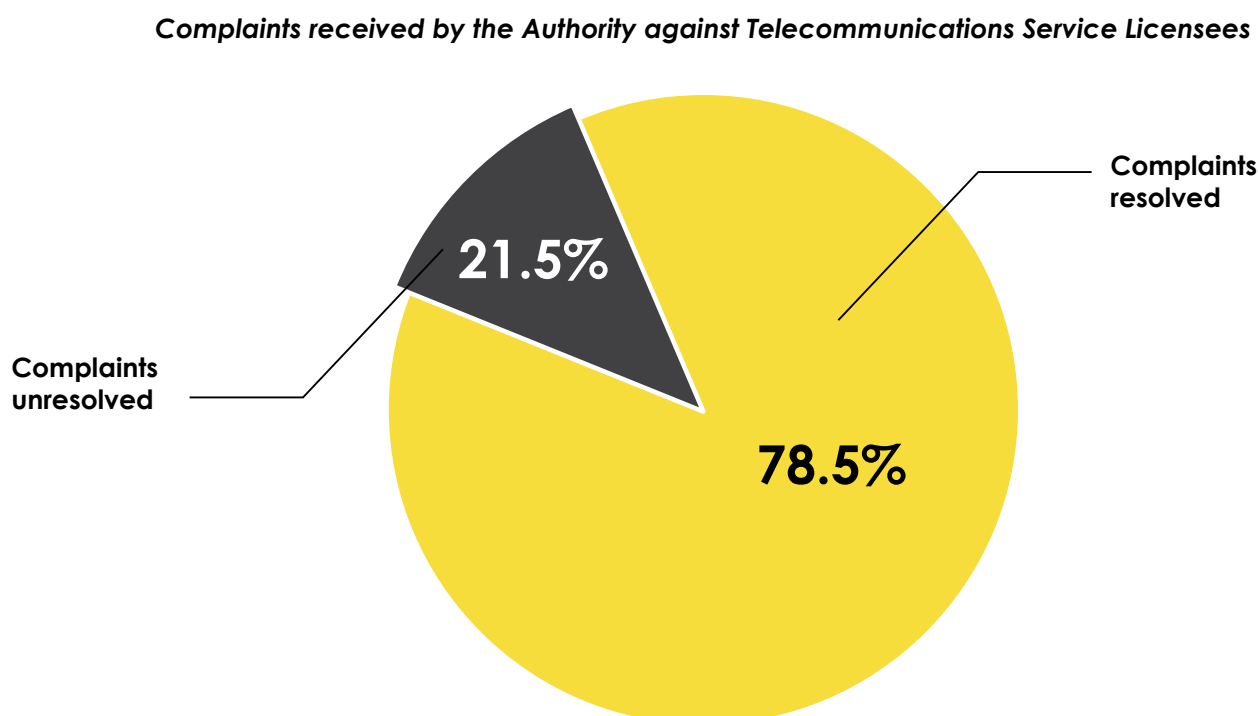
It is of concern to the Authority that, while Paratus has received the second most complaints in absolute numbers as well as the highest complaints relative to its customer base, there are still more than 600 cases unresolved, none of which have been referred to the Authority.

This could be explained by constant feedback provided by Paratus to their consumers on actions taken to resolve the problem, or that alternative solutions are being jointly pursued between the customer and the licensee.

#### **Complaints referred to the Authority**

The Authority received 28 complaints against telecommunication service licensees during the period under review. From 1 February to 31 January 2020, 22 complaints were resolved (78.5%) and six complaints were unresolved (21.5%).

This is summarised in the graph below:





A comparison of these statistics with those of the corresponding period in 2018/2019, reflects that the total number of complaints received by the Authority from consumers decreased by 17.6% and that the number of complaints resolved by the Authority increased by 8.5%.

A total of 68% of complaints received by the Authority during the period 2019/2020 are against Telecom Namibia Limited (Telecom Namibia). Mobile Telecommunications Limited (MTC) received the second highest number of complaints, with 29%, and 3% of the total complaints were against Africa Online. No complaints have been received against other licensees including Paratus which had only one complaint during the 2018/2019 review period.

The Authority also received general complaints against non-licensees, to which it does not have jurisdiction to adjudicate the disputes. These complaints do not form part of the statistics in this report.

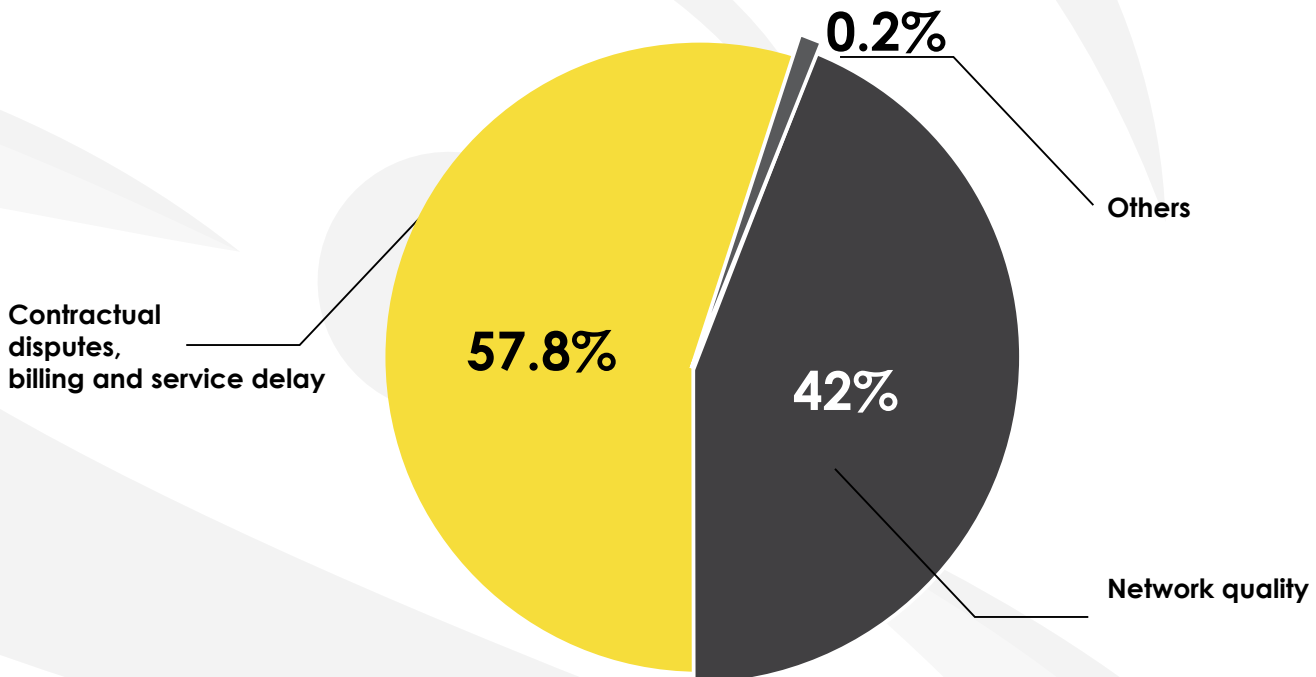
#### Nature of the complaints received by the Authority

This section of the report deals with the nature and types of complaints received by the Authority against Telecom Namibia and MTC. As indicated earlier, the Authority received 28 consumer complaints during the period 2019/2020, 68% of which were against Telecom Namibia and 29% against MTC, respectively.

#### Telecom Namibia

The Authority received 19 consumer complaints against Telecom Namibia, 73% of which were resolved as at 31 January 2020.

**Type of complaints received by the Authority against Telecommunications Service Licensees**



As illustrated in the above graph, 42% of the complaints received against Telecom Namibia relate to billing, service delivery and contractual disputes. These disputes centre mainly around the termination clause in their subscription agreements. Fifty-seven (57.8%) of the complaints received relate to network quality, specifically to poor service connection or poor quality of service. An example of this type of complaint received is described below.

In the complaint of Francois Tromp/Telecom Namibia, submitted to the Authority on the 6th August 2019, the complainant complained of the poor internet signal in his area of residence. Telecom Namibia lodged an investigation into the matter, which revealed that 16 other customers within the same area reside at the edge of the tower signal sector, resulting in poor signal quality. To

resolve the issue, Telecom Namibia installed an additional tower sector and migrated all identified customers to the new sector.

The above complaint had a widespread effect as Telecom Namibia, in finalising this single complaint, improved their network and service quality provision to all 16 customers affected.

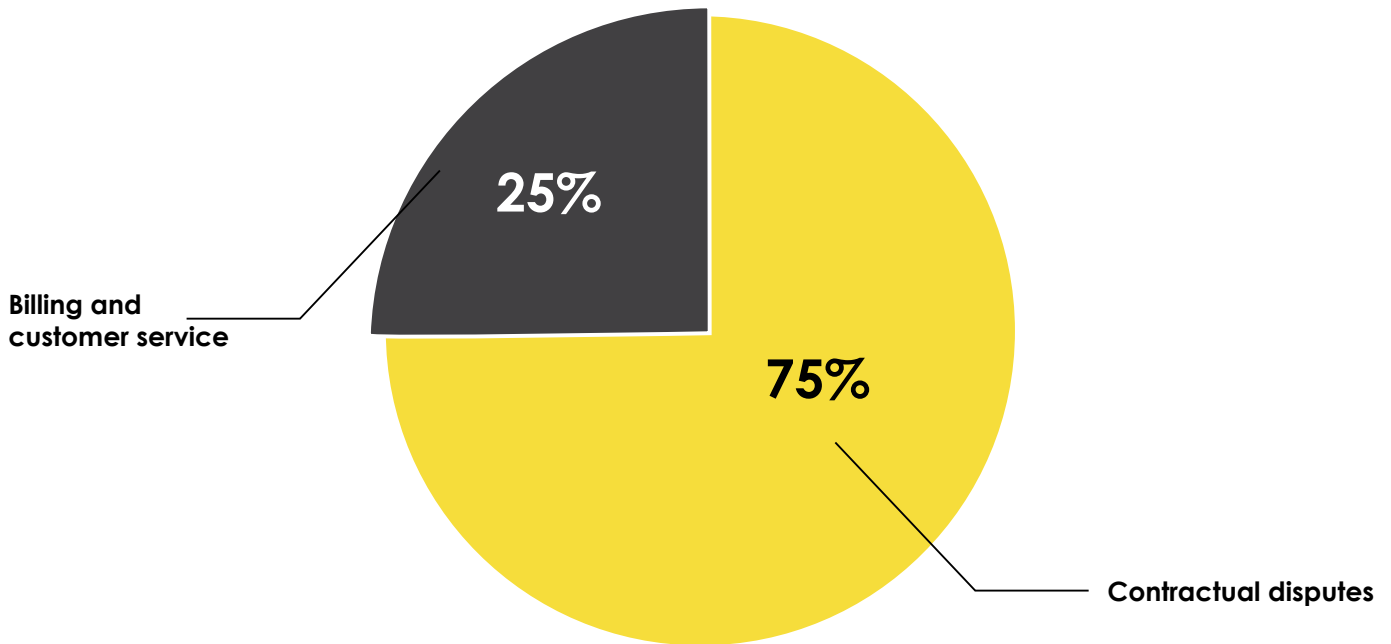
A comparative analysis between the reporting period 2018/2019 and the reporting period 2019/2020 indicates:

- A 20.8% decrease in complaints received against Telecom Namibia; and
- A 7% decrease, in the number of complaints submitted pertaining to poor service connection, which relates mainly to slow internet connections.

**MOBILE TELECOMMUNICATIONS LIMITED**

The Authority received eight complaints against MTC of which five (62.5%) were resolved as of 31 January 2020.

*Types of complaints received against MTC*



As depicted in the graph above, 75% of the complaints received by the Authority relate to contractual disputes, particularly the termination clause in their subscription agreement. Furthermore, 25% of the complaints received by the Authority relate to billing charges and customer service, particularly on roaming charges.

A comparative analysis between the reporting period 2018/2019 and 2019/2020 indicates:

- A 55% decrease in the total number of complaints submitted to the Authority against MTC; and
- No complaints pertaining to poor internet connection during 2018/2019.

**Telecommunication service licensees' internal consumer complaint procedures**

Only the Telecommunications Service Licensees indicated in the above table have submitted internal procedures for the resolution of complaints submitted directly to them by consumers.

It is worth mentioning that these licensees' submissions were compliant with the provisions of Regulation 8.

**Broadcasting service licensees complaints statistics**

During the Period 1 February 2019 - 31 January 2020, the Authority had 37 Broadcasting Service Licensees. The Authority requested these broadcasting licensees to submit their annual consumer complaints reports for the period 1 February 2019 - 31 January 2020.

The following licensees as listed below did not submit reports and internal complaints procedures:

- |  |  |
|--|--|
| 1. Namibia Broadcasting Corporation                  | 11. Kunene Community Radio               |
| 2. Trinity Broadcasting Namibia (TBN)                | 12. Radio 100 (Pty) Ltd t/a Radio Energy |
| 3. Satelio Television Namibia (Pty) Ltd              | 13. West Coast FM (Pty) Ltd              |
| 4. Oranjemund Community Radio                        | 14. 99FM (Pty) Ltd                       |
| 5. Hardap Radio                                      | 15. NAMCOL                               |
| 6. Shalom Messenger Ministries                       | 16. Universal Media CC                   |
| 7. Trustco Administrative Support Services (Pty) Ltd | 17. Usakos Radio Station                 |
| 8. Rapids FM   | 18. Gospel Mission Ministries            |
| 9. Karas FM  | 19. Next Investment CC                   |
| 10. Omaheke Community Radio                          |  |

#### COMPLAINTS SUBMITTED DIRECTLY TO LICENSEES

The table below depicts the number of complaints received by the Broadcasting service licensees directly from their consumers:

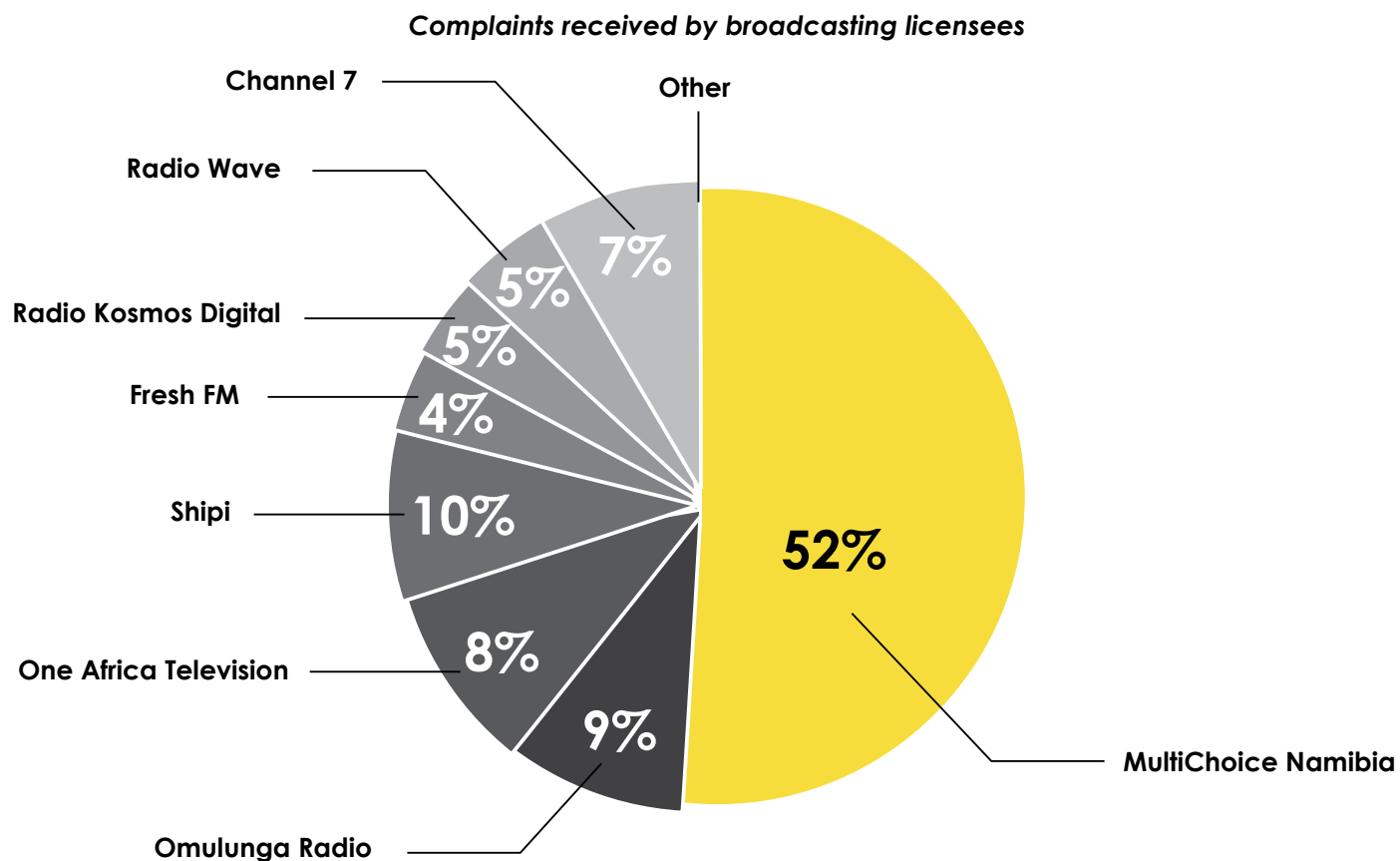
#### Complaints received by licensees

| LICENSEE              | COMPLAINTS RECEIVED | RESOLVED WITHIN 14 DAYS | RESOLVED AFTER 14 DAYS | COMPLAINTS NOT RESOLVED | COMPLAINTS DELIVERED TO CRAN |
|-----------------------|---------------------|-------------------------|------------------------|-------------------------|------------------------------|
| Omulunga Radio        | 26                  | 7                       | 19                     | -                       | -                            |
| West Coast Radio      | -                   | -                       | -                      | -                       | -                            |
| UNAM Radio            | 1                   | 1                       | -                      | -                       | -                            |
| One Africa Television | 24                  | 24                      | -                      | -                       | -                            |
| Fresh FM              | 11                  | 10                      | 1                      | -                       | -                            |
| Shipi FM              | 30                  | 30                      | -                      | -                       | -                            |
| EFM Radio             | -                   | -                       | -                      | -                       | -                            |
| MultiChoice           | 153                 | 153                     | -                      | -                       | -                            |
| Radio Wave            | 16                  | 16                      | -                      | -                       | -                            |
| Hype Radio            | -                   | -                       | -                      | -                       | -                            |
| Radio Kosmos Digital  | 14                  | 14                      | -                      | -                       | -                            |
| Jazz FM               | 3                   | 3                       | -                      | -                       | -                            |
| Base FM               | 1                   | 1                       | -                      | -                       | -                            |
| Rapids FM             | -                   | -                       | -                      | -                       | -                            |
| Eagle FM              | -                   | -                       | -                      | -                       | -                            |
| Hit Radio             | -                   | -                       | -                      | -                       | -                            |
| Media for Christ      | 20                  | 20                      | -                      | -                       | -                            |

According to Regulation 8(3) of the Adjudication Regulations, licensees are required to resolve complaints within 14 days upon receipt from the consumer.

The table above shows that most broadcasting licensees resolved the complaints submitted to them within 14 days, apart from Omulunga Radio and Fresh FM that have 19 complaints and one complaint respectively, which were resolved after 14 days. No complaints were received by the Authority against any broadcasting licensee.





The graph above shows the complaints received by broadcasting licensees from consumers. The statistics received by the Authority indicates a total number of 294 consumer complaints received by the broadcasting licensees collectively.

MultiChoice Namibia received over 50% of the recorded complaints, followed by Shipi FM and Omulunga Radio with 10% and 9% respectively.



### Litigation matters

The following matters, which involve the Authority, are currently pending before the Court:

| Court Case   | Nature of Proceedings and status   |
|--|--|
| CRAN / Telecom Namibia Limited                                 | Action proceedings in respect of outstanding regulatory levies for the period 2013 - 2015.<br><br>The following amounts are outstanding: <ul style="list-style-type: none"> <li>• N\$ 58,276,875 (levies)</li> <li>• N\$ 29,138,437 (penalties)</li> </ul>   |
| CRAN / Telecom Namibia   | Action proceedings in respect of outstanding regulatory levies for the period 2016 - 2018. The amount outstanding is N\$ 66,599,010.   |
| CRAN /MTC  | Action proceedings in respect of outstanding regulatory levies for the period 2016 - 2018. The amount outstanding is N\$ 97,269,144.   |
| MTC / CRAN   | Application proceedings pertaining to section 81(5) of the Communications Act and the Numbering Plan regulations. This is a review application. The outcome of the application will, however, impact the invoices issued in respect of numbering licences for the periods 2018 - 2020.   |
| Paratus Telecommunications Limited / City of Windhoek and CRAN | Paratus Telecommunications Limited brought an urgent application seeking the Court to halt the City of Windhoek from preventing Paratus to exercise its rights and obligations in terms of section 69 of the Communications Act.<br><br>The Authority was cited merely as a party of interest due to the fact that it administers the Communications Act. The Authority thus did not defend this matter. |

### Interference complaints

The table below records complaints pertaining to interference with radio transmission.

| No. | Complainant             | Respondent   | Nature of complaint                           | Status   |
|-----|-------------------------|--|---|--|
| 1   | Roelf Schutte           | The source of the interference was unknown, hence no respondent cited. | Interference to radio transmission/reception. | Finalised.   |
| 2   | Eberhard Hofmann        | Kosmos Radio CC.   | Interference to radio transmission/reception. | Finalised.   |
| 3   | Telecom Namibia Limited | The source of the interference was unknown, hence no respondent cited. | Interference to radio transmission/reception. | Pending investigation in terms of section 122 of the Communications Act. |
| 4   | MTC                     | The source of the interference was unknown, hence no respondent cited. | Interference to radio transmission/reception. | Pending investigation in terms of section 122 of the Communications Act. |

## Licensee disputes

| No. | Complainant                                   | Operator        | Nature of Complaint   | Outcomes / Status / Decision   | Next Steps   |
|-----|---|-----------------|---|--|--|
| 1.  | City of Windhoek                              | Paratus         | Dispute pertaining to the exercise of rights and duties in terms of section 69 of the Communications Act. | CRAN jurisdiction to hear the dispute confirmed.                             | Rescheduling of status hearing / set date for hearing. |
| 2.  | MTN Business Solution (Namibia) (Pty) Limited | Telecom Namibia | Dispute pertaining to infrastructure sharing as per section 50 of the Communications Act.                 | Matter under consideration as per timelines in the Adjudication regulations. | Analyse correspondence and determine way forward.      |
| 3.  | MTN Business Solution (Namibia) (Pty) Limited | MTC             | Dispute pertaining to infrastructure sharing as per section 50 of the Communications Act.                 | Awaiting complainant's response to respondent's submissions.                 | Analyse correspondence and determine way forward.      |

## Regulatory summons issued by CRAN

|                 |             |   |  |
|-----------------|-------------|---|--|
| CMC Networks    | 11 May 2020 | Provision of Telecommunication Services in Namibia without a licence. | Plea received by CMC Networks. Arranging penalty hearing.      |
| Telecom Namibia | 11 May 2020 | Failure to comply with the National Numbering Plan.                   | Plea received from Telecom Namibia. Arranging penalty hearing. |

## KEY FOCUS AREAS FOR 2020/2021

Focus in the coming year will continue to be placed on the development and implementation of a comprehensive Regulatory Framework for the ICT and Postal sectors by 2021.

### Contributing to the achievement of national development goals through a coordinated sector-wide approach by 2021

The following strategic initiatives were undertaken during the reporting period:

- The Minister of ICT published the National Broadband Policy of Namibia: 2019 - 2029 (Decision No: 11<sup>th</sup>/25.06.19/001) The Broadband Policy Steering Committee was constituted in February 2020 to oversee implementation of the policy. CRAN serves on this steering committee as appointed by the Minister.
- NamPost applied for a postal service licence on 7 February 2020 in accordance with the provisions of the Act. The application is to be published in the Government Gazette for public comment.
- CRAN has awarded 37 broadcasting service licences to date. The said licensees have rolled out limited broadcasting services to new geographical areas.

The review of the FM Analogue Channelling Plan was published in the Government Gazette on 18 February 2020 for public comments.

The review is aimed at:

- Assessing if it is possible to identify additional frequencies within the aforementioned geographical areas; and
- Identifying frequencies in rural areas that are currently not provided with radio broadcasting services or where only a limited number of broadcasters provides radio broadcasting services.

The strategic initiatives as described above are aligned with the NDP5 objective 'to improve % of population covered by broadband infrastructure to 90%'.

Broadband coverage is defined as 2Mbit/s or higher meaning that 3G technology is required to qualify as broadband. As illustrated in the table below, the current population coverage for 3G services is 73%. Currently, only 37.7% of the population in Namibia have access to 4G services.



| Population Coverage |      |     |     |
|---------------------|------|-----|-----|
| Region              | 2G   | 3G  | 4G  |
| Kunene              | 66%  | 36% | 2%  |
| Omusati             | 99%  | 94% | 3%  |
| Oshana              | 100% | 97% | 49% |
| Ohangwena           | 100% | 80% | 10% |
| Oshikoto            | 98%  | 75% | 14% |
| Kavango East        | 98%  | 86% | 40% |
| Zambezi             | 99%  | 90% | 15% |
| Erongo              | 97%  | 92% | 74% |
| Otjozondjupa        | 93%  | 69% | 41% |
| Omaheke             | 88%  | 57% | 3%  |
| Khomas              | 100% | 98% | 92% |
| Hardap              | 91%  | 67% | 38% |
| !Karas              | 91%  | 75% | 38% |
| Kavango West        | 90%  | 46% | -   |
| Namibia             | 94%  | 91% | 48% |

## Postal Regulatory Framework

### Regulatory Impact Assessment Study

The Authority primarily planned to carry out a Regulatory Impact Assessment study (RIA) during the financial year 2019/2020 in order to determine the level and extent to which courier companies will be regulated. The Postal Department subsequently applied for procurement of consultancy services for the study to an amount of N\$500,000 in the budget for the financial year 2019/2020.

A resolution was tabled on 7 February 2020 by the Procurement Committee, after careful considerations of the facts, to recall the study due to financial constraints associated with the tender bids. Following the decision to recall the study, the line department is proceeding with the amendment of the current postal regulations to have courier service licence categories adopted in the current framework within the 2020/2021 period through rule-making. This was also adopted by the Legal Drafting Committee as one of the priority items. The envisaged licence categories to be incorporated into the current framework are:

- Domestic Courier Service licence
- International Courier Service licence

### NamPost Licence application

The Authority received an application from NamPost on 7 February 2020 for the granting of a Designated Postal Operator licence. The licence will only be granted once the licence conditions are finalised and the application is approved by the Board.

### NamPost Licence conditions

As set out in regulation 5(5), The Authority must issue the DPO licence to the applicant subject to the conditions imposed by the Authority.

The Authority has subsequently drafted licence conditions for NamPost. The draft licence conditions have been

crafted in line with the recommendations made in the Postal Market Study Report of 2015 and further benchmarks in the SADC region. The draft conditions have also been reviewed by the Legal Department and are currently in the rule-making stage.

A Notice of Intention to make regulations prescribing licence categories, licence applications and licensing procedures (licence conditions) will be placed in the Government Gazette on 8 April 2020 for rule-making. All public comments will be expected to be submitted to the Authority within a period of fourteen days from the date of publication of the Notice. Thereafter, NamPost will be afforded an opportunity to respond to any written comments received from the public.

### Postal service data indicators

The Authority has developed and finalised the postal service indicators, in conjunction with the Economics Department for data collection by postal licensees. However, the data portal is not yet ready for implementation, pending the final verification and clean up by the Economics department.

### Universal postal services

The statistics of the postal outlets, which closed down during 2018/2019, remain the same.

NamPost confirmed that during the 2019/2020 period, five outlets out of the total 143 postal outlets countrywide have closed down and the number of closures is likely to continue due to expensive rentals and limited space. The following list reflects the five outlets which are not in use:

- Endola – not yet opened
- Khomas Groove - closed December 2016
- Philately Shop - closed November 2016
- Hochfeld - closed September 2015
- Hosea Kutako International Airport - closed November 2018



## STRATEGIC FOCUS AREA 2: ECONOMIC AND SOCIAL DEVELOPMENT

# 2

CRAN's fundamental objective is to see Namibia's ICT and Postal markets continue to develop and expand in order to reach more Namibians. The market development will offer greater choice, expand into underserved and un-served areas, and increase employment and benefits. These markets are an enabler to overall development and growth.

### OUR STRATEGIC GOALS

- Facilitate access to quality, reliable and affordable services by 2021.
- Contribute towards Namibia's Sustainable Socio-Economic Development by 2021.

### OUR 2020 PERFORMANCE

This focus area and supporting goals were addressed through the implementation of several key initiatives aimed at accelerating economic and social development as it relates to the Information and Communication Technology industry.

#### Universal Access

To determine the Universal Access Gap (UAG), a database was developed during the year under review to map all relevant information. The information, once captured on the database, will be linked to an economic model to be developed during the next reporting period.

#### Number Portability

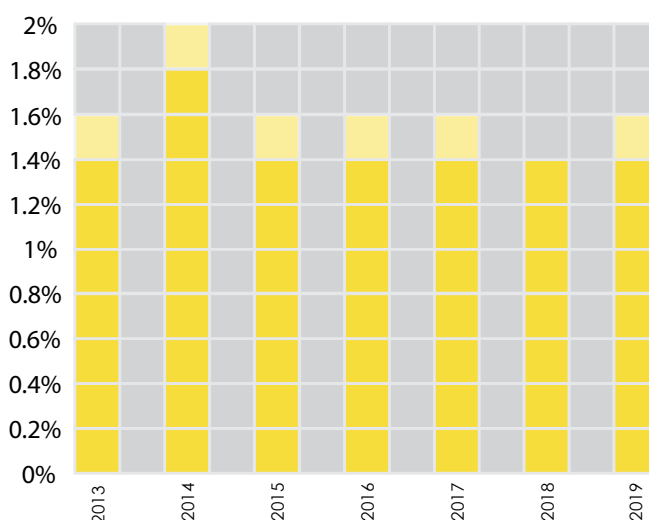
An amendment to the numbering regulations, which provides for the implementation of mobile number portability, was approved by the Board on 28 June 2018. The Final Notice was published in the Government Gazette, No. 6692; General Notice No. 500. The amendment to the regulations became effective on 30 August 2018 (the date on which the Government Gazette and General Notice was published).

Mobile Telecommunications Limited (MTC) applied for reconsideration on 21 December 2018. The application was published for public comment on 22 January 2019, and will furthermore be submitted to the CRAN Board for reconsideration. Telecom Namibia responded on 15 February 2019. The decision was reconsidered at the board meeting held on 18 June 2019 and a decision was reached to implement both fixed and mobile number portability.

#### Contribution of ICT towards Namibia's sustainable socio-economic development

Information Communication's contribution to GDP has been fairly constant, in nominal terms, over the past number of years. The contribution was highest in 2014 when Information Communication contributed 1.9% to GDP but since then it has varied between 1.5% and 1.4%. In 2019 the contribution was 1.4%.

#### Information Communication contribution to GDP (current prices)





### Dominance determination

Section 78 of the Act required that CRAN conducts a study to determine dominance in the telecommunication sector. The study was finalised and published in the Government Gazette No. 7156 dated 27 March 2020. A public hearing as required in section 78 of the Act will be held during the next reporting period to allow licensees to make oral submissions on the proposed markets before it is finalised and the dominant operators determined.

### Affordability of ICT and Postal Services

#### Cost Study

The Public Switched Telephone Network (PSTN)/Leased Line Cost model was updated after consultations between Telecom Namibia and CRAN on distance-based charges. The cost model was updated and will be discussed with Telecom Namibia before being presented to the Board for approval. This undertaking will continue into the next reporting period.

#### SADC Roaming project

A Communications Regulators' Association of Southern Africa (CRASA) Roaming Task Team (CRTT) was established during the CRASA Annual General Meeting (AGM) held from 27 - 28 March 2015, to guide the implementation and oversee the project. Namibia serves as the Vice-Chairperson of this committee.

The project was implemented in phases with the last phase being the development and implementation of a cost model for the region. This model was finalised after consultations with the regional Mobile Network Operators (MNOs) and approved for implementation by the Ministers of Information and Communication Technology in September 2019. The purpose of the cost model is to reduce both wholesale (Inter-operators tariffs) and retail tariffs (tariffs to the consumer) for roaming within the SADC region. The Regulatory Authorities shared the ministers' directive with the MNOs whereby regular reports will be required from all operators in order to monitor implementation and adherence to reduction of wholesale and retail roaming tariffs.

#### Implementation of the UAS Framework

The outcome of the court case with Telecom and MTC has been detrimental to the implementation of the UAS Framework in that it resulted in delays to the establishment of the Universal Service Fund (USF), which has currently been placed on hold. The Authority will not be able to collect levies for the Fund until such time that the Act has been amended and the relevant regulations has been reviewed.

### Reporting and data collection

All of the telecommunications licensees' portals were updated and new portals were developed to facilitate the collection of data from broadcasting licensees as well as postal licensees. The data collection process is continuous and ensures good quality, up-to-date and reliable data on the entire ICT sector.

### Tariffs and fees

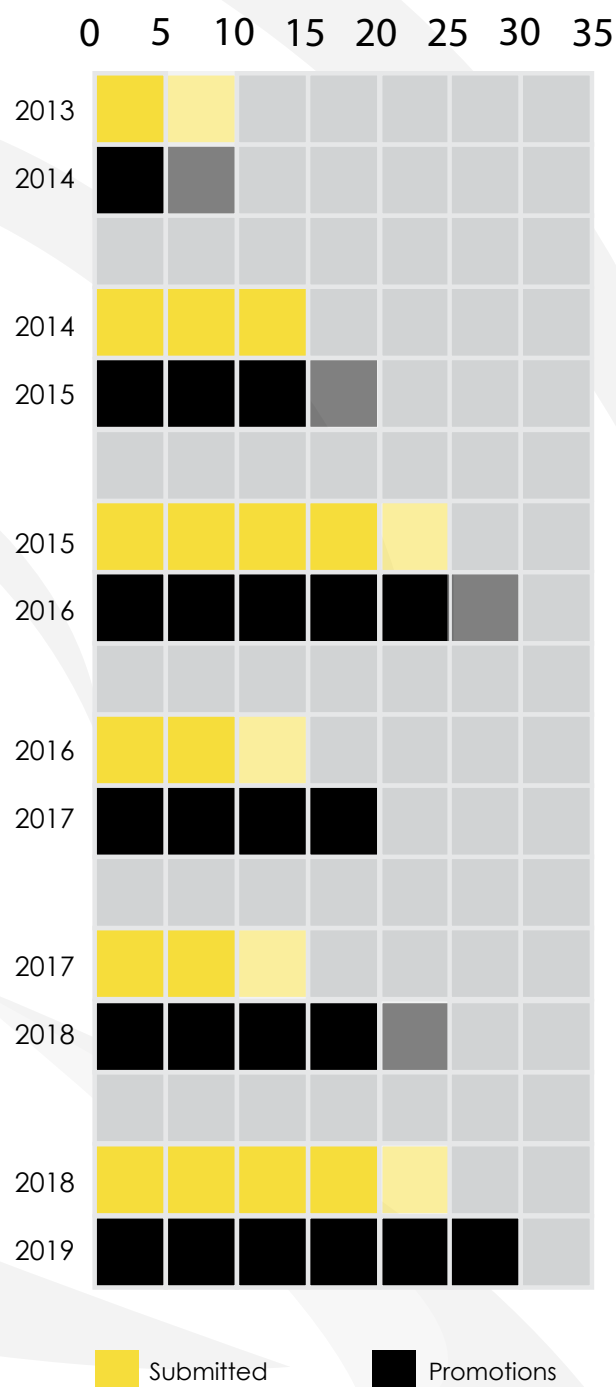
The following rates and tariffs were submitted to CRAN for review and approval during the period under review.

| TARIFF APPROVALS   |
|--|
| TELECOM NAMIBIA LIMITED                                  |
| Standard Lite Contract Packages                          |
| Amendment of TN1   |
| Amendment of Very Small Aperture Terminal (VSAT) Tariffs |
| Jiva Supreme Amendment                                   |
| MOBILE TELECOMMUNICATIONS LIMITED                        |
| Spectra Products   |
| Revival of old Post-paid plans                           |
| Aweh Super - Prepaid                                     |
| Standard packages for revived service plans              |
| MWIRELESS (PTY) LTD t/a AFRICA ONLINE                    |
| JET Tariffs  |
| PARATUS TELECOMMUNICATIONS (PTY) LTD                     |
| Bulk SMS   |
| Mumwe Packages   |
| Mumwe Business 200                                       |
| Amendment of Mumwe                                       |
| FTTx Business Products                                   |
| Pay-as-you-go Fiber                                      |
| GPon Products  |
| VOIP (083) 2019  |
| Q-KON TELECOM (NAMIBIA) (PTY) LTD                        |
| POS Services   |
| IT GURU SOLUTIONS CC                                     |
| GigaBoost  |
| MTN BUSINESS SOLUTIONS NAMIBIA (PTY) LTD                 |
| Voice Tariffs  |
| WITEL SERVICE PROVIDER (PTY) LTD                         |
| WiFiber  |
| SALT ESSENTIAL IT (Pty) Ltd                              |
| WANLink  |

Twenty-two tariff packages and 30 promotional packages were submitted to the Authority for consideration/approval during the period under review, as illustrated below.

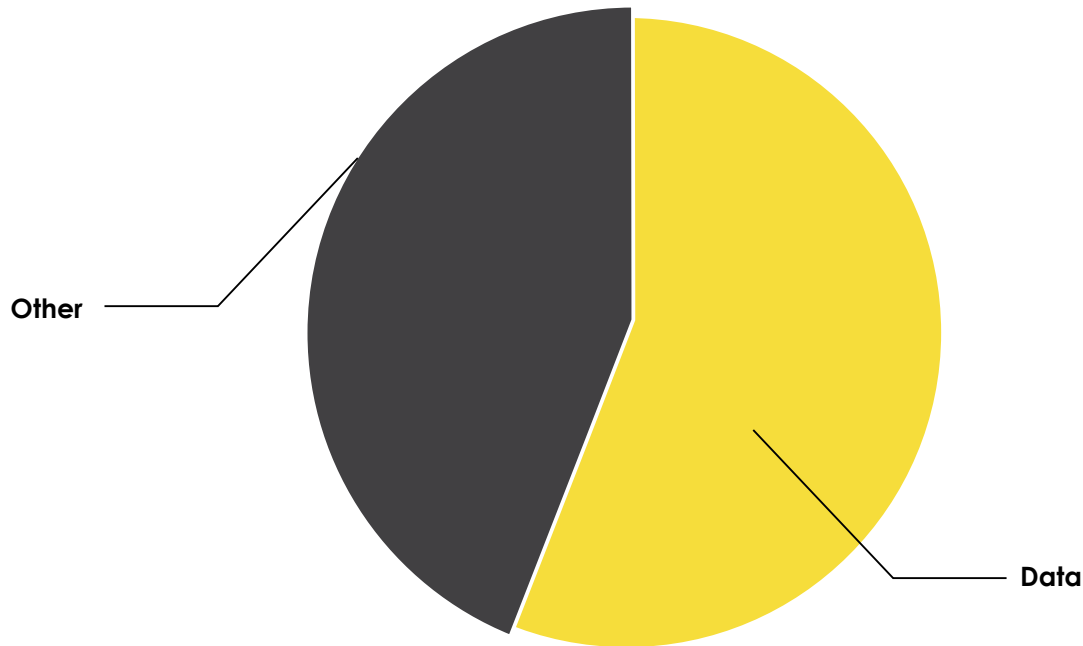
### Tariff submitted to the Authority

| PROMOTIONS  |  |
|---|--|
| MOBILE TELECOMMUNICATIONS LIMITED                                       |  |
| Extension Super Awesh   |  |
| MTC Spectra   |  |
| New Super Awesh   |  |
| Free Money Campaign   |  |
| iPhone 11 Recurring Data Bundle Promotion                               |  |
| 30th Independence Data Promotion  |  |
| PARATUS TELECOMMUNICATIONS (PTY) LTD                                    |  |
| Pay-as-you-go Fiber   |  |
| GPon Products   |  |
| TELECOM NAMIBIA LIMITED   |  |
| Easter Specials   |  |
| Mother's Day Specials   |  |
| Namibia Tourism Expo  |  |
| Father's Day Specials   |  |
| TN1 Promotions  |  |
| Iway Teleshop Opening   |  |
| Jiva Supreme  |  |
| Speedlink Lite 10 Mbits/s   |  |
| Speedlink Lite 10 Mbits/s - Elisenheim                                  |  |
| Speedlink 2048k to 4096k Upgrade (Residential)                          |  |
| Festive Specials  |  |
| Valentine Specials  |  |
| Student Promotion   |  |
| Jiva Supreme Promotion  |  |
| TN1 Promotions  |  |
| Jiva Supreme Promotion  |  |
| Speedlink 2048k-4096k Promotion   |  |
| Trade fair/Show Specials 2019   |  |
| Speedlink Lite 10Meg & Free Residential Fiber installation Gobabis area |  |
| TN1 Promotions  |  |
| IT GURU SOLUTIONS CC  |  |
| GigaBoost   |  |
| WITEL SERVICE PROVIDER (PTY) LTD  |  |
| WiFiber   |  |



Competition in the sector is currently focused on offering more data at the same price or the reduction of data pricing. Of the 22 tariff applications evaluated during the period under review, 16 tariffs dealt with data price submissions.

Total Tariff Applications



#### Transfer of licences and transfer of control

The Authority received three applications for the transfer of control during the period under review.

##### TRANSFER OF CONTROL

**Paratus Telecommunications (Pty) Ltd** - 48.6% from Paratus Group Holdings to Nimbus Infrastructure Limited, to be renamed as Paratus Namibia Holdings Limited

**Oblivix Communication Networks CC** - 67% from Christoffel Johannes van der Merwe and Jan Luttig van der Merwe to Maarten Venter

**One Africa Television (Pty) Ltd** - 51.7% from Super 5 (Pty) Ltd African Media Development Fund (SAMDEF) to Tribefire Studios Investment (Pty) Limited, registered as Namibia Trade Directory

#### KEY FOCUS AREAS FOR 2020/2021

The primary aim for 2021 will be to finalise the (PSTN) cost study in order to ensure that the prices of wholesale services are reduced, leading to more affordable end-consumer prices. CRAN will also undertake a study on data pricing. Namibia was ranked 45th in Africa at the end of 2019 in terms of data prices for a 1GB data bundle, indicating that, while data prices have become increasingly competitive, consumers are still paying too much for data services in Namibia compared to consumers in other African countries.

The economic model linked to the UAS database will allow CRAN to determine the cost of providing universal access and services in Namibia. This would in turn allow CRAN to calculate the UAS levy which will assist in closing the gaps and ensuring access for all in Namibia.





## STRATEGIC FOCUS AREA 3:

**CONSUMER ADVOCACY AND STAKEHOLDER ENGAGEMENT**

## 3

CRAN is mandated to ensure consumer advocacy in respect of price, quality and variety of service, and user equipment. This Focus Area sets out the manner through which stakeholder engagement will be achieved by dissemination of information through stakeholder engagement, brand awareness and consumer education and awareness initiatives.

**OUR STRATEGIC GOALS**

- Create brand awareness and education of consumers on rights and obligations in order to enhance and maintain a positive image of CRAN by 2021.

**OUR 2020 PERFORMANCE**

Consumer advocacy and stakeholder engagement remains a key strategic objective for CRAN. This Focus Area and supporting goals were addressed through the implementation of several key initiatives, including those identified above, aimed at strengthening our efforts and improving CRAN's corporate image as an effective Regulator by 2021.

CRAN engaged with a broad range of stakeholders during the year under review, with the aim of ensuring that they receive the full benefits of competitive communications services, are protected from exploitation and abuse, and are informed, empowered and engaged through access to information about CRAN and its role.

As reported on by the Chairperson, the eagerly anticipated National Broadband Policy and Implementation Plan became a reality in February 2020, supporting the NDP5 strategic objective of improving the percentage of the population covered by broadband infrastructure and propelling Namibia towards becoming a knowledge-based, digital economy. Both the National Broadband Policy and the Implementation Plan have the shared aim of achieving reliable and affordable broadband access infrastructure services for all.

Another important intervention on the horizon is the establishment and implementation of the Universal Access and Service Fund, which will improve access to information, especially in the unserved and under-served areas.

In implementing several initiatives, CRAN is guided by its value propositions which seek to promote trust and maintain cordial relations with our stakeholders, build brand loyalty and recognition, stimulate innovation and endorse accountability.



The table below provides an overview of CRAN's principal stakeholders and engagement focus areas, associated channels of engagement, and key activities during the period under review.

| STAKEHOLDER /<br>FOCUS AREA                         | ENGAGEMENT CHANNELS  | KEY ACTIVITIES IN FY 2020  |
|---|--|--|
| Licensees:<br>Broadcasting and<br>Telecommunication | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Public hearings</li> <li>• Meetings/workshops/<br/>conferences</li> <li>• Website</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Public/stakeholder<br/>notices</li> <li>• Government Gazettes</li> <li>• Exhibitions, shows and<br/>expos</li> <li>• Interviews: radio, TV and<br/>newspapers</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul> | <ul style="list-style-type: none"> <li>• CRAN reviewed the FM Broadcasting Channelling Plan and the new Frequency Plan for digital sound broadcasting.</li> <li>• CRAN's third annual Stakeholder Engagement Breakfast event in March 2020 provided participating stakeholders with an overview of CRAN's strategic plan for the period April 2020 to March 2023.</li> </ul>   |
| International<br>Telecommunication<br>Union (ITU)   | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Meetings/workshops/<br/>conferences</li> <li>• CRANicles newsletter</li> <li>• Website</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>   | <ul style="list-style-type: none"> <li>• CRAN celebrated International Girls in ICT Day on 25 April 2019, an annual event supported by all ITU Member States aimed at creating a global environment that empowers and encourages girls and young women to embrace ICT opportunities.</li> <li>• CRAN attended the ITU World Radiocommunication Conference (WRC-19), held from 28 October to 22 November 2019. Agreements signed were enshrined in the Final Acts of the Radio Regulations, the international treaty governing the global use of radio-frequency spectrum and satellite orbits.</li> </ul>  |
| CRAN Board of<br>Directors and<br>employees         | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Notice board and<br/>snapper frames</li> <li>• Website</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Exhibitions, shows and<br/>expos</li> <li>• Interviews: radio, TV and<br/>newspapers</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>   | <ul style="list-style-type: none"> <li>• CRAN celebrated its 8th birthday on 18 May 2019.</li> <li>• EXCO attended a media refresher training workshop on 09 May 2019 which highlighted the importance of media relations, communication channels and crisis escalation.</li> <li>• CRAN participated in Africa Day celebrations on 25 May 2019, an annual commemoration across the continent of the formation of the Organisation of African Unity (OAU).</li> <li>• CRAN attended a human rights campaign "The Journey" at the Parliament Gardens in Windhoek, 12-13 June 2019, at the invitation of the Chairperson of the National Council of Namibia,</li> <li>• CRAN held its annual year end function and performance awards ceremony on 29 November 2019.</li> </ul> |
| Ministry of Public<br>Enterprises (MoPE)            | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Website</li> <li>• Meetings/workshops/<br/>conferences</li> <li>• CRANicles newsletter</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>   | <ul style="list-style-type: none"> <li>• CRAN attended the MoPE AGM and Sports Day, held from 5 - 9 June 2019, in Lüderitz.</li> </ul>   |

| STAKEHOLDER / FOCUS AREA  | ENGAGEMENT CHANNELS  | KEY ACTIVITIES IN FY2020  |
|---|--|---|
| Namibia Public Workers Union (NAPWU)                              | <ul style="list-style-type: none"> <li>• Notice board and snapper frames</li> <li>• CRANicles newsletter</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>  | <ul style="list-style-type: none"> <li>• CRAN and NAPWU signed a recognition and procedural agreement in June 2019 aimed at fostering a fair and equitable relationship.</li> <li>• CRAN signed a wage increase agreement with NAPWU for CRAN employees in the bargaining unit A1 - D2 effective from 01 April 2020.</li> </ul>   |
| Ministry of Information and Communication Technology (MICT)       | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Notice board and snapper frames</li> <li>• Public hearings</li> <li>• Meetings/workshops/conferences</li> <li>• Website</li> <li>• CRANicles newsletter</li> <li>• Public/stakeholder notices/hearings</li> <li>• Government Gazettes</li> <li>• Exhibitions, shows and expos</li> <li>• Interviews: radio, TV and newspapers</li> <li>• Letters, email correspondence</li> <li>• Social media platforms</li> </ul> | <ul style="list-style-type: none"> <li>• The 2018/2019 Annual Report was produced and submitted to the Minister of Information and Communication Technology within the period of six months (after the end of the financial year 31 March 2019), as stipulated in the Public Enterprises Governance Act, 2019 (Act No. 1 of 2019), section 22.</li> <li>• Minister of ICT announced the appointment of the new CRAN Board Members effective 01 July 2019 to 31 June 2022.</li> <li>• MICT hosted a public consultative meeting on the proposed Communications Amendment Bill to section 23 of the Communications Act (No. 8 of 2009) on 30 September 2019.</li> <li>• MICT held a validation workshop on 10 October 2019 to review and amend the Communications Act (No. 8 of 2009) and ICT policies.</li> <li>• MICT launched the National Broadband Policy and its implementation action plan on 13 February 2020 aimed at advancing Namibia towards becoming a digital economy.</li> </ul> |
| Trade shows, exhibitions, expos & events                          | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Notice board and snapper frames</li> <li>• Website</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Interviews: radio, TV and newspapers</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>   | <ul style="list-style-type: none"> <li>• CRAN was awarded as Best Exhibitor in the ICT Industry at the 19th Ongwediva Annual Trade Fair (OATF).</li> <li>• CRAN participated at the 6th National ICT Summit at Namibian Institute of Public Administration and Management (NIPAM) and received the best Exhibitor Award in the Gold sponsorship category.</li> <li>• CRAN participated at the Namport Erongo Business and Tourism Expo, from 30 October to 02 November 2019 in Walvis Bay.</li> <li>• CRAN attended the AfricaCom conference, 12 - 14 November 2019, in Cape Town.</li> <li>• CRAN hosted a complimentary event at the Suidelig High School in Keetmanshoop to raise awareness of CRAN's role in addressing emerging online issues such as cyberbullying, circulation of indecent material and combating child sexual exploitation and abuse.</li> </ul>  |
| Communications Regulators' Association of Southern Africa (CRASA) | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Meetings/workshops/conferences</li> <li>• Website</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Media statements</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>  | <ul style="list-style-type: none"> <li>• CRASA hosted the 1st Consumer Committee meeting, from 11 - 13 September 2019, in Victoria Falls, Zimbabwe to validate the draft SADC Guidelines on Quality of Service and Quality of Experience in respect of ICT services.</li> <li>• CRAN attended the CRASA Consumer Committee meeting, from 13 - 14 February 2020, in Gaborone, Botswana, focused on consumer protection of accessibility for persons with a disability in SADC.</li> <li>• CRAN hosted the CRASA Legal and Policy Committee (LPC) meeting, from 18 - 20 February 2020 in Windhoek; the first LPC meeting to be held in Namibia.</li> </ul>  |



| STAKEHOLDER /<br>FOCUS AREA                                 | ENGAGEMENT CHANNELS  | KEY ACTIVITIES IN FY2020   |
|---|--|--|
| Corporate social investment<br>(sponsorships and donations) | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Notice board and snapper frames</li> <li>• Website</li> <li>• CRANicles Newsletter</li> <li>• CRAN Beats</li> <li>• Media statements</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul> | <ul style="list-style-type: none"> <li>• CRAN contributed an amount of N\$5,000 to Angra Pequena Senior Secondary School in Lüderitz to acquire a school bus.</li> <li>• CRAN sponsored an amount of N\$70,000.00 towards the 6<sup>th</sup> National ICT Summit.</li> <li>• CRAN sponsored an amount of N\$70,000.00 towards the 6<sup>th</sup> National ICT Summit.</li> <li>• CRAN sponsored the Editors Forum of Namibia (EFN) Journalism Awards with N\$10,000.</li> <li>• CRAN sponsored the Safer Internet Day celebration with N\$5,000.</li> <li>• CRAN sponsored the World Radio Day (WRD) celebration with N\$5,000.</li> <li>• CRAN donated stationary worth N\$5,000 to Dr. Fischer Primary School in the Aminuis Constituency, which had experienced a devastating fire.</li> <li>• CRAN donated stationary worth N\$5,000 to both the Oshapapa and Ontana Combined Schools in the Oshikoto Region.</li> </ul> |
| Ministry of Gender Equality and Child Welfare (MoGECW)      | <ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Website</li> <li>• Meetings/workshops/conferences</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>                              | <ul style="list-style-type: none"> <li>• The MoGECW, in partnership with UNICEF and other partners, hosted a National Conference on Child Online Protection: Continuing the fight against online child abuse and exploitation, from 18-19 September 2019 in Windhoek.</li> <li>• CRAN attended the Safer Internet Day event held on 11 February 2020 in Keetmanshoop, aimed at empowering people to use technology responsibly, respectfully, critically and creatively.</li> </ul>  |
| Sporting events and activities                              | <ul style="list-style-type: none"> <li>• Notice board and snapper frames</li> <li>• CRANicles newsletter</li> <li>• CRAN Beats</li> <li>• Email correspondence</li> <li>• Social media platforms</li> </ul>  | <ul style="list-style-type: none"> <li>• The CRANicles Football Club, the CRANBerries Netball team and the CRANVollies team participated in several local sporting events and activities during the period under review to foster teamwork and conducive relationships with various stakeholders.</li> </ul>   |

#### KEY FOCUS AREAS for 2020/2021

Integrating ICT in all sectors of the mainstream economy is a critical factor in transforming Namibia into a knowledge-based, digital economy. In its commitment to achieving this vision, CRAN will continue to forge strong partnerships with key stakeholders, explore new opportunities and effectively address challenges posed going forward.

CRAN will also continue to focus on improving its stakeholder engagement activities with the aim of serving ICT consumers who are empowered, engaged and informed about their rights and obligations, and building positive, trusted relationships with all its stakeholders.

We will remain committed to sharing accurate, reliable and relevant information with our various stakeholders and to responding to stakeholder concerns, interests and expectations.

## STRATEGIC FOCUS AREA 4: ENABLING SECTOR REFORM

# 4

CRAN understands the benefits that a forward-looking regulatory environment has on the Namibian ICT and Postal sectors in terms of market development. This Focus Area therefore deals with monitoring emerging technologies and trends to enable sector reform.

### OUR STRATEGIC GOAL

To facilitate the adoption of technological innovation by 2021.

### OUR 2020 PERFORMANCE

This focus area and supporting goals were addressed through the implementation of several key initiatives aimed at enabling and reforming the ICT environment in Namibia.

#### FACILITATE THE IMPLEMENTATION OF DIGITAL BROADCASTING TECHNOLOGIES BY 2021:

##### Framework for analogue FM and digital sound broadcasting

The SADC ICT Ministers approved two technical standards for the implementation of digital sound broadcasting at their meeting held in Durban, South Africa, from 4 - 7 September 2017.

The **Digital Audio Broadcasting (DAB)** standard offers the ability to provide more radio channels over a specific radio spectrum frequency than analogue FM radio. This means that 12 radio channels can be accommodated on a single frequency. The DAB technology for digital sound broadcasting services will be deployed in the frequency range 174 - 230 MHz as set out in the Frequency Band Plan for Namibia.

The **Digital Radio Mondiale (DRM)** standard also offers the ability to provide more radio channels over a specific radio spectrum frequency than analogue FM radio. This means that four radio channels can be accommodated on a single frequency. The DRM technology for digital sound broadcasting services will be deployed in the frequency range 525 - 1605 kHz as set out in the Frequency Band Plan for Namibia.

In addition to providing for more spectral efficiency, the aforementioned standards allow for:

- (i) superior quality sound in stereo
- (ii) support of Single Frequency Networks (SFN) and Multi Frequency Networks (MFN)
- (iii) power savings of up to 40-50% through more energy efficient equipment
- (iv) broadcasting of multi-lingual programmes
- (v) provision of data services such as text, pictures and information services (Journaline)
- (vi) broadcasting of emergency warning and alerts with audio and text information.

The Authority has concluded to review the Frequency Channelling Plan for analogue FM Radio Broadcasting to:

- (i) Assess if it is possible to identify additional frequencies within the aforementioned geographical areas; and
- (ii) Identify frequencies in rural areas that are currently not provided with radio broadcasting services or where only a limited number of broadcasters provides radio broadcasting services.

The reviewed analogue FM Broadcasting Frequency Channelling Plan and the new Frequency Channelling Plans for digital sound broadcasting have been published in Government Gazette No. 7123, Notice Nos. 72 and 73 on 18 February 2020. However, due to COVID-19 prevention measures, the planned public hearing of 19 March 2020 was cancelled.

Licensees and other interested parties could still submit written comments until 20 March 2020 for consideration by the Authority.

## **FACILITATE THE AVAILABILITY OF SPECTRUM FOR PROVISION OF SERVICES BY 2021**

### **Spectrum auction for 800 MHz spectrum band**

Regulation 6 of the regulations prescribing Procedures regarding Applications for and Amendment, Renewal or Transfer of Spectrum Licences was published in Government Gazette No. 6888 dated 29 April 2019 and makes provision for the assignment of spectrum through spectrum auctions.

The Authority intends to award the 800 MHz spectrum band via spectrum auction for the implementation of International Mobile Telecommunications (IMT). The Authority has prepared the spectrum bidding document in preparation for the spectrum auction. Furthermore, the Authority contracted Analysys Mason to assist the Authority with calculation of the reserve price for the spectrum to be auctioned. The regulatory notice will be published in Government Gazette No. 7163, General Notice No.124 on 1 April 2020 thereby commencing the spectrum auction process.

### **Review of spectrum fees**

The spectrum fee regulations published in 2017 were reviewed in conjunction with the Economics Department to provide for a CPI increase in administrative spectrum fees and the introduction of formula-based spectrum fees for telecommunications services. The introduction of formula-based spectrum fees will allow the Authority to charge fees according to the service provided, bandwidth assigned, geographical area, demand for spectrum, sharing of spectrum, and whether the spectrum will be utilised in urban or rural areas.

The rule-making process for these regulations will commence when possible, keeping in mind that the fee increases are intended to come into effect on 1 January 2021.

### **Revised National Frequency Band Plan**

The ITU World Radiocommunication Conference 2019 (WRC-19) took place from 28 October 2019 – 22 November 2019 in Sharm-el-Sheik, Egypt. The spectrum task team under the Electronic Communications Committee of CRASA, chaired by Namibia, revised the SADC Frequency Band Plan and footnotes in accordance with the outcomes of WRC-19. In addition, the SADC Guidelines for Short Range Devices were also aligned with the outcomes of WRC-19. Both documents are ready for submission to the CRASA AGM for approval before submission to SADC senior officials and the SADC ICT ministers for approval.

The CRASA AGM has unfortunately been postponed due to COVID-19.

These documents will form the basis for Namibia's new Frequency Band Plan and Licence Exempt Spectrum.

The WRC-19 Final Acts were published on 31 March 2020. This document, which records the decisions taken at the conference, carries international treaty status and is binding to Namibia as an ITU member state.

### **Application for satellite orbital slots**

As per the Provisional Final Acts of WRC-19, Resolution COM5/2 (WRC-19) and Resolution COM 5/3 (WRC-19), attaché countries in Region 1 are allowed to file an application for a satellite orbital slot with ITU in order to allow developing countries to launch and operate satellites in the future. Namibia's existing orbital slot for a satellite is unusable in that it does not meet technical requirements to allow utilisation without interference from other satellites.

Namibia was one of the countries listed that will be granted priority given that our existing satellite orbital slot for broadcasting services is unusable. The Authority lodged the application to ITU on behalf of Namibia on 23 March 2020. The application is now under consideration by ITU.

## **STRENGTHEN THE SECURITY OF ICT SERVICES TO BUILD CONFIDENCE IN THE USE OF TECHNOLOGICALLY ADVANCED SERVICES AND APPLICATIONS BY 2021**

### **Implementation of NSCIRT**

Namibia is a member of the SADC task team for implementation of Public Key Infrastructure (PKI) and the National Incident Cyber Incident Response Team (CIRT). The SADC ICT ministers approved the SADC regional framework. The SADC CIRT guidelines for implementation of the regional CIRT were approved at the SADC Senior Official's meeting in March 2019. The document has been approved by the SADC ICT ministers on 20 September 2019 for implementation. Meetings of the SADC CIRT steering committee are currently delayed due to COVID-19.

The MICT has engaged the European Council to assist Namibia in the finalisation of the Cyber Crime and Data Protection Bills. Workshops for the development of a Namibia Cyber Security Strategy and the two aforementioned Bills were held from 18 - 28 February 2020.

The Authority is currently finalising an implementation plan for the NSCIRT, including the initial funding that will be required.



**KEY FOCUS AREAS FOR 2020/2021**

For the next financial year, the department will conclude on the implementation of number portability thereby allowing the consumer to keep their number when changing service providers and also when moving from one geographical area to another e.g. Windhoek to Oshakati. In addition, licensees will be able to proceed with the latest technologies providing for machine-to-machine communications as set out in the Numbering Plan.

Concluding the review of the spectrum band plan during the last quarter of 2020 in accordance with the Final Acts of WRC-19 will allow for the implementation of new

technologies such as high-altitude platforms, expansion of radio local access networks, Internet-of-Things and provide additional spectrum for mobile services.

The impact of COVID-19 will remain in our midst for the foreseeable future thus highlighting the importance of broadband services to facilitate e-services. To this end the Authority will continue with assigning rollout obligations linked to spectrum licences and continuously monitor the implementation of these obligations to ensure service availability to Namibian citizens.







## STRATEGIC FOCUS AREA 5: ORGANISATIONAL SUSTAINABILITY

# 5

CRAN recognises the important role it has in guiding and facilitating the development of the ICT and Postal sectors. Therefore, emphasis is placed on improving appropriate governance structures and ensuring the availability of adequate resources.

### OUR STRATEGIC GOAL

- Continue to be a self-sustaining effective organisation.

### OUR 2020 PERFORMANCE

The following key initiatives were implemented to improve CRAN's organisational sustainability in support of the strategic objective to develop and implement the human capital framework, fostering a sustainable and satisfied workforce.

#### HUMAN CAPITAL

The Human Capital Department's people strategy is aligned with CRAN's strategic plan, and focuses on developing and implementing the human capital framework. An emphasis is placed on conducting meaningful dialogue with all employees and stakeholders in order to support the business and attract and retain talent, and on ensuring that strategies and policies in place address the needs of our employees and stakeholders, and that the work environment promotes innovation and encourages high performance.

#### Staff complement

The Authority had 63 employees as at the end of the period under review, as depicted in the table below.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 63         |
| Number of males                       | 26         |
| Number of females                     | 37         |
| Number of employees with disabilities | 2          |
| Number of temporary employees/interns | -          |

#### Career development and employee movement

The Authority prides itself on developing its employees and ensuring that internal talent is nurtured. This is important for both career growth and for delivering on the Authority's succession planning objectives.

#### Staff recruitment

The table below indicates statistics on the employees recruited between 1 April 2019 and 30 March 2020.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 8          |
| Number of males                       | 3          |
| Number of females                     | 5          |
| Number of employees with disabilities | 1          |
| Number of temporary employees/interns | -          |

#### Promotions

The table below indicates statistics on the employees promoted between 1 April 2019 and 30 March 2020.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 3          |
| Number of males                       | -          |
| Number of females                     | 3          |
| Number of employees with disabilities | -          |

#### Rollout and implementation plan for the Balanced Scorecard

CRAN has aligned the new 2020 - 2023 strategic plan with its performance management strategy using the Balanced Scorecard (BSC) and the 'Nine Steps to Success' methodology as strategic tools.

The project kicked off in May 2019 with a boot camp to train champions who will be responsible for the project's day-to-day operations and consultations.

The next phase of the BSC initiative, namely strategy calibration, took place through the following process:

- Strategic assessment and environmental scan
- Strategy recalibration
- Performance framework

The executive team finalised the revised strategy and BSC documentation. The 2020 - 2023 strategic plan was subsequently approved by the Board of Directors in December 2019.



In January 2020, the Human Capital Department conducted an awareness session for all employees, which examined the overall balanced scorecard methodology and the benefits provided to the organisation.

Tier 2 of the balanced scorecard session proceeded following the awareness session. This process entailed cascading the strategic plan down to departmental level. Each department created a SWOT analysis and was scheduled to go through the cascading process.

The sessions were, however, ultimately cancelled due to the ban on travelling and other limitations related to the COVID-19 pandemic.

#### Performance management

Performance management is an important tool of the organisation, used to monitor and track achievements at individual and organisational levels.

To streamline the process, the Human Capital Department migrated to the SAGE People 300 system, which is an updated version of the Premier HR system. It allows for better functionality and compatibility with the balanced scorecard methodology.

#### Compensation management

The organisation has in the past experienced a high staff turnover due to salaries that were not market related. This is partly due to limitations placed by the remuneration directives.

The implementation of the new compensation scales has seen employees being compensated fairly, thereby closing the gap compared to the market. The Authority is confident that this will assist with staff retention.

#### Affirmative action

In line with employment equity requirements, the Authority's Affirmative Action Report for the period under review, 1 July 2018 to 30 June 2019, was submitted on 28 June 2019. CRAN received its compliance certificate during October 2019 and is fully compliant in terms of affirmative action.

#### Training and development plan

Employee training needs are identified each year and training interventions are determined to meet the training requirements. Thirty-one percent of the planned trainings have been completed to date.

#### Professional development training

This is a development process through which CRAN develops, enhances and improves the skills, competencies and overall performance of its employees through employee participation in work or business related congresses, seminars, workshops, online courses, and training related to the work of CRAN.

The table below indicates statistics regarding employees who attended professional development training during the period 1 April 2019 - 31 March 2020.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 28         |
| Number of males                       | 9          |
| Number of females                     | 19         |
| Number of employees with disabilities | -          |

#### Staff development

Staff development is promoted by offering formal studies for employees to obtain formal qualifications.

The table below indicates statistics related to employees who had formal training through staff development between 1 April 2019 and 31 March 2020.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 12         |
| Number of males                       | 4          |
| Number of females                     | 8          |
| Number of employees with disabilities | -          |

#### Union management

A recognition and procedural agreement was signed with NAPWU on 11 June 2019, recognising NAPWU as the exclusive bargaining unit on behalf of the employees within job grading band A - D2.

Union representatives were subsequently elected, and the union and the management negotiations team successfully concluded the wage negotiations for the period 1 April 2020 to 31 March 2021.

#### Labour issues

A labour dispute filed by some of CRAN's employees at the Office of the Labour Commissioner, emanating from a Board resolution with regards to performance bonuses for the period 2016/2017, was settled. The parties agreed to resolve the dispute and payment of outstanding bonuses was made to all the affected employees for the periods 2016/2017 and 2017/2018 calculated at 10% respectively. The bonus payments were paid with the September 2019 payroll. This was the only outstanding matter. Employees withdrew the matter at the Office of the Labour Commissioner after settlement.

#### Employee wellness

Healthier employees and increased workplace productivity go hand in hand. While promoting wellness increases employee productivity, it also improves employee retention.

CRAN sets itself apart by offering health education and opportunities to employees in line with the organisation's Human Resources Activity Plan and Wellness Calendar.

The outbreak of Coronavirus (also referred to as NOVAL COVID-19) was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020 and a national state of emergency was declared by the President of Namibia, His Excellency Dr. Hage Geingob, on 17 March 2020. As a result, the Authority has put measures in place to ensure the wellbeing of employees physically and mentally through wellness initiatives and Human Capital interventions. This includes provision of handwashing stations, vitamin and flu shots to boost the immune system, mental health awareness, and initiatives to assist employees who were on lock down. Employees were also provided with masks.

#### Staff turnover

Staff turnover for the period under review reduced from the previous period's 5.10%, to 4.76%.

#### Terminations/resignations

The following table indicates the number of employees terminated between 1 April 2019 - 30 March 2020.

| Description                           | Statistics |
|---------------------------------------|------------|
| Total number of employees             | 7          |
| Number of males                       | 2          |
| Number of females                     | 2          |
| Number of employees with disabilities | -          |
| Number of temporary employees/Interns | 3          |

#### KEY FOCUS AREAS FOR 2020/2021

The COVID-19 pandemic has disrupted the world of work as we know it, with most employees having to work virtually. This disruption requires the organisation to shift the way of doing business to align with these new circumstances. This change will require the business to be capacitated with the relevant skills as the need arises.

Human Capital will continue to monitor the situation and the change in the business landscape in order to align with the required industry best practices. This will entail, amongst others, a review of the organisational structure to ensure that it is fit for purpose, as well as organisational climate surveys to ensure that employees are engaged effectively.







## OUR FINANCIAL PERFORMANCE

### Budget commentary

CRAN's budget implementation process is closely monitored through monthly variance reports, which are distributed to management, and quarterly management accounts, which are distributed to both management and the board, for their information, review and action. This process ensures compliance with internal budgetary requirements, as well as ensuring financial transparency, accountability and informed decision making.

During the review period, the total revenue of N\$91 million was 20.1% (N\$15.5 million) higher than the budget of N\$75.5 million for the period. The variance is a result of a new revenue stream stemming from a Numbering Plan usage audit that was completed by the licensees.

A total expenditure of N\$135.4 million was incurred which represents a 62.2% (N\$51.9 million) excess over the budget for the year of N\$83.5 million. The increase in operating expenditure resulted from an additional N\$64.6 million provision for bad debts, due to non-payment by licensees of revenue raised.

### Financial results

The Authority recorded a total comprehensive loss of N\$37.7 million for the period under review, representing an increase of 199.21% from the prior year's loss of N\$12.6 million. The upsurge is ascribed to an increased provision for doubtful debts and a decrease in regulatory levy income.

|  | 2020            | % change    | 2019            | 2018            |
|--|-----------------|-------------|-----------------|-----------------|
|  | N\$'000         |             | N\$'000         | N\$'000         |
| <b>Revenue</b>                               | <b>90,970</b>   | <b>-15%</b> | <b>106,956</b>  | <b>88,273</b>   |
| Other income                                 | 226             | -41%        | 383             | 12              |
| Other operating gains (losses)               | 45              | -123%       | (192)           | 249             |
| Administrative expenses                      | (50,575)        | 20%         | (42,090)        | (33,240)        |
| Other operating expenses                     | (84,164)        | -           | (84,153)        | (75,856)        |
| <b>Operating Loss</b>                        | <b>(43,498)</b> | <b>128%</b> | <b>(19,096)</b> | <b>(20,562)</b> |
| Investment revenue                           | 6,436           | -2%         | 6,544           | 7,234           |
| Finance costs                                | (629)           | 100%        | -               | -               |
| <b>Loss for the year</b>                     | <b>(37,691)</b> | <b>200%</b> | <b>(12,552)</b> | <b>(13,328)</b> |
| Other comprehensive income                   | -               | -           | -               | -               |
| <b>Total comprehensive loss for the year</b> | <b>(37,691)</b> | <b>200%</b> | <b>(12,552)</b> | <b>(13,328)</b> |

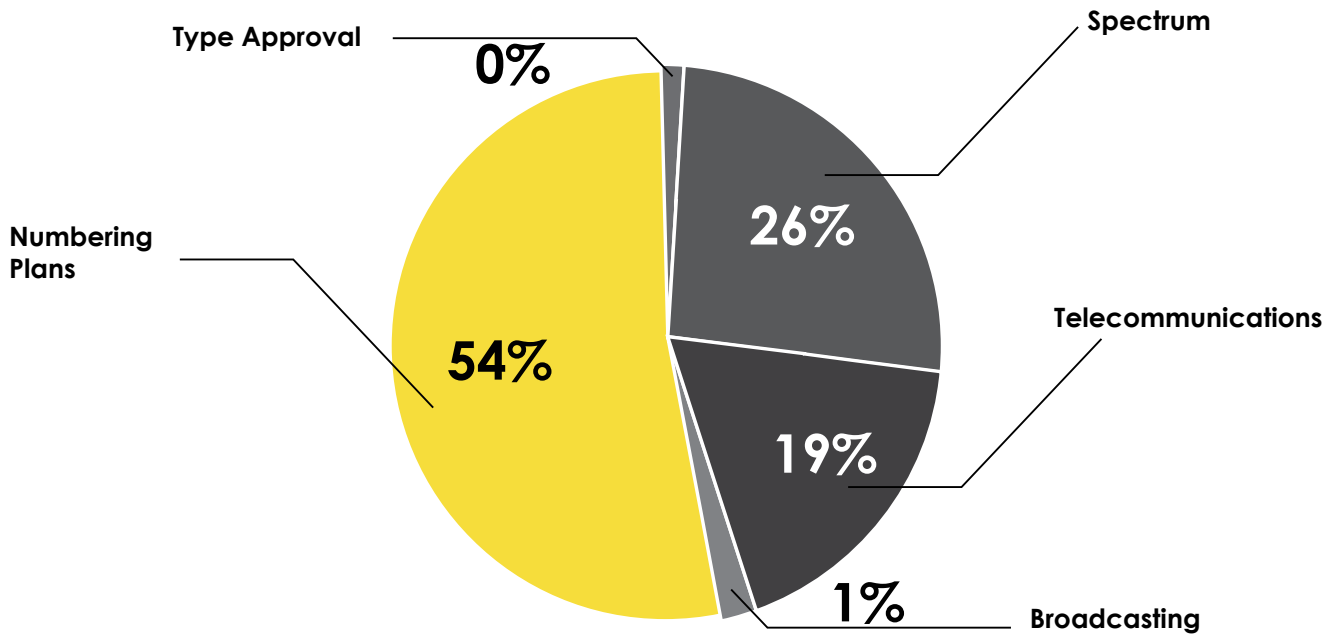
### Revenue

Revenue for the year under review decreased by 15%, from N\$107 million in 2019 to N\$91 million in 2020. Telecommunications and broadcasting regulatory fees contributed to 19.6% of the total revenue.

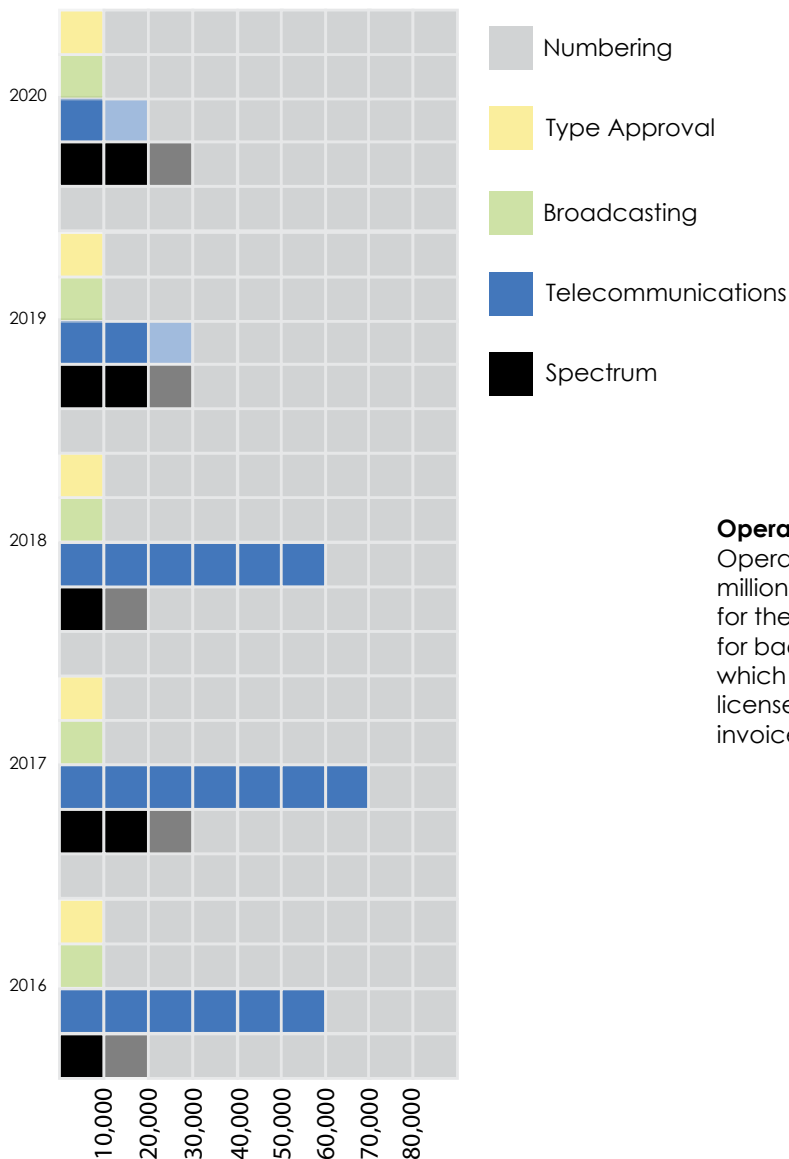
Revenue comprises regulatory levies from telecommunications and broadcasting service licensees, spectrum fees, revenues from numbering plans, and type approval fees. The regulatory levies are calculated as a percentage of operators' turnover based on a progressive licence fee formula that caps the maximum percentage at 1.5%. Spectrum fees, which comprised 26% of the revenue generated, are derived from radio licences. These fees vary depending on the type of licence. Type Approval fees, which made up 0.6% of revenue, are derived from charges for the use of telecommunications equipment in Namibia.

Numbering fees, which make up 54%, are derived from the utilisation of the Numbering Plan by telecommunications licensees. The significant reduction in revenue during the reporting period continues to be affected by the 11 June 2018 Supreme Court decision that declared section 23(2) (a) and regulation 6, the basis on which the Regulator was determining regulatory levy, as unconstitutional and that the Authority could no longer raise revenue on that basis from that date onwards.

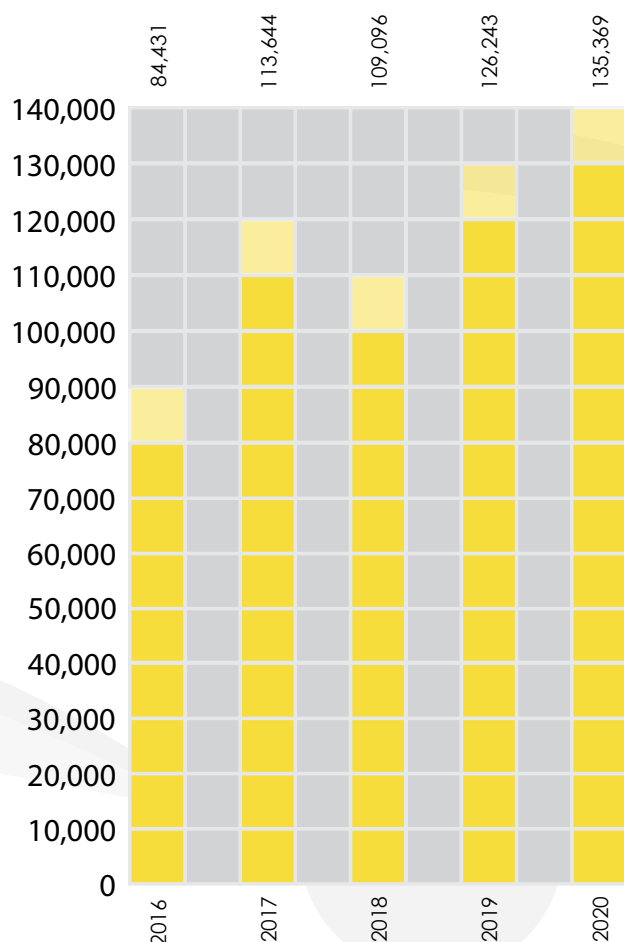
2020 Revenue breakdown



Five-year revenue trend (N\$'000)

**Operating expenses**

Operating expenses increased by 7.23%, from N\$126.2 million in 2019 to N\$135.4 million in 2020. The primary reason for the increase is ascribed to the increase in the provision for bad debt stemming from the Numbering Plan invoices, which is being legally disputed by the two dominant licensees similarly to the aforementioned regulatory levy invoices.

**Five-year operating expenses trend (N\$'000)****FINANCE AND ADMINISTRATION DEPARTMENT**

This department is responsible for controlling the Authority's finances and for providing general administrative support. It is made up of three divisions: Financial Accounting, Management Accounting, and Procurement and Logistics.

Its key duties include financial accounting, revenue billing and collections, facilitating external and internal audits, cash flows and investment management, strategic budgeting, costing and budgetary control, financial analysis and reporting, procurement, contract management, logistics, general maintenance and fleet management.

**Key activities for the reporting period**

The department has successfully implemented IFRS 16 Leases. IFRS 16 replaces IAS 17 Leases and introduces new requirements for the classification and measurement of leases. The department prioritised and successfully completed the upgrading of its Sage X3 ERP system from version 6.5 to version 11, upgraded IDU budgeting system from version 5 to version 5.3 and facilitated functionality enhancements on the billing and spectrum management on the Automated Spectrum Management System (ASMS).

**KEY FOCUS AREAS FOR 2020/2021**

The department will focus on implementing the interim levy structure, will facilitate the necessary customisations on the systems, costing of the 2020 - 2023 Strategic Plan, and will review and update the departmental policies. The department will also work on ensuring the organisational sustainability through the continuous collection of outstanding levies and fees.

**Assets**

The Authority's cumulative asset value has increased by N\$45.3 million to N\$145.4 as at 31 March 2020 (31 March 2019: N\$100.1 million). This increase results from an amount of N\$76 million that was transferred from the Namibian Communication Commission (NCC) bank account after Cabinet had approved the transfer of NCC assets and liabilities to CRAN.





## ANNUAL FINANCIAL STATEMENTS

### COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

#### ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

#### 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                                     | Mr. Heinrich M. Gaomab II<br>Ms. Vivienne E. Katjuongua<br>Ms. Dorethy E. Smit<br>Mr. Gerhard Coeln<br>Dr. Tulimevava Mufeti<br>Mr. Thomas H. Mbome   |
| Registered office                           | Communications House<br>56 Robert Mugabe Avenue<br>Windhoek<br>Namibia  |
| Business address                            | Communications House<br>56 Robert Mugabe Avenue<br>Windhoek<br>Namibia  |
| Postal address                              | Private Bag 13309<br>Windhoek<br>Namibia  |
| Bankers                                     | Bank Windhoek Limited   |
| Auditors                                    | SGA<br>Chartered Accountants (Namibia)<br>Registered Auditors   |
| Secretary                                   | Mr. Tanswell Davies   |
| Lawyers                                     | Dr. Weder, Kauta and Hoveka Inc.<br>Nakamhela Attorneys<br>Sisa Namandje Incorporated   |

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA**  
**ANNUAL FINANCIAL STATEMENTS**  
 for the year ended 31 March 2020

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**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA**  
**ANNUAL FINANCIAL STATEMENTS**  
 for the year ended 31 March 2020

**CORPORATE GOVERNANCE STATEMENT**

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The Communications Regulatory Authority of Namibia (The Authority) 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.

**1. 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's interests.

**1.1 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.

**2. 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.

**3. INTERNAL CONTROL SYSTEM**

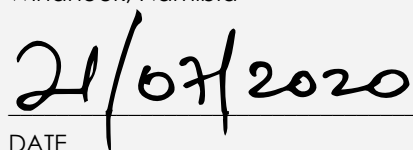
The Authority maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition. These controls are all designed to provide reasonable assurance to the Authority's management and members of the board regarding the preparation 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 of overriding 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

  
 DATE

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**MEMBERS' RESPONSIBILITIES AND APPROVAL**

The members are required in terms of the Communication 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 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 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 sets 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 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 2021 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.

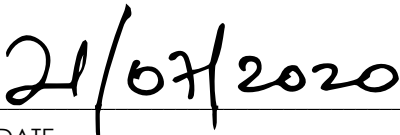
The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 74 to 76.

The annual financial statements set out on pages 70 - 118 which have been prepared on the going concern basis, were approved by the members of the board on 21 July 2020 and were signed on their behalf by:


  
MEMBER


  
MEMBER

Windhoek, Namibia


  
DATE



CHARTERED  
ACCOUNTANTS  
& AUDITORS

## INDEPENDENT AUDITOR'S REPORT

### TO THE MINISTER OF INFORMATION AND COMMUNICATION TECHNOLOGY

#### OPINION

We have audited the annual financial statements of Communications Regulatory Authority of Namibia set out on pages 70 to 116, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Communications Regulatory Authority of Namibia as at 31 March 2020, 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.

#### BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with section 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, which required significant auditor attention in performing the audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon.

| Key Audit Matter  | How the matter was addressed in the audit   |
|---|---|
| <b>Recognition of Revenue, completeness and accuracy</b><br>Revenue relating to rendering of services, which is recognized in the financial statements, are material and comprise of telecommunications, numbering, spectrum, broadcasting and type approval. Due to the significance of service revenue, it was considered a key audit matter.   | During the audit we satisfactorily determined the accuracy, completeness and occurrence of revenue through significant substantive testing and related test of controls.  |
| <b>Recoverability assessment of trade receivables</b><br><b>Trade receivables of the Authority comprise mainly receivables in relation to the Authority's services rendered for communications related activities.</b><br>The increasing challenges in the economy and operating environment in the country during the year have increased the risks of default on receivables from the Authority's customers. In particular, in the event of insolvency of customers, the Authority is exposed to potential risk of financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements. The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtors with reference to the aging profile, historical payment pattern and the past record of default of the customer. Management would make specific provision against individual balances with reference to the recoverable amount.<br>For the purpose of impairment assessment, significant judgements and assumptions, including the credit risks of customers, the timing and amount of realisation of these receivables are required for the identification of impairment events and the determination of the impairment charge. | <ul style="list-style-type: none"> <li>Tested the accuracy of ageing of trade receivables at year end on a sample basis;</li> <li>Obtained a list of outstanding receivables and identified any debtors with financial difficulty through discussion with management;</li> <li>Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers, publicly available information and latest correspondence with customers and to consider if any additional provision should be made;</li> <li>Tested subsequent settlement if any, of trade receivables after the balance sheet date on a sample basis; and</li> <li>Ensured that the requirements of IFRS 9 with respect to trade receivables have been considered and applied.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supported based on the available evidence.</p> |





## INDEPENDENT AUDITOR'S REPORT

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 23 in the financial statements, which indicates that the Authority incurred a net loss of N\$ 37 691 407 (2019: loss of N\$ 12 552 496; 2018: loss of N\$ 13 328 429) during the year ended 31 March 2020 and generated negative cash flow from operating activities amounting to N\$ 32 377 714 (2019: N\$8 157 234; 2018: N\$6 440 674). As stated in Note 24, these events or conditions, along with other matters as set forth in Note 23, indicate that a material uncertainty exist 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.

### OTHER INFORMATION

The board members are responsible for the other information. The other information comprises the detailed statement of comprehensive income as set out on page 81 which we obtained prior to the date of this auditor's report, which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

### RESPONSIBILITIES OF THE MEMBERS FOR THE ANNUAL FINANCIAL STATEMENTS

The members are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members are responsible for assessing the Authority and 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 ANNUAL FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.



CHARTERED  
ACCOUNTANTS  
& AUDITORS

## INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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.
- 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and the business activities within the Authority to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

SGA  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Per: R Cloete  
Partner  
Windhoek, Namibia  
22 July 2020

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**MEMBERS' 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 31 March 2020.

**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 (CRAN) 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 in office at the financial year-end and date of this report are as follows:

| <b>Members</b>              | <b>Nationality</b> | <b>Changes</b>            |
|-----------------------------|--------------------|---------------------------|
| Ms. Frieda Kishi            | Namibian           | Term ended, June 22, 2019 |
| Ms. Anne-Doris Hans Kaumbi  | Namibian           | Term ended, June 22, 2019 |
| Ms. Beverley Gawanas-Vugs   | Namibian           | Term ended, June 22, 2019 |
| Mr. Moses Molatendi Moses   | Namibian           | Term ended, June 22, 2019 |
| Mr. Mpasi Haingura          | Namibian           | Term ended, June 22, 2019 |
| Mr. Andreas Nekongo         | Namibian           | Term ended, June 22, 2019 |
| Mr. Heinrich M. Gaomab II   | Namibian           | Appointed, July 1, 2019   |
| Ms. Vivienne E. Katjiuongua | Namibian           | Appointed, July 1, 2019   |
| Ms. Dorethy E. Smit         | Namibian           | Appointed, July 1, 2019   |
| Mr. Gerhard Coeln           | Namibian           | Appointed, July 1, 2019   |
| Dr. Tulimevava Mufeti       | Namibian           | Appointed, July 1, 2019   |
| Mr. Thomas H. Mbome         | Namibian           | Appointed, July 1, 2019   |

**5. CHANGE IN CHIEF EXECUTIVE OFFICER**

On 24 March 2020, FK Mbandeka resigned as CEO and Jochen Traut (Chief Operations Officer) was appointed as Acting Chief Executive Officer by the board of directors.

**6. 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.

**7. EVENTS AFTER THE REPORTING PERIOD**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a global pandemic resulting in state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. After close monitoring and responses and guidance from state and local governments, in an effort to mitigate the spread of COVID-19, effective March 2020, the Authority temporarily closed its office with associates working remotely where possible. The Authority continues to monitor developments, including government requirements and recommendations at the national, state and local level to evaluate possible extensions to all or part of such closures.



**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**MEMBERS' REPORT**

At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material impact on our business, results of operations, financial position and cash flows.

The members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

**8. GOING CONCERN**

The Authority incurred a net loss of N\$37 691 407 (2019: loss of N\$12 552 496; 2018: loss of N\$13 328 429) for the year ended 31 March 2020 and generated negative cash flow from operating activities amounting to N\$32 377 714 (2019: N\$8 157 234; 2018: N\$6 440 674) 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 22 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 going concern. This basis presumes that the Authority will be able 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.

On the 11th of June 2018, the Supreme Court ruled as follows:

- Sectional 23 (2) (a) of the Communications Act 8 of 2009 is declared unconstitutional and is hereby struck down;
- Subject to para (c) below, the order of invalidity in paragraph (a) will take effect from the date of this judgement and shall have no retrospective effect in respect of anything done pursuant thereto prior to the said date;
- Telecom shall not be liable to pay any levy imposed covering a period before the coming into force of item 6 of the Regulations Regarding Administrative and License Fees for Service Licenses, published as GN 311 in GG 5037 on 13 September 2012.

Having considered the above, it is Management's view that while the judgement of 11 June 2018 may have casted doubt on the revenue generation abilities of CRAN going forward, Management has taken steps to alleviate this negative impact. In light of the above, Management is of the view that there is no doubt about the Authority's ability to continue as a going concern due to the following reasons/considerations:

- The amendment of Section 23 of the Communications Act 8 of 2009 dealing with the collection of Regulatory levies has been promulgated in the Government Gazette No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees.
- CRAN has already drafted and approved the framework for the new levy Regulations in line with the provisions of the Communications Amendment Bill. CRAN is currently in the process of drafting the new regulations in line with the approved framework. This approach is to ensure that once, the Amendment Bill has been signed into law, CRAN will immediately commence with the rule-making process of the new levy regulations. Once implemented, the new regulatory levy regime will secure CRAN future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost.
- In light of the Supreme Court judgement, CRAN is pursuing a legal process against Telecom Namibia Limited, and Mobile Telecommunications Limited for purposes of recovering payment of outstanding levies, interest, penalties and initial invoicing from the numbering plan; CRAN is also having settlement discussions with Telecom Namibia - which are at an advanced stage, in respect of the outstanding regulatory levies. We anticipate that these discussions may yield a favorable outcome for CRAN soon.
- In addition, CRAN would raise an N\$3.5 million additional revenue from the spectrum auction, and the spectrum fees revenue will increase by 14.2% per year due to the new regulations that are currently in rule-making.
- Finally, on 23 June 2019, Cabinet passed the resolution regarding the transfer of the rest of NCC assets and liabilities, including the bank balance of N\$74 million.
- Subsequent to the passing of that resolution, N\$76 million were transferred from the NCC accounts to CRAN bank account.
- The official confirmation on the respective asset values (Spectrum Monitoring System) and determination of the liabilities (Monitoring sites) are still pending with the Ministry of Information and Communication Technology.

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**MEMBERS' REPORT**

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**9. SECRETARY**

The Company Secretary is Mr. Tanswell Davies.

Postal address:

Private Bag 13309  
Windhoek  
Namibia

Business address:

Communications House  
56 Robert Mugabe Avenue  
Windhoek  
Namibia

**10. AUDITORS**

SGA was appointed as auditor for the Authority for the year 2020.

**11. 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.

## COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

|                                     | Note(s) | 2020<br>N\$        | 2019<br>Restated *<br>N\$ | 2018<br>Restated *<br>N\$ |
|-------------------------------------|---------|--------------------|---------------------------|---------------------------|
| <b>Assets</b>                       |         |                    |                           |                           |
| <b>Non-Current Assets</b>           |         |                    |                           |                           |
| Property, plant and equipment       | 5       | 5,340,301          | 4,975,062                 | 4,684,146                 |
| Right of use assets                 | 6       | 3,911,169          | -                         | -                         |
| Intangible assets                   | 7       | 3,861,029          | 1,351,336                 | 1,215,929                 |
|                                     |         | <b>13,112,499</b>  | <b>6,326,398</b>          | <b>5,900,075</b>          |
| <b>Current Assets</b>               |         |                    |                           |                           |
| Other financial assets              | 23      | 54,000,000         | 80,000,000                | 11,175,523                |
| Trade and other receivables         | 8       | 8,648,051          | 3,167,706                 | 13,662,916                |
| Cash and cash equivalents           | 9       | 69,597,731         | 10,610,842                | 89,750,317                |
|                                     |         | <b>132,245,782</b> | <b>93,778,548</b>         | <b>114,588,756</b>        |
| <b>Total Assets</b>                 |         | <b>145,358,281</b> | <b>100,104,946</b>        | <b>120,488,831</b>        |
| <b>Equity and Liabilities</b>       |         |                    |                           |                           |
| <b>Equity</b>                       |         |                    |                           |                           |
| Deferred capital                    | 24      | 113,249,728        | 37,035,281                | 37,035,281                |
| Retained income                     |         | 13,008,825         | 51,367,774                | 74,591,090                |
|                                     |         | <b>126,258,553</b> | <b>88,403,055</b>         | <b>111,626,371</b>        |
| <b>Liabilities</b>                  |         |                    |                           |                           |
| <b>Non-Current Liabilities</b>      |         |                    |                           |                           |
| Lease liabilities                   | 6       | 1,318,757          | -                         | -                         |
| <b>Current Liabilities</b>          |         |                    |                           |                           |
| Trade and other payables            | 10      | 13,606,590         | 11,178,919                | 8,542,369                 |
| Lease liabilities                   | 6       | 3,414,193          | -                         | -                         |
| Provisions                          | 11      | 760,188            | 522,972                   | 320,091                   |
|                                     |         | <b>17,780,971</b>  | <b>11,701,891</b>         | <b>8,862,460</b>          |
| <b>Total Liabilities</b>            |         | <b>19,099,728</b>  | <b>11,701,891</b>         | <b>8,862,460</b>          |
| <b>Total Equity and Liabilities</b> |         | <b>145,358,281</b> | <b>100,104,946</b>        | <b>120,488,831</b>        |

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for the year ended 31 March 2020

**STATEMENT OF COMPREHENSIVE INCOME**

|  | Note(s) | 2020<br>N\$         | 2019<br>Restated *<br>N\$ | 2018<br>Restated *<br>N\$ |
|--|---------|---------------------|---------------------------|---------------------------|
| Revenue from contracts with customers        | 12      | 90,970,350          | 106,955,785               | 88,273,108                |
| Other operating income                       |         | 226,078             | 382,551                   | 12,200                    |
| Other operating gains (losses)               | 13      | 45,342              | (191,784)                 | 248,881                   |
| Administrative expenses                      |         | (50,567,040)        | (42,089,944)              | (33,433,315)              |
| Other operating expenses                     |         | (84,171,959)        | (84,152,918)              | (75,662,771)              |
| <b>Operating loss</b>                        | 14      | <b>(43,497,229)</b> | <b>(19,096,310)</b>       | <b>(20,561,897)</b>       |
| Investment income                            | 15      | 6,436,120           | 6,543,814                 | 7,233,468                 |
| Finance costs                                |         | (630,298)           | -                         | -                         |
| <b>Loss for the year</b>                     |         | <b>(37,691,407)</b> | <b>(12,552,496)</b>       | <b>(13,328,429)</b>       |
| Other comprehensive income                   |         | -                   | -                         | -                         |
| <b>Total comprehensive loss for the year</b> |         | <b>(37,691,407)</b> | <b>(12,552,496)</b>       | <b>(13,328,429)</b>       |



## COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

## STATEMENT OF CHANGES IN EQUITY

|  | Deferred<br>capital<br>N\$ | Retained<br>income<br>N\$ | Total equity<br>N\$ |
|--|----------------------------|---------------------------|---------------------|
| Opening balance as previously reported   | 37,035,281                 | 74,591,093                | 111,626,374         |
| Adjustments  |                            |                           |                     |
| Prior year adjustments   | -                          | (10,670,821)              | (10,670,821)        |
| <b>Restated* Balance at 1 April 2018 as restated</b>   | <b>37,035,281</b>          | <b>63,920,272</b>         | <b>100,955,553</b>  |
| Loss for the year  | -                          | (12,552,496)              | (12,552,496)        |
| Other comprehensive income   | -                          | -                         | -                   |
| <b>Total comprehensive Loss for the year</b>   | <b>-</b>                   | <b>(12,552,496)</b>       | <b>(12,552,496)</b> |
| Opening balance as previously reported   | 37,035,281                 | 51,367,775                | 88,403,056          |
| Adjustments  |                            |                           |                     |
| Prior year adjustment - IFRS 16  | -                          | (667,543)                 | (667,543)           |
| <b>Balance at 1 April 2019 as restated</b>   | <b>37,035,281</b>          | <b>50,700,232</b>         | <b>87,735,513</b>   |
| Loss for the year  | -                          | (37,691,407)              | (37,691,407)        |
| Other comprehensive income   | -                          | -                         | -                   |
| <b>Total comprehensive Loss for the year</b>   | <b>-</b>                   | <b>(37,691,407)</b>       | <b>(37,691,407)</b> |
| Capital invested   | 76,214,447                 | -                         | 76,214,447          |
| <b>Total contributions by and distributions to owners of company recognised directly in equity</b> | <b>76,214,447</b>          | <b>-</b>                  | <b>76,214,447</b>   |
| <b>Balance at 31 March 2020</b>  | <b>113,249,728</b>         | <b>13,008,825</b>         | <b>126,258,553</b>  |

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA**  
**ANNUAL FINANCIAL STATEMENTS**  
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**STATEMENT OF CASH FLOWS**

|   | Note(s) | 2020<br>N\$         | 2019<br>Restated *<br>N\$ | 2018<br>Restated *<br>N\$ |
|---|---------|---------------------|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b> |         |                     |                           |                           |
| Cash used in operations                     | 16      | (40,683,536)        | (14,701,048)              | (13,674,142)              |
| Interest income                             |         | 6,436,120           | 6,543,814                 | 7,233,468                 |
| Finance costs                               |         | (630,298)           | -                         | -                         |
| <b>Net cash from operating activities</b>   |         | <b>(34,877,714)</b> | <b>(8,157,234)</b>        | <b>(6,440,674)</b>        |
| <b>Cash flows from investing activities</b> |         |                     |                           |                           |
| Purchase of property, plant and equipment   | 5       | (2,369,741)         | (1,427,377)               | (1,415,685)               |
| Sale of property, plant and equipment       | 5       | 161,095             | 13,800                    | -                         |
| Purchase of other intangible assets         | 7       | (3,309,370)         | (744,187)                 | (336,204)                 |
| Movement in fixed deposits                  |         | 26,000,000          | 11,175,523                | 54,000,000                |
| Purchase of financial assets                |         | -                   | (80,000,000)              | (11,175,523)              |
| <b>Net cash from investing activities</b>   |         | <b>20,481,984</b>   | <b>(70,982,241)</b>       | <b>41,072,588</b>         |
| <b>Cash flows from financing activities</b> |         |                     |                           |                           |
| Movement in deferred capital                |         | 76,214,447          | -                         | -                         |
| Payment on lease liabilities                |         | (2,831,828)         | -                         | -                         |
| <b>Net cash from financing activities</b>   |         | <b>73,382,619</b>   | <b>-</b>                  | <b>-</b>                  |
| <b>Total cash movement for the year</b>     |         | <b>58,986,889</b>   | <b>(79,139,475)</b>       | <b>34,631,914</b>         |
| Cash at the beginning of the year           |         | 10,610,842          | 89,750,317                | 55,118,403                |
| <b>Total cash at end of the year</b>        | 9       | <b>69,597,731</b>   | <b>10,610,842</b>         | <b>89,750,317</b>         |

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**ACCOUNTING POLICIES**

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**1. 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 company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

**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****Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

**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 value 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 established 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 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. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**ACCOUNTING POLICIES****1.2 Significant judgements and sources of estimation uncertainty (continued)****Useful lives of property, plant and equipment**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of carports and cubicles, motor vehicles, furniture and fixtures, 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 are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 11.

**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 company, 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             |
| 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.



**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**ACCOUNTING POLICIES****1.3 Property, plant and equipment (continued)**

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**

Financial instruments held by the Authority are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Authority, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments).

Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented on the following page.

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for the year ended 31 March 2020

**ACCOUNTING POLICIES**

---

**1.5 Financial instruments (continued)****Other financial assets at amortised cost****Classification**

Fixed term deposits (note 23), are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these fixed deposits give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on these fixed deposits.

**Recognition and measurement**

Fixed term deposits are recognised when the Authority becomes a party to the contractual provisions of the fixed deposits. The fixed deposits are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the fixed deposits, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment**

The Authority recognises a loss allowance for expected credit losses on all fixed deposits measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective fixed deposits.

The Authority measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a fixed deposit has not increased significantly since initial recognition, then the loss allowance for that fixed deposit is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a fixed deposit. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a fixed deposit that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Authority considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a fixed deposit being credit impaired at the reporting date or of an actual default occurring.

**Significant increase in credit risk**

In assessing whether the credit risk on a fixed deposit has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the fixed deposit as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Authority considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a fixed deposit is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Authority has reasonable and supportable information that demonstrates otherwise.

By contrast, if a fixed deposit is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the fixed deposit has not increased significantly since initial recognition.

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for the year ended 31 March 2020

**ACCOUNTING POLICIES**

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**1.5 Financial instruments (continued)**

The Authority regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

**Definition of default**

For purposes of internal credit risk management purposes, the Authority consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Authority considers that default has occurred when a fixed deposit is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**Write off policy**

The Authority writes off a fixed deposit when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Fixed deposits written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the fixed deposit at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Fixed deposits are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the fixed deposit, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Authority has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Authority measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all fixed deposits in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 14).

**Credit risk**

Details of credit risk related to fixed deposits are included in the specific notes and the financial instruments and risk management (note 4).

**Derecognition**

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a fixed deposit is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost (note 13).

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**1.5 Financial instruments (continued)****Trade and other receivables****Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on trade and other receivables.

**Recognition and measurement**

Fixed term deposits are recognised when the Authority becomes a party to the contractual provisions of the fixed deposits. The fixed deposits are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the fixed deposits initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment**

The Authority recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Authority measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

**Measurement and recognition of expected credit losses**

The Authority makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 14).

**Write off policy**

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Credit risk**

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 4).



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**1.5 Financial instruments (continued)****Derecognition**

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note 8).

**Trade and other payables****Classification**

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

They are recognised when the Authority becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the Authority to liquidity risk and possibly to interest rate risk. Refer to note 4 for details of risk exposure and management thereof.

**Derecognition**

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

**Cash and cash equivalents**

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

**Derecognition****Financial assets**

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities**

The Authority derecognises financial liabilities when, and only when, the Authority obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss.

**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.

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**1.7 Leases**

The Authority assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Authority has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

**Company as lessee**

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the Authority is a lessee, except for short term leases of 12 months or less, or leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense (note 14) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand alone prices of the lease components and the aggregate stand alone price of the non lease components (where non lease components exist).

However, as an exception to the preceding paragraph, the Authority has elected not to separate the non lease components for leases of land and buildings.

Details of leasing arrangements where the Authority is a lessee are presented in note 6 Leases (Authority as lessee).

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Authority under residual value guarantees;
- the exercise price of purchase options, if the Authority is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right of use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 6).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 6).

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**ACCOUNTING POLICIES****1.7 Leases (continued)**

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Authority will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

**Right-of-use assets**

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Authority expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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 a right of use asset with a cost that is significant in relation to the total cost of the asset 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.

**1.8 Leases (Comparatives IAS 17)**

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.

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**ACCOUNTING POLICIES****1.9 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 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.

**1.10 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 company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

**1.11 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.



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**ACCOUNTING POLICIES****1.11 Provisions and contingencies (continued)**

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 21.

**1.12 Revenue from contracts with customers**

The Authority recognises revenue from the following major sources:

- Regulatory levies
- Spectrum
- Type approval fees
- Numbering plan

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when it transfers control of a product or service to a customer.

**The 5 Step Revenue Method:**

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

**Regulatory levies**

Section 23 of the Communications Act, 2009 provides that CRAN may, after a rule making procedure, impose a regulatory levy on providers of communication services. Section 38(10)(f) provides that CRAN may impose on licensees the fees payable for the grant, management and control of a license. Section 85(1) of the Communications Act, 2009 provides that CRAN may determine prescribed fees in respect of broadcasting licenses. The levies are based on a predetermined percentage of the turnover of the operators as certified by them and subsequently by their auditor on an annual basis. Revenue from levies is recognised when the audited financial statements of the telecommunications and broadcasting operators are submitted to the Authority, which is at a point in time.

**Spectrum fees**

Any person intending to provide a class telecommunications and broadcasting service as contemplated in the Act and Regulations Setting out Broadcasting and Telecommunications Service License Categories, must submit, in writing to the Authority, an application for a class telecommunications or broadcasting service license. Any person intending to use spectrum, where the Authority, in its sole discretion, determines that spectrum use license applications will be processed on a first come, first served basis, must submit, in writing an application. Once approved the license will be awarded. The fees are set out in the relevant Gazette. The Authority collects fees from the renewal of annual license fees, administration fees relating to service licences and spectrum use license fees.

Revenue is recognised when the fees becomes due annually for Spectrum, at a point in time.

**Type approval fees**

Any person or entity who intends to connect telecommunications equipment to an electronic communication network in Namibia for purposes of electronic communications and use, sell or offer for sale telecommunications equipment within the Republic of Namibia must apply for type approval to the Authority in respect of telecommunications equipment prior to the use, connection, sale for re sale thereof within the Republic of Namibia. All fees are payable in advance and are non refundable. The fees are set out in the relevant Gazette.

Revenue is recognised when the application fee is received, at a point in time.

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**ACCOUNTING POLICIES****1.12 Revenue from contracts with customers (continued)****Numbering plan**

This applies to the application for and use of Namibian numbering resources by telecommunications services licensees. The Authority shall notify each licensee annually of the chargeable fee that they must pay to the Authority for the use of the numbering resources allocated to them. The prices are set out in the relevant Gazette,

Revenue is recognised when the audited figures of the utilisation of numbering resources are provided, at a point in time.

**1.13 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**1.14 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.

**1.15 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 Namibian Communication Commission (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 Namibian Communication Commission (NCC) to CRAN during the year ended 31 March 2012.

The final assets and liabilities were transferred in this financial year. The value of the cash received was N\$76 million and the other assets were N\$ 152 770. The assets were not recorded by CRAN. The liabilities included the taking over of security services and municipal accounts at the monitoring sites.

Before the transfer the cash injection of N\$37 million was classified as a non current liability. The intention changed with the final transfer. It was restated as Shareholder's capital from 2018 onwards.

**1.16 Contribution to Universal Service Fund**

On 18 May 2011, the Communications Act, No 8 of 2009 came into effect. The Minister, has commenced Part 4 of Chapter V, which deals with Universal services on 01 December 2016 (Government Gazette No. 6188 of 01 December 2016). The Universal Service Fund was therefore 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 and subject to the Amendment of Section 23(2)(a) of the Communications Act, No.8 of 2009. The amendment will regulate the levy to be imposed on the licensees.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****2. Changes in accounting policy**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

**Application of IFRS 16 Leases**

In the current year, the Authority has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at the lease commencement for all leases, except for short term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Authority's annual financial statements is described below.

The Authority has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 April 2019.

**Leases where company is lessee****Leases previously classified as operating leases**

The Authority undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rate at the date of initial application.
- recognised right of use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The Authority applied IAS 36 to consider if these right of use assets are impaired as at the date of initial application.

As an exception to the above, no adjustments were made on initial application of IFRS 16 for leases previously classified as operating leases:

- for which the underlying asset is of low value. From the date of initial application, these leases are accounted for in accordance with paragraph 6 of IFRS 16 by recognising the lease payments on a straight line basis or another systematic basis which is more representative of the pattern of benefits consumed;

The Authority applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the Authority applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 1 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right of use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

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|  | 2020<br>N\$ | 2019<br>N\$ | 2018<br>N\$ |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

**2. CHANGES IN ACCOUNTING POLICY (CONTINUED)****Impact on financial statements**

On transition to IFRS 16, the Authority recognised an additional N\$ 6 819 580 of right-of-use assets and N\$ 7 564 778 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Authority discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 10.50%.

**Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16**

|   |                  |
|---|------------------|
|   | 1 April 2019     |
| Operating lease commitment at 31 March 2019 as previously disclosed | 4,290,689        |
| Discounted using the incremental borrowing rate at 1 April 2019     | 7,564,778        |
| Less recognition exemption for:<br>Leases of low value assets       | 1,038,444        |
| <b>Lease liabilities recognised at 1 April 2019</b>                 | <b>8,603,222</b> |

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2019 is as follows:

**Statement of Financial Position****Right-of-use assets**

|            |           |   |   |
|------------|-----------|---|---|
| Adjustment | 3,911,169 | - | - |
|------------|-----------|---|---|

**Lease liabilities**

|            |           |   |   |
|------------|-----------|---|---|
| Adjustment | 4,732,950 | - | - |
|------------|-----------|---|---|

**Profit or Loss****Interest expense**

|            |         |   |   |
|------------|---------|---|---|
| Adjustment | 630,298 | - | - |
|------------|---------|---|---|

**3. NEW STANDARDS AND INTERPRETATIONS****3.1 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:<br>Years beginning on<br>or after | Expected impact:   |
|---|---|--------------------|
| • Plan Amendment, Curtailment or Settlement-Amendments to IAS 19                            | 1 January 2019                                    | No material impact |
| • Long term Interests in Joint Ventures and Associates-Amendments to IAS 28                 | 1 January 2019                                    | No material impact |
| • Prepayment Features with Negative Compensation-Amendment to IFRS 9                        | 1 January 2019                                    | No material impact |
| • Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle | 1 January 2019                                    | No material impact |
| • Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle   | 1 January 2019                                    | No material impact |



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****3. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)**

| Standard/Interpretation:  | Effective date:<br>Years beginning on<br>or after | Expected impact:  |
|---|---|---|
| • Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle    | 1 January 2019                                    | No material impact  |
| • Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle | 1 January 2019                                    | No material impact  |
| • Uncertainty over Income Tax Treatments  | 1 January 2019                                    | No material impact  |
| • IFRS 16 Leases  | 1 January 2019                                    | The impact of the standard is set out in note 2 Changes in accounting policy. |

**3.2 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 1 April 2020 or later periods:

| Standard/Interpretation:  | Effective date:<br>Years beginning on<br>or after | Expected impact:                            |
|---|---|---|
| • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2019                                    | The impact of the standard is not material. |
| • IFRS 17 Insurance Contracts   | 1 January 2021                                    | Unlikely there will be a material impact    |

**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Categories of financial instruments****Categories of financial assets****2020**

|                             | Note(s) | Amortised cost     | Total              | Fair value         |
|-----------------------------|---------|--------------------|--------------------|--------------------|
| Trade and other receivables | 8       | 8,455,721          | 8,455,721          | 8,455,721          |
| Cash and cash equivalents   | 9       | 69,597,731         | 69,597,731         | 69,597,731         |
| Other financial assets      | 23      | 54,000,000         | 54,000,000         | 54,000,000         |
|                             |         | <b>132,053,452</b> | <b>132,053,452</b> | <b>132,053,452</b> |

**2019**

|                             | Note(s) | Amortised cost    | Total             | Fair value        |
|-----------------------------|---------|-------------------|-------------------|-------------------|
| Trade and other receivables | 8       | 2,920,663         | 2,920,663         | 2,920,663         |
| Cash and cash equivalents   | 9       | 10,610,842        | 10,610,842        | 10,610,842        |
| Other financial assets      | 23      | 80,000,000        | 80,000,000        | 80,000,000        |
|                             |         | <b>93,531,505</b> | <b>93,531,505</b> | <b>93,531,505</b> |

**2018**

|                             | Note(s) | Amortised cost     | Total              | Fair value         |
|-----------------------------|---------|--------------------|--------------------|--------------------|
| Trade and other receivables | 8       | 13,438,485         | 13,438,485         | 13,438,485         |
| Cash and cash equivalents   | 9       | 89,750,317         | 89,750,317         | 89,750,317         |
| Other financial assets      | 23      | 11,175,523         | 11,175,523         | 11,175,523         |
|                             |         | <b>114,364,325</b> | <b>114,364,325</b> | <b>114,364,325</b> |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Categories of financial liabilities****2020**

|                          | <b>Note(s)</b> | <b>Amortised cost</b> | <b>Leases</b>    | <b>Total</b>      | <b>Fair value</b> |
|--------------------------|----------------|-----------------------|------------------|-------------------|-------------------|
| Trade and other payables | 10             | 13,606,590            | -                | 13,606,590        | -                 |
| Lease liabilities        | 6              | -                     | 4,732,950        | 4,732,950         | -                 |
| Provisions               | 11             | 760,188               | -                | 760,188           | -                 |
|                          |                | <b>14,366,778</b>     | <b>4,732,950</b> | <b>19,099,728</b> | <b>-</b>          |

**2019**

|                          | <b>Note(s)</b> | <b>Amortised cost</b> | <b>Total</b>      | <b>Fair value</b> |
|--------------------------|----------------|-----------------------|-------------------|-------------------|
| Trade and other payables | 10             | 11,178,919            | 11,178,919        | -                 |
| Provisions               | 11             | 522,972               | 522,972           | -                 |
|                          |                | <b>11,701,891</b>     | <b>11,701,891</b> | <b>-</b>          |

**2018**

|                          | <b>Note(s)</b> | <b>Amortised cost</b> | <b>Total</b>     | <b>Fair value</b> |
|--------------------------|----------------|-----------------------|------------------|-------------------|
| Trade and other payables | 10             | 8,542,368             | 8,542,368        | -                 |
| Provisions               | 11             | 320,091               | 320,091          | -                 |
|                          |                | <b>8,862,459</b>      | <b>8,862,459</b> | <b>-</b>          |

**Capital risk management**

The Authority's objective when managing capital are to safeguard the company'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 9, as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

|                           |    | <b>2020<br/>N\$</b> | <b>2019<br/>N\$</b> | <b>2018<br/>N\$</b> |
|---------------------------|----|---------------------|---------------------|---------------------|
| Lease liabilities         |    | 4,732,950           | -                   | -                   |
| Trade and other payables  | 10 | 13,606,590          | 11,178,919          | 8,542,368           |
| <b>Total borrowings</b>   |    | <b>18,339,540</b>   | <b>11,178,919</b>   | <b>8,542,368</b>    |
| Cash and cash equivalents | 9  | (69,597,731)        | (10,610,842)        | (89,750,317)        |
| <b>Net borrowings</b>     |    | <b>(51,258,191)</b> | <b>568,077</b>      | <b>(81,207,949)</b> |

**Financial risk management****Overview**

The Authority is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The Authority's overall risk management program 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.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The maximum exposure to credit risk is presented in the table below:

|                             |    | 2020                  |                       |                             | 2019                  |                       |                             | 2018                  |                       |                             |
|-----------------------------|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                             |    | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Other financial assets      | 23 | 54,000,000            | –                     | 54,000,000                  | 80,000,000            | –                     | 80,000,000                  | 11,175,523            | –                     | 11,175,523                  |
| Trade and other receivables | 8  | 336,980,787           | (328,525,066)         | 8,455,721                   | 266,808,236           | (263,887,573)         | 2,920,663                   | 202,274,346           | (188,835,861)         | 13,438,485                  |
| Cash and cash equivalents   | 9  | 69,597,731            | –                     | 69,597,731                  | 10,610,842            | –                     | 10,610,842                  | 89,750,317            | –                     | 89,750,317                  |
|                             |    | 460,578,518           | (328,525,066)         | 132,053,452                 | 357,419,078           | (263,887,573)         | 93,531,505                  | 303,200,186           | (188,835,861)         | 114,364,325                 |

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

The forward-looking is analysed as follows:

Namibia's telecommunication sector is dominated by state owned enterprises, MTC and Telecom Namibia. All other licensees contribute just 12% of turnover and mostly resell services of Telecom Namibia and MTC. Telecom Namibia's financial performance has shown some improvements in various areas. Telecom Namibia's mobile operation failed to pose competition to MTC. MTC's increased investment levels coupled with high ROEs and TN's lack of investment indicate that TN is not likely to be a strong competitor in the near future. Namibia is back at the pre 2006 state of affairs with all national operators being fully owned and managed by the state. While EBITDA margins for MTC still increase, revenue growth has slowed down. Revenues grew by 4.2% in 2017, while net profit grew by 29%. MTC is being run as a cash cow and not an innovative expanding business any longer. The increase in revenue is mainly due to a 7% increase in subscription prices for MTC approved by CRAN in the beginning of 2017.

**Liquidity risk**

The Authority is exposed to liquidity risk, which is the risk that the Authority will encounter difficulties in meeting its obligations as they become due.

The Authority manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations.

The maturity profile of contractual cash flows of non derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.



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## ANNUAL FINANCIAL STATEMENTS

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

## 2020

|                                |    | Less than<br>1 year | Total             | Carrying<br>amount |
|--------------------------------|----|---------------------|-------------------|--------------------|
| <b>Non current liabilities</b> |    |                     |                   |                    |
| Lease liabilities              | 6  | 1,318,757           | 1,318,757         | 1,318,757          |
| <b>Current liabilities</b>     |    |                     |                   |                    |
| Trade and other payables       | 10 | 13,606,590          | 13,606,590        | 13,606,590         |
| Lease liabilities              | 6  | 3,414,193           | 3,414,193         | 3,414,193          |
| Provisions                     | 11 | 760,188             | 760,188           | 760,188            |
|                                |    | <b>19,099,728</b>   | <b>19,099,728</b> | <b>19,099,728</b>  |

## 2019

|                            |    | Less than<br>1 year | Total      | Carrying<br>amount |
|----------------------------|----|---------------------|------------|--------------------|
| <b>Current liabilities</b> |    |                     |            |                    |
| Trade and other payables   | 10 | 11,178,919          | 11,178,919 | 11,178,919         |
| Provisions                 | 11 | 522,972             | 522,972    | 522,972            |

## 2018

|                            |    | Less than<br>1 year | Total     | Carrying<br>amount |
|----------------------------|----|---------------------|-----------|--------------------|
| <b>Current liabilities</b> |    |                     |           |                    |
| Trade and other payables   | 10 | 8,542,368           | 8,542,368 | 8,542,368          |
| Provisions                 | 11 | 320,091             | 320,091   | 320,091            |

**Foreign currency risk**

The Authority does not hedge foreign exchange fluctuations.

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

**Interest rate sensitivity analysis**

The following information presents the sensitivity of the Authority to an increase or decrease in the respective interest rates it is exposed to. The sensitivity rate is the rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis includes only outstanding interest rate amounts at the reporting date.

|                                     | 2020      | 2020        | 2019     | 2019      | 2018      | 2018        |
|-------------------------------------|-----------|-------------|----------|-----------|-----------|-------------|
| <b>Increase or decrease in rate</b> | Increase  | Decrease    | Increase | Decrease  | Increase  | Decrease    |
| <b>Impact on profit or loss:</b>    |           |             |          |           |           |             |
| Change in one basis point           | 1,235,977 | (1,235,977) | 906,108  | (906,108) | 1,009,258 | (1,009,258) |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**Interest rate risk**

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to 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 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\$122 million (2019: N\$90.6 million; 2018: N\$100.9 million) are exposed to cash flow interest rate risk, however considering the short term maturity of these deposits, these risks are minimized.

Details of interest rate risk exposure are contained in the relevant notes throughout these financial statements.

**5. PROPERTY, PLANT AND EQUIPMENT**

|                            | 2020                |                          |                  | 2019                |                          |                  |
|----------------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|
|                            | Cost or revaluation | Accumulated depreciation | Carrying value   | Cost or revaluation | Accumulated depreciation | Carrying value   |
| Carports and cubicles      | 55,070              | (8,811)                  | 46,259           | 55,070              | (6,608)                  | 48,462           |
| Furniture and fixtures     | 4,368,802           | (2,178,475)              | 2,190,327        | 3,561,829           | (1,792,079)              | 1,769,750        |
| Motor vehicles             | 1,547,944           | (960,726)                | 587,218          | 1,305,572           | (1,042,802)              | 262,770          |
| Office equipment           | 1,117,362           | (753,403)                | 363,959          | 779,167             | (741,023)                | 38,144           |
| IT equipment               | 3,499,377           | (2,344,134)              | 1,155,243        | 2,936,919           | (2,019,473)              | 917,446          |
| Spectrum tools             | 44,891              | (43,494)                 | 1,397            | 44,891              | (43,494)                 | 1,397            |
| Spectrum monitoring system | 12,130,743          | (11,134,845)             | 995,898          | 12,130,743          | (10,193,650)             | 1,937,093        |
| <b>Total</b>               | <b>22,764,189</b>   | <b>(17,423,888)</b>      | <b>5,340,301</b> | <b>20,814,191</b>   | <b>(15,839,129)</b>      | <b>4,975,062</b> |

|                            | 2018                |                          |                  |
|----------------------------|---------------------|--------------------------|------------------|
|                            | Cost or revaluation | Accumulated depreciation | Carrying value   |
| Carports and cubicles      | 55,070              | (4,405)                  | 50,665           |
| Furniture and fixtures     | 3,363,913           | (1,450,270)              | 1,913,643        |
| Motor vehicles             | 1,305,572           | (844,232)                | 461,340          |
| Office equipment           | 732,520             | (668,266)                | 64,254           |
| IT equipment               | 2,108,328           | (1,921,717)              | 186,611          |
| Spectrum tools             | 44,891              | (43,494)                 | 1,397            |
| Spectrum monitoring system | 11,970,644          | (9,964,408)              | 2,006,236        |
| <b>Total</b>               | <b>19,580,938</b>   | <b>(14,896,792)</b>      | <b>4,684,146</b> |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Reconciliation of property, plant and equipment - 2020**

|                            | Opening<br>balance | Additions        | Disposals       | Other<br>changes,<br>movements | Depreciation       | Total            |
|----------------------------|--------------------|------------------|-----------------|--------------------------------|--------------------|------------------|
| Building and renovations   | 48,462             | -                | -               | -                              | (2,203)            | 46,259           |
| Furniture and fixtures     | 1,769,750          | 806,973          | -               | -                              | (386,396)          | 2,190,327        |
| Motor vehicles             | 262,770            | 572,216          | -               | -                              | (247,768)          | 587,218          |
| Office equipment           | 38,144             | 375,427          | -               | -                              | (49,612)           | 363,959          |
| IT equipment               | 917,446            | 615,125          | (13,338)        | 170,295                        | (534,285)          | 1,155,243        |
| Spectrum tools             | 1,397              | -                | -               | -                              | -                  | 1,397            |
| Spectrum monitoring system | 1,937,093          | -                | -               | -                              | (941,195)          | 995,898          |
|                            | <b>4,975,062</b>   | <b>2,369,741</b> | <b>(13,338)</b> | <b>170,295</b>                 | <b>(2,161,459)</b> | <b>5,340,301</b> |

**Reconciliation of property, plant and equipment - 2019**

|                            | Opening<br>balance | Additions        | Disposals   | Depreciation       | Total            |
|----------------------------|--------------------|------------------|-------------|--------------------|------------------|
| Carports and cubicles      | 50,665             | -                | -           | (2,203)            | 48,462           |
| Furniture and fixtures     | 1,913,643          | 197,916          | -           | (341,809)          | 1,769,750        |
| Motor vehicles             | 461,340            | -                | -           | (198,570)          | 262,770          |
| Office equipment           | 64,254             | 46,647           | -           | (72,757)           | 38,144           |
| IT equipment               | 186,611            | 1,022,715        | (17)        | (291,863)          | 917,446          |
| Spectrum tools             | 1,397              | -                | -           | -                  | 1,397            |
| Spectrum monitoring system | 2,006,236          | 160,099          | -           | (229,242)          | 1,937,093        |
|                            | <b>4,684,146</b>   | <b>1,427,377</b> | <b>(17)</b> | <b>(1,136,444)</b> | <b>4,975,062</b> |

**Reconciliation of property, plant and equipment - 2018**

|                            | Opening<br>balance | Additions        | Disposals      | Depreciation       | Total            |
|----------------------------|--------------------|------------------|----------------|--------------------|------------------|
| Buildings                  | 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        |
|                            | <b>4,335,069</b>   | <b>1,415,685</b> | <b>(3,924)</b> | <b>(1,062,684)</b> | <b>4,684,146</b> |

**6. LEASES (COMPANY AS LESSEE)**

The Authority leases office buildings. The average lease term is 3 years (2019: 3 years ; 2018: 3 years).

Details pertaining to leasing arrangements, where the Authority is lessee are presented below:

The Authority adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right of use assets therefore only includes the current period.

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**6. LEASES (COMPANY AS LESSEE) (CONTINUED)**

**Net carrying amounts of right-of-use assets**

The carrying amounts of right of use assets are as follows:

|           | 2020<br>N\$ | 2019<br>N\$ | 2018<br>N\$ |
|-----------|-------------|-------------|-------------|
| Buildings | 3,911,169   | -           | -           |

**Additions to right-of-use assets**

|           |           |   |   |
|-----------|-----------|---|---|
| Buildings | 3,911,169 | - | - |
|-----------|-----------|---|---|

**DEPRECIATION RECOGNISED ON RIGHT-OF-USE ASSETS**

Depreciation recognised on each class of right of use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 14), as well as depreciation which has been capitalised to the cost of other assets.

|           |           |   |   |
|-----------|-----------|---|---|
| Buildings | 2,908,411 | - | - |
|-----------|-----------|---|---|

**Other disclosures**

|                                       |         |   |   |
|---------------------------------------|---------|---|---|
| Interest expense on lease liabilities | 630,298 | - | - |
|---------------------------------------|---------|---|---|

**Lease liabilities**

The maturity analysis of lease liabilities is as follows:

|                         |                  |          |          |
|-------------------------|------------------|----------|----------|
| Within one year         | 3,414,193        | -        | -        |
| Two to five years       | 1,318,757        | -        | -        |
|                         | <b>4,732,950</b> | <b>-</b> | <b>-</b> |
| Non current liabilities | 1,318,757        | -        | -        |
| Current liabilities     | 3,414,193        | -        | -        |
|                         | <b>4,732,950</b> | <b>-</b> | <b>-</b> |

**7. INTANGIBLE ASSETS**

|                   | 2020                |                             |                   | 2019                |                             |                   |
|-------------------|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|-------------------|
|                   | Cost /<br>Valuation | Accumulated<br>amortisation | Carrying<br>value | Cost /<br>Valuation | Accumulated<br>amortisation | Carrying<br>value |
| Computer software | 9,337,539           | (5,476,510)                 | 3,861,029         | 6,198,464           | (4,847,128)                 | 1,351,336         |

|                   | 2018                |                             |                   |
|-------------------|---------------------|-----------------------------|-------------------|
|                   | Cost /<br>Valuation | Accumulated<br>amortisation | Carrying<br>value |
| Computer software | 5,454,277           | (4,238,348)                 | 1,215,929         |



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****7. INTANGIBLE ASSETS (CONTINUED)****Reconciliation of intangible assets - 2020**

|                   | Opening balance | Additions | Other changes, movements | Amortisation | Total     |
|-------------------|-----------------|-----------|--------------------------|--------------|-----------|
| Computer software | 1,351,336       | 3,309,370 | (170,295)                | (629,382)    | 3,861,029 |

**Reconciliation of intangible assets - 2019**

|                   | Opening balance | Additions | Amortisation | Total     |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 1,215,929       | 744,187   | (608,780)    | 1,351,336 |

**Reconciliation of intangible assets - 2018**

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

**8. TRADE AND OTHER RECEIVABLES**

|  | 2020<br>N\$      | 2019<br>N\$      | 2018<br>N\$       |
|--|------------------|------------------|-------------------|
| <b>Financial instruments:</b>            |                  |                  |                   |
| Trade receivables                        | 333,110,254      | 265,930,394      | 202,121,569       |
| Loss allowance                           | (328,525,066)    | (263,887,573)    | (188,835,861)     |
| Trade receivables at amortised cost      | 4,585,188        | 2,042,821        | 13,285,708        |
| Deposit on building                      | 2,500,000        | -                | -                 |
| Interest receivables                     | 1,279,795        | 660,515          | 60,761            |
| Other receivables                        | 90,738           | 217,327          | 92,016            |
| <b>Non financial instruments:</b>        |                  |                  |                   |
| Deposits                                 | 192,330          | 187,966          | 183,998           |
| Prepayments (if immaterial)              | -                | 59,077           | 40,433            |
| <b>Total trade and other receivables</b> | <b>8,648,051</b> | <b>3,167,706</b> | <b>13,662,916</b> |

**Categorisation of trade and other receivables**

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

|                           |                  |                  |                   |
|---------------------------|------------------|------------------|-------------------|
| At amortised cost         | 8,455,721        | 2,920,663        | 13,438,485        |
| Non financial instruments | 192,330          | 247,043          | 224,431           |
|                           | <b>8,648,051</b> | <b>3,167,706</b> | <b>13,662,916</b> |

**Exposure to credit risk**

Trade receivables inherently expose the Authority to credit risk, being the risk that the Authority will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Authority measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****8. TRADE AND OTHER RECEIVABLES (CONTINUED)**

These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Authority's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

| Expected credit loss rate:                   | 2020                                       | 2020   | 2019                                       | 2019   | 2018                                       | 2018   |
|--|--|--|--|--|--|--|
|  | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| Less than 30 days past due: 68% (2018: 96%)  | 1,486,947                                  | (461,670)                                      | 67,709,421                                 | (67,573,158)                                   | 54,828,765                                 | (53,840,687)                                   |
| 31-60 days past due: 68% (2018: 96%)         | (801,458)                                  | -  | 1,177,842                                  | (801,286)                                      | (7,765)                                    | 5,282  |
| 61-90 days past due: 42% (2018: 100%)        | 48,981,620                                 | (48,980,233)                                   | 63,479                                     | (26,562)                                       | (187,360)                                  | 78,397   |
| 91-120 days past due: 96% (2018: 89%)        | 7,006,474                                  | (4,843,439)                                    | 28,124,308                                 | (27,880,316)                                   | 70,244,375                                 | (69,793,447)                                   |
| More than 120 days past due: 94% (2018: 86%) | 276,436,671                                | (274,239,725)                                  | 168,855,344                                | (167,606,251)                                  | 77,243,553                                 | (75,956,227)                                   |
| <b>Total</b>                                 | <b>333,110,254</b>                         | <b>(328,525,067)</b>                           | <b>265,930,394</b>                         | <b>(263,887,573)</b>                           | <b>202,121,568</b>                         | <b>(199,506,682)</b>                           |

**9. CASH AND CASH EQUIVALENTS**

|                                       | 2020<br>N\$       | 2019<br>N\$       | 2018<br>N\$       |
|---------------------------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents consist of: |                   |                   |                   |
| Cash on hand                          | 18,486            | 10,866            | 10,720            |
| Bank balances                         | 1,528,150         | 1,738,934         | 624,762           |
| Short-term deposits                   | 68,051,095        | 8,861,042         | 89,114,835        |
|                                       | <b>69,597,731</b> | <b>10,610,842</b> | <b>89,750,317</b> |

**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**

|   |            |            |            |
|---|------------|------------|------------|
| Bank Windhoek Limited (A1+ Global Credit Ratings) | 69,579,245 | 10,599,976 | 89,739,597 |
|---|------------|------------|------------|

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|                                      | 2020<br>N\$       | 2019<br>N\$       | 2018<br>N\$      |
|--------------------------------------|-------------------|-------------------|------------------|
| <b>10. TRADE AND OTHER PAYABLES</b>  |                   |                   |                  |
| <b>Financial instruments</b>         |                   |                   |                  |
| Trade payables                       | 8,762,575         | 4,527,326         | 4,439,959        |
| Provisions for leave pay and bonuses | 4,606,315         | 4,003,981         | 3,068,449        |
| Other accrued expenses               | (7,320)           | 48,547            | 13,048           |
| Deposits received                    | -                 | -                 | 396,075          |
| Other payables                       | 245,020           | 2,599,065         | 624,838          |
|                                      | <b>13,606,590</b> | <b>11,178,919</b> | <b>8,542,369</b> |

**Fair value of trade and other payables**

The fair value of trade and other payables approximates their carrying amounts.

**11. PROVISIONS****Reconciliation of provisions - 2020**

|                         | Opening balance | Utilised during the year | Total   |
|-------------------------|-----------------|--------------------------|---------|
| Provision Severance pay | 522,972         | 237,216                  | 760,188 |

**Reconciliation of provisions - 2019**

|                         | Opening balance | Utilised during the year | Reversed during the year | Total   |
|-------------------------|-----------------|--------------------------|--------------------------|---------|
| Provision Severance pay | 320,091         | 242,109                  | (39,228)                 | 522,972 |

**Reconciliation of provisions - 2018**

|                         | Opening balance | Utilised during the year | Reversed during the year | Total   |
|-------------------------|-----------------|--------------------------|--------------------------|---------|
| Provision Severance pay | 1,384,013       | 11,031                   | (1,074,953)              | 320,091 |

**12. REVENUE****Revenue from contracts with customers at a point in time**

|                       |            |             |            |
|-----------------------|------------|-------------|------------|
| Rendering of services | 90,970,350 | 106,955,785 | 88,273,108 |
|-----------------------|------------|-------------|------------|

**Disaggregation of revenue from contracts with customers**

The Authority disaggregates revenue from customers as follows:

**Rendering of services**

|                    |                   |                    |                   |
|--------------------|-------------------|--------------------|-------------------|
| Telecommunications | 17,324,645        | 27,771,954         | 60,158,161        |
| Numbering          | 48,989,214        | 41,208,451         | -                 |
| Spectrum           | 23,529,491        | 24,906,244         | 17,792,040        |
| Broadcasting       | 573,766           | 11,822,536         | 9,146,307         |
| Type approval      | 553,234           | 1,246,600          | 1,176,600         |
|                    | <b>90,970,350</b> | <b>106,955,785</b> | <b>88,273,108</b> |

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|   |    | <b>2020</b><br><b>N\$</b> | <b>2019</b><br><b>N\$</b> | <b>2018</b><br><b>N\$</b> |
|---|----|---------------------------|---------------------------|---------------------------|
| <b>12. REVENUE (CONTINUED)</b>  |    |                           |                           |                           |
| <b>Timing of revenue recognition</b>  |    |                           |                           |                           |
| <b>At a point in time</b>   |    |                           |                           |                           |
| Telecommunications  |    | (17,324,645)              | (27,771,954)              | (60,158,161)              |
| Numbering   |    | (48,989,214)              | (41,208,451)              | -                         |
| Spectrum  |    | (23,529,491)              | (24,906,244)              | (17,792,040)              |
| Broadcasting  |    | (573,766)                 | (11,822,536)              | (9,146,307)               |
| Type approval   |    | (553,234)                 | (1,246,600)               | (1,176,600)               |
|   |    | <b>(90,970,350)</b>       | <b>(106,955,785)</b>      | <b>(88,273,108)</b>       |
| <b>13. OTHER OPERATING GAINS (LOSSES)</b>   |    |                           |                           |                           |
| <b>Gains (losses) on disposals, scrappings and settlements</b>                                  |    |                           |                           |                           |
| Property, plant and equipment   | 5  | 147,757                   | 13,783                    | (3,924)                   |
| <b>Foreign exchange gains (losses)</b>  |    |                           |                           |                           |
| Net foreign exchange (losses) gains   |    | (102,415)                 | (205,567)                 | 252,805                   |
| <b>Total other operating gains (losses)</b>   |    | <b>45,342</b>             | <b>(191,784)</b>          | <b>248,881</b>            |
| <b>14. OPERATING PROFIT (LOSS)</b>  |    |                           |                           |                           |
| Operating loss for the year is stated after charging (crediting) the following, amongst others: |    |                           |                           |                           |
| <b>Auditor's remuneration external</b>  |    |                           |                           |                           |
| Audit fees  |    | 317,282                   | 718,498                   | -                         |
| <b>Remuneration, other than to employees</b>  |    |                           |                           |                           |
| Consulting and professional services  |    | 4,403,912                 | 4,076,335                 | 3,028,752                 |
| <b>Leases</b>   |    |                           |                           |                           |
| <b>Operating lease charges</b>  |    |                           |                           |                           |
| Premises  |    | 27,613                    | 3,364,269                 | 3,007,060                 |
| Motor vehicles  |    | 31,867                    | 32,069                    | 49,951                    |
| Equipment   |    | 887,238                   | 879,936                   | 828,173                   |
| Operating lease other   |    | 91,726                    | 14,415                    | 2,940                     |
|   |    | <b>1,038,444</b>          | <b>4,290,689</b>          | <b>3,888,124</b>          |
| <b>Depreciation and amortisation</b>  |    |                           |                           |                           |
| Depreciation of property, plant and equipment   |    | 2,161,459                 | 1,136,444                 | 1,062,684                 |
| Depreciation of right of use assets   |    | 2,908,411                 | -                         | -                         |
| Amortisation of intangible assets   |    | 629,382                   | 608,780                   | 860,993                   |
| <b>Total depreciation and amortisation</b>  |    | <b>5,699,252</b>          | <b>1,745,224</b>          | <b>1,923,677</b>          |
| <b>Other</b>  |    |                           |                           |                           |
| Other operating gains (losses)  | 13 | 45,342                    | (191,784)                 | 248,881                   |



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for the year ended 31 March 2020

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|   | 2020<br>N\$         | 2019<br>N\$         | 2018<br>N\$         |
|---|---------------------|---------------------|---------------------|
| <b>14. OPERATING PROFIT (LOSS) (CONTINUED)</b>  |                     |                     |                     |
| <b>Expenses by nature</b>   |                     |                     |                     |
| The total administrative expenses and other operating expenses are analysed by nature as follows: |                     |                     |                     |
| Employee costs  | 42,008,435          | 33,862,263          | 25,964,361          |
| Operating lease charges   | 1,038,444           | 4,290,689           | 3,888,124           |
| Depreciation, amortisation and impairment   | 5,699,252           | 1,745,224           | 1,923,677           |
| Other expenses  | 2,249,231           | 2,322,844           | 1,558,704           |
| Bad debts   | 64,637,493          | 64,380,890          | 57,901,621          |
| ICT Communications  | 4,185,044           | 3,859,235           | 3,305,391           |
| Legal expenses  | 1,466,263           | 2,401,778           | 1,585,348           |
| Consulting and professional fees  | 2,937,649           | 1,674,557           | 1,443,404           |
| Training and development  | 1,273,513           | 543,220             | 1,724,329           |
| Projects  | 1,115,110           | 1,478,091           | 1,314,925           |
| Business related trips  | 2,744,067           | 3,752,285           | 2,762,394           |
| Media and communications  | 2,538,417           | 2,747,902           | 2,973,874           |
| Membership and license fees   | 1,353,427           | 1,710,613           | 1,113,933           |
| General operating expenditure   | 1,492,654           | 1,473,270           | 1,636,001           |
| Interest expense  | 630,298             | -                   | -                   |
|   | <b>135,369,297</b>  | <b>126,242,862</b>  | <b>109,096,086</b>  |
| <b>15. INVESTMENT INCOME</b>  |                     |                     |                     |
| <b>Interest income</b>  |                     |                     |                     |
| <b>Investments in financial assets:</b>   |                     |                     |                     |
| Bank and other cash   | 6,436,120           | 6,543,814           | 7,233,468           |
| <b>16. CASH USED IN OPERATIONS</b>  |                     |                     |                     |
| Loss for the year   | (37,691,407)        | (12,552,496)        | (13,328,429)        |
| <b>Adjustments for:</b>   |                     |                     |                     |
| Depreciation and amortisation   | 5,699,252           | 1,745,224           | 1,923,677           |
| (Gains) losses on disposals, scrapings and settlements of assets and liabilities                  | (147,757)           | (13,783)            | 3,924               |
| Losses (gains) on foreign exchange  | 102,415             | 205,567             | (252,805)           |
| Interest income   | (6,436,120)         | (6,543,814)         | (7,233,468)         |
| Finance costs   | 630,298             | -                   | -                   |
| Movements in provisions   | 237,216             | 202,881             | (5,542,505)         |
| Prior year adjustment   | (667,543)           | (10,670,822)        | -                   |
| Other non cash item   | 745,199             | -                   | -                   |
| <b>Changes in working capital:</b>  |                     |                     |                     |
| Trade and other receivables   | (5,480,345)         | 10,495,210          | 3,289,631           |
| Trade and other payables  | 2,325,256           | 2,430,985           | 7,465,833           |
|   | <b>(40,683,536)</b> | <b>(14,701,048)</b> | <b>(13,674,142)</b> |

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|  | 2020<br>N\$ | 2019<br>N\$ | 2018<br>N\$ |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

**17. COMMITMENTS****Authorised capital expenditure**

|  |         |           |           |
|--|---------|-----------|-----------|
| Not yet contracted for and authorised by directors | 235,786 | 8,802,560 | 3,091,461 |
|--|---------|-----------|-----------|

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

**18. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES****Reconciliation of liabilities arising from financing activities-2020**

|  | New leases       | Total<br>non cash<br>movements | Closing<br>balance |
|--|------------------|--------------------------------|--------------------|
| Finance lease liabilities                          | 4,732,950        | 4,732,950                      | 4,732,950          |
|  | <b>4,732,950</b> | <b>4,732,950</b>               | <b>4,732,950</b>   |
| <b>Total liabilities from financing activities</b> | <b>4,732,950</b> | <b>4,732,950</b>               | <b>4,732,950</b>   |

**19. REMUNERATION OF BOARD MEMBERS****Non-executive****2020**

|                            | Members' fees  | Total          |
|----------------------------|----------------|----------------|
| Ms. Frieda Kishi           | 27,950         | 27,950         |
| Ms. Anne-Doris Hans-Kaumbi | 56,346         | 56,346         |
| Ms. Beverley Gawanas-Vugs  | 38,182         | 38,182         |
| Mr. Moses Molatendi Moses  | 33,018         | 33,018         |
| Mr. Mpasi Haingura         | 39,852         | 39,852         |
| Mr. Heinrich M. Gaomab II  | 85,807         | 85,807         |
| Ms. Vivienne E. Katjuongua | 110,640        | 110,640        |
| Ms. Dorethy E. Smit        | 123,100        | 123,100        |
| Mr. Gerhard Coeln          | 110,573        | 110,573        |
| Dr. Tulimevava Mufeti      | 125,132        | 125,132        |
| Mr. Thomas H. Mbome        | 31,338         | 31,338         |
|                            | <b>781,938</b> | <b>781,938</b> |

**2019**

|                            | Members' fees  | Total          |
|----------------------------|----------------|----------------|
| Ms. Frieda Kishi           | 120,812        | 120,812        |
| Ms. Anne-Doris Hans-Kaumbi | 213,584        | 213,584        |
| Ms. Beverley Gawanas-Vugs  | 163,079        | 163,079        |
| Mr. Moses Molatendi Moses  | 128,075        | 128,075        |
| Mr. Mpasi Haingura         | 132,273        | 132,273        |
|                            | <b>757,823</b> | <b>757,823</b> |

**2018**

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

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|  | 2020<br>N\$ | 2019<br>N\$ | 2018<br>N\$  |
|--|-------------|-------------|--|
| <b>20. RELATED PARTIES</b>   |             |             |  |
| Relationships  |             |             |  |
| Line Ministry with significance influence  |             |             | Ministry of Information and Communications Technology (MICT) |
|  |             |             | Telecom Namibia Limited                                      |
| Entities reporting to the MICT   |             |             | Mobile Telecommunications Limited                            |
|  |             |             | Namibia Broadcasting Corporation                             |
| Members of key management  |             |             | J. Traut (Acting Chief Executive 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 & Sector Research)                |
|  |             |             | K. Siken (Head: Corporate Communication)                     |
|  |             |             | T. Davies (Governance Executive)                             |
| <b>Related party balances</b>  |             |             |  |
| <b>Significant amounts included in Trade receivables regarding related parties</b> |             |             |  |
| Telecom Namibia Limited  | 174,613,979 | 129,986,773 | 86,258,063   |
| Mobile Telecommunications Limited  | 136,336,658 | 116,041,507 | 77,027,100   |
| Namibia Broadcasting Corporation   | 2,589,742   | 2,633,407   | 3,541,978  |
| <b>Related party transactions</b>  |             |             |  |
| <b>Significant transactions with related parties included in revenue</b>           |             |             |  |
| Telecom Namibia Limited  | 49,521,513  | 27,488,933  | 47,610,495   |
| Mobile Telecommunications Limited  | 26,182,111  | 51,012,007  | 73,883,100   |
| Namibia Broadcasting Corporation   | 1,409,105   | 1,155,420   | 119,100  |
| <b>Compensation to directors and other key management</b>                          |             |             |  |
| Short-term employee benefits   | 11,536,697  | 10,497,574  | 14,054,843   |

**21. 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.

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**21. CONTINGENCIES (CONTINUED)**

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

- 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

The amendment of Section 23 of the Communications Act 8 of 2009 dealing with the collection of Regulatory levies has been promulgated in the Government Gazette No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees. Given the above approval, CRAN has begun procuring the services of a legal consultant to draft regulations in terms of Section 23(2)(a) as amended, of the Communications Act. Once implemented, the new regulatory levy regime will secure CRAN's future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost.

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.

Unfortunately, MTC did not assent to the proposal of settlement by the Authority and as a result a settlement is being pursued through the court system.

The Authority also approached the Supreme Court to provide clarity on the interpretation of its judgement of 11 June 2018 and to advise for which invoicing periods the judgement is applicable and effective. The Office of the Judiciary informed the parties, however, that the Supreme Court, in exercising its inherent jurisdiction, declined to entertain the application as there is pending litigation matters in the High Court based on invoices issued on outstanding regulatory levies and which could well be subject to an appeal to the Supreme Court. The Authority and MTC have approached the High Court on a pending litigation matter with the view of obtaining an order, in principle, on the interpretation of the Supreme Court judgment which will assist the parties to resolve the current pending litigation matters before court.

Although Telecom Namibia is not a party to the application, the order that will be made by the High Court in this regard will be equally applicable to them.

Unfortunately, no middle-ground was reached and the court proceedings will proceed as requested. The status of the two cases before the Courts will remain as stated below:

- CRAN//MTC matter postponed to 01 July 2020 for a status hearing on CRAN's application for leave to appeal the decision made by the High court in that, the parties had not properly brought a stated case before the court.
- MTC//CRAN no hearing date set as the parties are still discussing the request to disclose information requested by MTC which CRAN feels is a premature request.

**22. GOING CONCERN**

The Authority incurred a net loss of N\$37 691 407 (2019: loss of N\$12 552 496; 2018: loss of N\$13 328 429) for the year ended 31 March 2020 and generated negative cash flow from operating activities amounting to N\$ 32 377 714 (2019: N\$8 157 234; 2018: N\$6 440 674) 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 21 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.



**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****22. GOING CONCERN (CONTINUED)**

The financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that the Authority 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.

On the 11th of June 2018, the Supreme Court ruled as follows:

- Sectional 23 (2) (a) of the Communications Act 8 of 2009 is declared unconstitutional and is hereby struck down;
- Subject to para (c) below, the order of invalidity in paragraph (a) will take effect from the date of this judgement and shall have no retrospective effect in respect of anything done pursuant thereto prior to the said date;
- Telecom shall not be liable to pay any levy imposed covering a period before the coming into force of item 6 of the Regulations Regarding Administrative and License Fees for Service Licenses, published as GN 311 in GG 5037 on 13 September 2012.

Having considered the above, it is Management's view that while the judgement of 11 June 2018 may have casted doubt on the revenue generation abilities of CRAN going forward, Management has taken steps to alleviate this negative impact. In light of the above, Management is of the view that there is no doubt about the company's ability to continue as a going concern due to the following reasons/considerations:

- The amendment of Section 23 of the Communications Act 8 of 2009 dealing with the collection of Regulatory levies has been promulgated in the Government Gazette No. 7274, Notice No. 155, dated 15 July 2020, and it is therefore enforceable. CRAN is authorised in terms of the amendment to prescribe regulations regarding the determination and imposition of the Regulatory levies on licensees.
- CRAN has already drafted and approved the framework for the new levy Regulations in line with the provisions of the Communications Amendment Bill. CRAN is currently in the process of drafting the new regulations in line with the approved framework. This approach is to ensure that once, the Amendment Bill has been signed into law, CRAN will immediately commence with the rule making process of the new levy regulations. Once implemented, the new regulatory levy regime will secure CRAN future sustainability in that CRAN would first determine the cost for regulation and then determine the levy to be imposed to defray that cost.
- In light of the Supreme Court judgement, CRAN is pursuing a legal process against Telecom Namibia Limited, and Mobile Telecommunications Limited for purposes of recovering payment of outstanding levies, interest, penalties and initial invoicing from the numbering plan; CRAN is also having settlement discussions with Telecom Namibia which are at an advanced stage, in respect of the outstanding regulatory levies. We anticipate that these discussions may yield a favorable outcome for CRAN soon.
- In addition, CRAN would raise an N\$3.5 million additional revenue from the spectrum auction, and the spectrum fees revenue will increase by 14.2% per year due to the new regulations that are currently in rule making.
- Finally, on 23 June 2019, Cabinet passed the resolution regarding the transfer of the rest of NCC assets and liabilities, including the bank balance of N\$74 million;
- Subsequent to the passing of that resolution, N\$76 million were transferred from the NCC accounts to CRAN bank account.
- The official confirmation on the respective asset values (Spectrum Monitoring System) and determination of the liabilities (Monitoring sites) are still pending with the Ministry of Information and Communication Technology.

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

|   | 2020<br>N\$       | 2019<br>N\$       | 2018<br>N\$       |
|---|-------------------|-------------------|-------------------|
| <b>23. OTHER FINANCIAL ASSETS</b>   |                   |                   |                   |
| At amortised cost:  |                   |                   |                   |
| Standard Bank Namibia Limited   | -                 | 16,000,000        | -                 |
| The above fixed deposit bears interest at 7.00% and matured on 24 April 2019. |                   |                   |                   |
| First National Bank Namibia Limited   | -                 | 16,000,000        | -                 |
| The above fixed deposit bears interest at 7.90% and matured on 19 July 2019.  |                   |                   |                   |
| Namibia Post Limited  | 29,000,000        | 16,000,000        | -                 |
| The above fixed deposit bears interest at 7.00% and matures on 25 May 2020.   |                   |                   |                   |
| Bank Windhoek Limited   | 25,000,000        | 16,000,000        | 11,175,523        |
| The above fixed deposit bears interest at 7.22% and matures on 25 May 2020.   |                   |                   |                   |
| Nedbank Namibia Limited   | -                 | 16,000,000        | -                 |
| The above fixed deposit bears interest at 7.55% and matured on 24 April 2019. |                   |                   |                   |
|   | <b>54,000,000</b> | <b>80,000,000</b> | <b>11,175,523</b> |

**Split between non-current and current portions**

|                |            |            |            |
|----------------|------------|------------|------------|
| Current assets | 54,000,000 | 80,000,000 | 11,175,523 |
|----------------|------------|------------|------------|

The Authority has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2020 and 2019, as all the financial assets were disposed of at their redemption date.

**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:

**Other financial assets at amortised cost****Credit rating**

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Namibia Post Limited (Savings Bank) (not rated)                 | 29,000,000        | 16,000,000        | -                 |
| Nedbank Namibia Limited (AA Global Credit Ratings)              | -                 | 16,000,000        | -                 |
| Bank Windhoek Limited (A1+ Global Credit Ratings)               | 25,000,000        | 16,000,000        | 11,175,523        |
| First National Bank Namibia Limited (A1+ Global Credit Ratings) | -                 | 16,000,000        | -                 |
| Standard Bank Namibia (AA Global Credit Ratings)                | -                 | 16,000,000        | -                 |
|   | <b>54,000,000</b> | <b>80,000,000</b> | <b>11,175,523</b> |

Although Namibia Post Limited is not rated is has no history of default.

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

|  | 2020<br>N\$ | 2019<br>N\$ | 2018<br>N\$ |
|--|-------------|-------------|-------------|
|--|-------------|-------------|-------------|

**24. 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 The Namibian Communication Commission (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 The Namibian Communication Commission (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 The Namibian Communication Commission (NCC) and approval from Cabinet.

Cabinet approved the transfer of the Namibian Communication Commission (NCC) assets and liabilities, including the bank balance of N\$76 million on the 23rd of July 2019.

The official confirmation on the respective asset values (Spectrum Monitoring System) and determination of the liabilities (Monitoring sites) are still pending with the Ministry of Information and Communication Technology.

|      |             |            |            |
|------|-------------|------------|------------|
| Cash | 113,249,728 | 37,035,281 | 37,035,281 |
|------|-------------|------------|------------|

**25. PRIOR PERIOD ERRORS**

Trade payables were understated due to creditors with debit balances. The debit balances were caused by incorrect processing of transactions in the 2018 and 2019 financial years. This was corrected from 2018.

A cash injection was received as an advance from the Namibian Communication Commission (NCC), predecessor regulator. This was reflected as a non current liability in prior years. Approval was obtained from Cabinet to transfer the assets and the intention changed from a liability to equity. This was corrected from 2018.

Numbering revenue was not accounted for in prior year. This was corrected retrospectively.

The correction of the error(s) results in adjustments as follows:

**Statement of Financial Position**

|                                      |   |              |              |
|--------------------------------------|---|--------------|--------------|
| Increase in trade and other payables | - | 5,924        | 1,676,287    |
| Increase in reserves                 | - | 37,035,281   | 37,035,281   |
| Decrease in deferred capital         | - | (37,035,281) | (37,035,281) |

**Profit or Loss**

|                              |   |            |           |
|------------------------------|---|------------|-----------|
| Increase in expense accounts | - | 41,214,375 | 1,676,287 |
| Increase in revenue          | - | 41,208,451 | -         |

**26. COMPARATIVE FIGURES**

Certain comparative figures have been restated.

The effects of the restatement are as follows:

**Statement of Financial Position**

|                          |   |            |              |
|--------------------------|---|------------|--------------|
| Trade and other payables | - | 1,682,211  | 1,676,287    |
| Reserves                 | - | 37,035,281 | 37,035,281   |
| Deferred capital         | - | 37,035,281 | (37,035,281) |

**Profit or Loss**

|          |   |            |           |
|----------|---|------------|-----------|
| Expenses | - | 41,214,375 | 1,676,287 |
| Revenue  | - | 41,208,451 | -         |

**COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA****ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2020

**DETAILED STATEMENT OF COMPREHENSIVE INCOME**

|   |    | <b>2020</b>          | <b>2019</b>              | <b>2018</b>              |
|---|----|----------------------|--------------------------|--------------------------|
|   |    | <b>N\$</b>           | <b>Restated*<br/>N\$</b> | <b>Restated*<br/>N\$</b> |
| <b>Revenue</b>  |    |                      |                          |                          |
| Rendering of services   |    | 90,970,350           | 106,955,785              | 88,273,108               |
| <b>Other income</b>   |    |                      |                          |                          |
| Other income  |    | 226,078              | 382,551                  | 12,200                   |
| <b>Other operating gains (losses)</b>                             |    |                      |                          |                          |
| Gains (losses) on disposal of assets or settlement of liabilities |    | 147,757              | 13,783                   | (3,924)                  |
| Foreign exchange (losses) gains                                   |    | (102,415)            | (205,567)                | 252,805                  |
|   | 13 | <b>45,342</b>        | <b>(191,784)</b>         | <b>248,881</b>           |
| <b>Expenses (Refer to page 118)</b>                               |    | <b>(134,738,999)</b> | <b>(126,242,862)</b>     | <b>(109,096,086)</b>     |
| <b>Operating loss</b>   | 14 | <b>(43,497,229)</b>  | <b>(19,096,310)</b>      | <b>(20,561,897)</b>      |
| Investment income   | 15 | 6,436,120            | 6,543,814                | 7,233,468                |
| Finance costs   |    | (630,298)            | -                        | -                        |
| <b>Loss for the year</b>  |    | <b>(37,691,407)</b>  | <b>(12,552,496)</b>      | <b>(13,328,429)</b>      |

\*See Note 2 &amp; 25

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



## COMMUNICATIONS REGULATORY AUTHORITY OF NAMIBIA

## ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

## DETAILED STATEMENT OF COMPREHENSIVE INCOME

|                                  | Note(s) | 2020<br>N\$                 | 2019<br>Restated *<br>N\$   | 2018<br>Restated *<br>N\$   |
|----------------------------------|---------|-----------------------------|-----------------------------|-----------------------------|
| <b>Other operating expenses</b>  |         |                             |                             |                             |
| <b>Administrative expenses</b>   |         |                             |                             |                             |
| Auditors remuneration            | 14      | (317,282)                   | (718,498)                   | -                           |
| Amortisation                     |         | (629,382)                   | (608,780)                   | (860,993)                   |
| Computer expenses                |         | (10,973)                    | -                           | (21,152)                    |
| Depreciation                     |         | (5,069,870)                 | (1,136,444)                 | (1,062,684)                 |
| Employee costs                   |         | (42,008,435)                | (33,862,263)                | (25,964,361)                |
| General operating expenditure    |         | (1,492,654)                 | (1,473,270)                 | (1,636,001)                 |
| Lease rentals on operating lease |         | (1,038,444)                 | (4,290,689)                 | (3,888,124)                 |
|                                  |         | <u>(50,567,040)</u>         | <u>(42,089,944)</u>         | <u>(33,433,315)</u>         |
| <b>Other operating expenses</b>  |         |                             |                             |                             |
| Bad debts                        |         | (64,637,493)                | (64,380,890)                | (57,901,621)                |
| Building expenses                |         | (1,428,356)                 | (1,166,986)                 | (1,207,932)                 |
| Business related trips           |         | (2,744,067)                 | (3,752,286)                 | (2,762,394)                 |
| Consulting and professional fees |         | (2,937,649)                 | (1,674,557)                 | (1,443,404)                 |
| Employee wellness                |         | (360,440)                   | (301,448)                   | (218,558)                   |
| ICT communications               |         | (4,185,044)                 | (3,859,235)                 | (3,305,391)                 |
| Legal expenses                   |         | (1,466,263)                 | (2,401,778)                 | (1,585,348)                 |
| Media and communications         |         | (2,538,415)                 | (2,747,902)                 | (2,973,874)                 |
| Membership and license fees      |         | (1,353,427)                 | (1,710,613)                 | (1,113,933)                 |
| Projects                         |         | (1,115,110)                 | (1,478,091)                 | (1,314,925)                 |
| Training and development         |         | (1,273,513)                 | (543,220)                   | (1,724,329)                 |
| Vehicle expenses                 |         | (132,182)                   | (135,912)                   | (111,062)                   |
|                                  |         | <u>(84,171,959)</u>         | <u>(84,152,918)</u>         | <u>(75,662,771)</u>         |
|                                  |         | <b><u>(134,738,999)</u></b> | <b><u>(126,242,862)</u></b> | <b><u>(109,096,086)</u></b> |

\*See Note 2 &amp; 25

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

**ABBREVIATIONS**

|                |  |
|----------------|--|
| <b>AGM</b>     | Annual General Meeting   |
| <b>ATU</b>     | African Telecommunications Union                                 |
| <b>CEO</b>     | Chief Executive Officer  |
| <b>CIRT</b>    | Cyber Incidence Response Team                                    |
| <b>CRAN</b>    | Communications Regulatory Authority of Namibia                   |
| <b>CRASA</b>   | Communications Regulators' Association of Southern Africa        |
| <b>CRTT</b>    | CRASA Roaming Task Team  |
| <b>DTT</b>     | Digital Terrestrial Television                                   |
| <b>ECNS</b>    | Electronic Communications Network Services                       |
| <b>ECS</b>     | Electronic Communications Services                               |
| <b>HPP</b>     | Harambee Prosperity Plan   |
| <b>ICT</b>     | Information and Communications Technology                        |
| <b>ITU</b>     | International Telecommunication Union                            |
| <b>MoGECW</b>  | Ministry of Gender Equality and Child Welfare                    |
| <b>MoPE</b>    | Ministry of Public Enterprises                                   |
| <b>MoU</b>     | Memorandum of Understanding                                      |
| <b>MICT</b>    | Ministry of Information and Communication Technology             |
| <b>MTC</b>     | Mobile Telecommunications Limited                                |
| <b>NCC</b>     | Namibian Competition Commission                                  |
| <b>NSA</b>     | Namibia Statistics Agency  |
| <b>NaCC</b>    | Namibian Competition Commission                                  |
| <b>NAPWU</b>   | <i>Namibia Public Workers Union</i>                              |
| <b>NDP5</b>    | Fifth National Development Plan                                  |
| <b>NIPAM</b>   | Namibia Institute of Public Administration and Management        |
| <b>OaTF</b>    | Ongwediva Annual Trade Fair                                      |
| <b>PKI</b>     | Public Key Infrastructure  |
| <b>PSTN</b>    | Public Switched Telephone Network                                |
| <b>SADC</b>    | Southern African Development Community                           |
| <b>Telecom</b> | Telecom Namibia Limited  |
| <b>UAS</b>     | Universal Access and Services                                    |
| <b>UNESCO</b>  | United Nations Educational, Scientific and Cultural Organisation |
| <b>USF</b>     | Universal Service Fund   |
| <b>WRC-19</b>  | World Radiocommunication Conference 2019                         |


## Notes


[illegible]






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Authority of Namibia (CRAN)