TRR

Telecommunications &
Radiocommunications
Regulator

ANNUAL REPORT 2011

VISION: A COMMUNICATIONS
ENVIRONMENT THAT ENRICHES THE
SOCIAL, CULTURAL, CUSTOMS
AND COMMERCIAL FABRIC
OF VANUATU

TRR
Telecommunications &
Radiocommunications
Regulator

This is the fourth formal Annual Report produced by the Telecommunications and Radiocommunications Regulator (TRR), prepared in accordance with section 11 of the Telecommunications and Radiocommunications Regulation Act 2009 ("the Act"). Section 11 provides that:

11 Annual report

(1) The Regulator must provide to the Minister an annual report including, but not limited to:

(a) a summary of the activities of the Regulator, and

(b) such financial statements and auditor's reports as are required by this Act or other law; and

(c) a list of all entries and deletions to the Register in the preceding year; and

(d) a summary of material litigation involving the Regulator; and

(e) a list of consultants and advisors retained by the Regulator and a description of the matters in relation to which they have consulted or advised.

(2) A contravention of subsection (1) is deemed to be a serious breach of duty by the Regulator.

(3) The annual report provided to the Minister pursuant to subsection (1) must be made available to the public on the website.

CONTENTS

IMAGE BY L BLANC COMMUNICATIONS VANUATU LTD

VISION A COMMUNICATIONS ENVIRONMENT THAT ENRICHES THE
SOCIAL, CULTURAL, CUSTOMS AND COMMERCIAL FABRIC
OF VANUATU

VISION UN ENVIRONNEMENT DE COMMUNICATIONS QUI ENRICHIT
LE TISSU SOCIAL, CULTUREL,
TRADITIONNEL ET COMMERCIAL
DE VANUATU

MISSION To develop a competition led market for the provision of innovative information and communications services, available to all, which: encourages sustainable, economically efficient investment; respects the interests of consumers; fosters ecologically friendly initiatives; and supports the social, cultural, customs and commercial welfare of the Vanuatu. To continue to build as an exemplar regulator within the region through thought leadership and to be the employer of choice by: investing in our people to develop a professional, passionate team; transparency and fairness in operations; and adherence to quality assurance.

VALUES **INSPIRING** Our imagination, clarity of thought and clear leadership stimulates innovative thinking that meets the needs of tomorrow. **COMMITMENT** Our drive and determination to achieve excellence, our discipline in the execution of our duties, our focus on the development of our team, and our sense of responsibility instil passion for the development of Vanuatu. **RESPECT** Our respect for each other is ensured by listening, collaborating and having consideration for each other, the public and licensees we work for, the rule of law, confidentiality, intellectual property, customs, environment, and future generations. **BALANCED** Our evidence based approach to decision making and our adaptability ensure that we remain proportionate, consistent, fair and just. **TRANSPARENCY** Our open and inclusive approach to regulation ensures that we are held responsible and our actions and decisions are understood.

MISSION Développer un marché concurrentiel pour avoir des services d'informations et de communications novateurs, disponibles à tous, services qui : encouragent l'investissement durable, soit efficace économiquement ; respectent les intérêts des consommateurs ; encouragent amicalement les initiatives écologiques ; et soutiennent le bien-être social, culturel, traditionnel et commercial de Vanuatu. Continuer à construire, en tant que régulateur exemplaire dans la région et par un leadership éclairé, et à être l'employeur de choix en : investissant dans notre population pour développer une équipe professionnelle et passionnée ; faisant preuve de transparence et d'équité dans les opérations ; et d'adhésion à l'assurance qualité.

VALEURS **INSPIRATION** Notre imagination, notre clarté de pensée et notre leadership clair stimulent les idées novatrices qui répondent aux besoins de demain. **ENGAGEMENT** Notre motivation et notre détermination pour parvenir à l'excellence, notre discipline dans l'exécution de nos tâches, l'importance que nous rattachons au développement de notre équipe, et notre sens des responsabilités, tout cela instille une passion pour le développement de Vanuatu. **RESPECT** Notre respect mutuel est garanti en collaborant, en restant à l'écoute et en ayant de la considération les uns pour les autres, pour le public et les détenteurs de licence pour lesquels nous travaillons, pour le respect de la loi, la confidentialité, la propriété intellectuelle, les mœurs et traditions, l'environnement, et les générations futures. **EQUILIBRE** Notre adaptabilité et notre prise de décisions basée sur les faits sont la garantie que nous restons cohérents, constants, équitables et justes. **TRANSPARENCE** Notre approche ouverte et inclusive par rapport à la réglementation est la garantie que nous sommes responsables et que nos actions et nos décisions sont comprises.

MESSAGE FROM THE
TELECOMMUNICATION
& RADIOCOMMUNICATION
REGULATOR

ALAN HORNE

It gives me great pleasure to introduce this, the fourth Annual Report of the Office of the Telecommunications and Radiocommunications Regulator (TRR). TRR is pleased to present its Annual Report, prepared in accordance with section 11 of the Telecommunications and Radiocommunications Regulation Act No. 30 of 2009 ("the Act").

In 2011 more of the population gained access to mobile services with new mobile base stations installed in the year by Telecom Vanuatu Limited (TVL) and Digicel in new areas. Some of these have been made possible under the Government's Universal Access Policy (UAP) funded program.

Competition in voice services has hotted up during 2011 with Digicel offering its Digi-fixed services to the commercial sector. Customers in the urban areas of Port-Vila and Luganville now have a choice of provider for their fixed services but also for their internet services. Telsat has made steady progress in offering broadband internet services.

TVL has undergone major restructuring, with Mauritius Telecom buying the shares of Cable and Wireless (C&W) and the company adjusting its staffing levels to take account of new technology and improved efficiencies.

Digicel launched its 3G services, which has brought it into the business of providing internet access. Can'l, an Internet Service Provider (ISP) from New Caledonia begins the year poised to launch voice and internet services in Port Vila in 2012. Other ISP's such as Telsat and SPIM have made steady progress in expanding their internet access services in Vila.

It has been a delight for us to work with the community in Rensarie, East Malekula in setting up the UAP Broadband Internet Pilot that is currently providing internet access to the high school, health centre and the community through the Telecentre. Significant lessons are being learned which will be fed into the plans for sustainable broadband internet access into rural areas in the coming years.

Consumers in urban areas now have the challenge of better understanding the choices provided to them by various service providers which each have very different tariffs and offer different types of facilities.

2011 has seen significant development of the telecommunications regulatory environment both in terms of the capability of the TRR Ni-Vanuatu staff and the regulatory instruments.

The key regulatory instruments developed include:

• National Numbering Plan Guidelines
• Spectrum Planning, Allocation and Assignment Practices
• Draft Reference Interconnection Offer (RIO) with TVL
• Competition Guidelines
• Consumer Protection Guidelines
• Internet Regulatory Practice
• Quality of Service Regulation

The small team of staff within the office of TRR has undergone training in their own areas of expertise, reflecting the subjects covered by the regulatory instruments developed. In addition training has been undertaken with all staff in core skills in such areas as:

• Microsoft Office
• Time Management
• Delegation
• Public Speaking
• Project management
• Team working
• Leadership coaching

Lower priced international connectivity via submarine cable is of critical importance to the future economic growth of Vanuatu. A number of interested parties have made advances in 2011 towards bringing submarine cable to Vanuatu and TRR will give all the support it can to realising this important service.

Our thanks go to the World Bank and AusAid for their ongoing financial support of TRR and the government in supporting capacity building in the telecommunications regulatory areas. TRR has continued to be the implementing agency for the World Bank-funded project providing technical assistance to the Telecommunication & ICT sector.

The investment and drive of the licensees in implementing the vision of the Government, coupled with the financial support of such institutions as the World Bank and AusAid, has resulted in Vanuatu advancing considerably in the provision of competitive services throughout the country to the benefit of the cultural, economic and social fabric of the nation.

I would like to take this opportunity to thank the TRR team and Staff of the Ministries closely involved with TRR, who have demonstrated a keen sense of national pride in working hard to serve the people of Vanuatu. I would also like to thank the Ministry of Infrastructure and Public Utilities (MIPU) and the Office of the Government Chief Information Officer (GCIO) for the support made to the Office of TRR during the year 2011.

In November the Council of Minister's passed a Decision establishing the Office of the Government Chief Information Offices within the Office of the Honourable Prime Minister. This watershed Decision also resulted in the PM leading important Information and Communications Technology Sector and in turn becoming the Minister responsible for Telecommunications as defined in the Act.

The year 2011 was a year in which we built the foundations of a sustainable competitive environment. A year in which the ni Vanuatu team within TRR developed and refined their regulatory skills. The year 2012 is one in which we will focus on the consumer and their ability to achieve the best from service providers and their telecommunications services, in particular the internet.

MEDIA INTERVIEW
WITH THE REGULATOR

VANUATU &
TELECOMMUNICATIONS
HISTORY

The Republic of Vanuatu is an island nation located in the South Pacific Ocean. The archipelago is located some 1,750 km east of Australia, 500 km north-east of New Caledonia, west of Fiji and south of the Solomon Islands. It was named New Hebrides during its colonial period.

Vanuatu has 63 inhabited islands, an aggregate land area of 12,200 square kilometres and a total population of 235,000 (2009 census). Most of the islands are mountainous and of volcanic origin, and have a tropical or sub-tropical climate.

Vanuatu is only 2.5 hours flying time north east of Brisbane and 3.5 hours from Sydney, Australia.

Many of the islands of Vanuatu have been inhabited for thousands of years, with the oldest archaeological evidence found dating to 2000 BC. The predominant race in Vanuatu are Melanesians. In 1605, the Portuguese explorer Pedro Fernández de Quirós became the first European to reach the islands, believing it to be part of Terra Australis. Some Europeans began to settle in the islands in the late 18th century, after British explorer James Cook visited the islands on his second voyage, and gave them the English name New Hebrides.

In 1887, the islands began to be administered by a French-British naval commission. In 1906, the French and British agreed to an Anglo-French Condominium on the New Hebrides. During World War II, the islands of Efate and Espiritu Santo were used as allied bases by the US military.

Independence was achieved on July 30, 1980 resulting in an independent parliamentary democracy, for which general elections are held every 4 years.

Tourism is one of the major industries in Vanuatu with more than 240,000 visitors annually.

Privately owned Telecommunication services were introduced into Vanuatu from early 1978. The company which is now Telecom Vanuatu Limited (TVL) was the only service provider of telecommunications services until the market was liberalized in 2008.

On 20 November 1992, the Minister for Telecommunications, on behalf of the Government, entered into the Franchise Agreement with TVL. The Franchise Agreement provided for the grant to TVL of the sole rights for the twenty year term to provide, operate and develop the "Public Telecommunication System" of Vanuatu and further to be the exclusive provider of "Public Telecommunications Services" in Vanuatu. TVL then ventured into new technology at that time, including the analogue telecommunications services and internet.

The major turning point in the telecommunications sector occurred in 2007 when the government, under a settlement agreement, exchanged its 33.3% shares in the incumbent operator, TVL for ending the monopoly. The government now has no commercial investment in any telecommunications company.

In order to create a regulatory framework for Vanuatu, the Government repealed some of the Sections and Parts of the Telecommunications Act (1989) and passed the Telecommunications and Radiocommunications Regulation Act No. 30 of 2009 ("the Act") in 2009. The Act established the Telecommunications and Radiocommunications Regulator (Regulator). The Regulator is responsible to enforce and give effect to the Act, by making regulatory decisions and advising the Minister as to policy matters. The Regulator is also empowered under the Act to issue telecommunications and Radiocommunications licences and make regulations on a broad range of matters.

Reliable telecommunication services are an essential tool to support the private sector and the government's economic and social policies. The tourism industry in particular relies upon high speed internet access in order to be competitive with other regional destinations.

NOVEMBER 07
CoM approves new Telecommunications Policy

DECEMBER 07
Telecom Act amended

19 DECEMBER 07
Settlement Agreement

28 FEBRUARY 08
Regulator appointed and delegation

10 MARCH 08
Settlement Day

11/14 MARCH 08
TVL & Digicel licences

13 MARCH 08
Interconnect Agreement

25 JUNE 08
Digicel Launch (duopoly until March 2011)

11 MARCH 09
CoM approves open licensing policy

2009
More telecom licences (not mobile telephone)

2009
New Telecom Act

SEPTEMBER 10
TVL receive VT 80 M for uneconomic customers

SEPTEMBER 10
TVL awarded UAP 10 sites

NOVEMBER 2011
TRR launches the UAP Broadband Pilot project in Malekula

NOVEMBER 2011
transferred to the Office of the Prime Minister

DECEMBER 2011
Digicel launches 3G mobile data services

THE MAJOR TURNING POINT IN THE TELECOMMUNICATIONS SECTOR OCCURRED IN 2007
WHEN THE GOVERNMENT EXCHANGED ITS 33.3% SHARES IN TVL FOR ENDING THE MONOPOLY

IMAGE BY L BLANC COMMUNICATIONS VANUATU LTD

TELECOMMUNICATIONS
COMPETITION

FRED SAMUEL & DALSIE BANIALA ON TALKBACK RADIO DISCUSSING TELECOMMUNICATIONS DEVELOPMENTS WITH THE NATION

As the telecommunications market matures, the service providers are focused on launching new services and strengthening their market propositions. There are currently five (5) primary service providers in Vanuatu delivering fixed, mobile and internet services.

With the publication in 2011 of the Consumer Protection and Competition Guidelines TRR is further supporting fair, competitive behaviour in the industry.

Mobile penetration has increased from 69% to 80% since 2007. Latest 2009 census indicates 76% of households have a mobile phone.

Currently Vanuatu is connected to the rest of the world via satellite services. This is a major factor in the pricing of telecom services. The Vanuatu Government and TRR support the construction of a submarine cable to provide an alternate, lower cost route, however as at the end of 2011 the private sector had not managed to raise the necessary funds to commit to the laying of the cable.

- ICT revolution expected to contribute strongly to GDP growth in coming years
- Telecommunications reform creating catalyst for further private sector investment. For example, proposed submarine cable expected to dramatically improve internet connectivity and contribute to economic growth and tourism in the years ahead.

SUCCESS FACTORS FOR SUSTAINABLE COMPETITION IN TELECOMMUNICATIONS
1. Clear Government Polices which set high level goals for the sector;
2. Well written Law(s) that are technology neutral;
3. Clear separation of Policy, Regulation and Operation to avoid conflicts of interest;
4. Operators competing fairly but enthusiastically, that work within their License conditions and the Laws;
5. Government Ministers with a good understanding of the sector and who support compliance of the Laws and Institutions;
6. Financial incentives to encourage private sector investment which are stable, following correct consultation and investment planning cycles when change is proposed;
7. An independent entity regulating the sector with stable funding and completive employment terms and remuneration;
8. Capable staff within the regulator who are knowledgeable about the Big Picture, adaptable and effective programme and project managers;
9. A Regulator with effective processes and procedures to manage the tendering for expert support. The type of support changes as the market develops.
10. An incumbent who is allowed to operate in a free market and not constrained by historic practice often established by Civil Servant Practices ;

TELECOM LICENCE REVENUE

GDP PER CAPITA
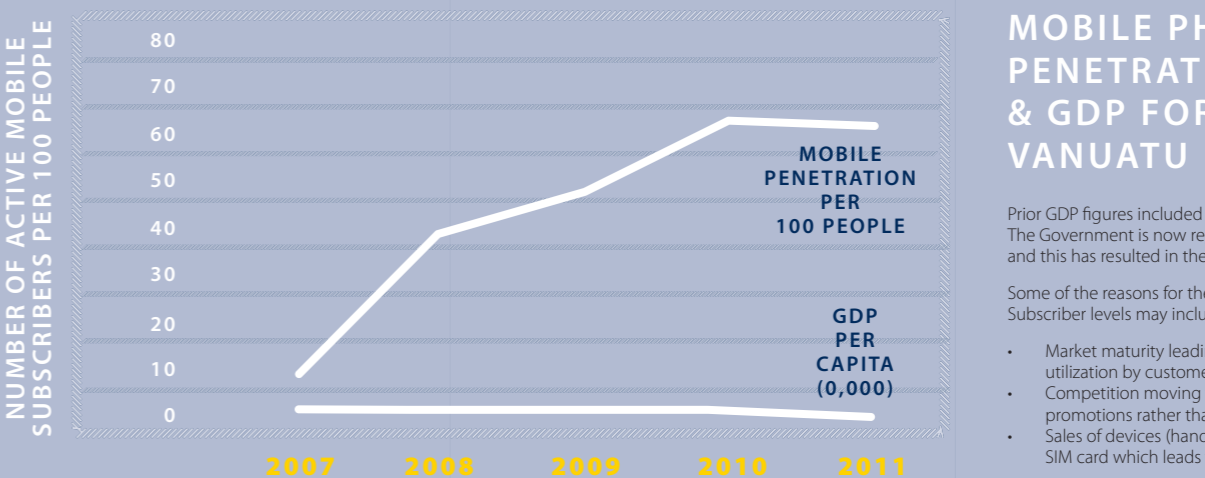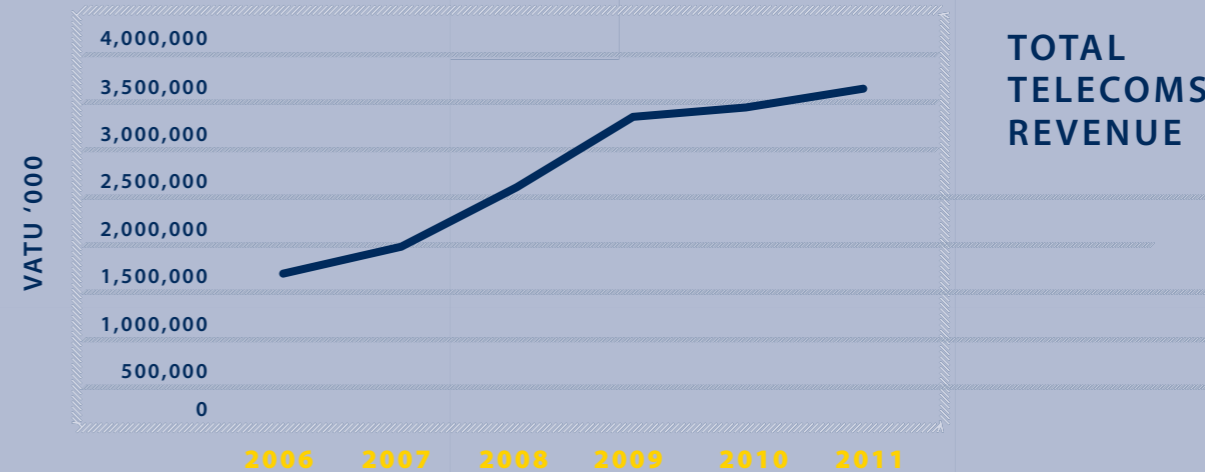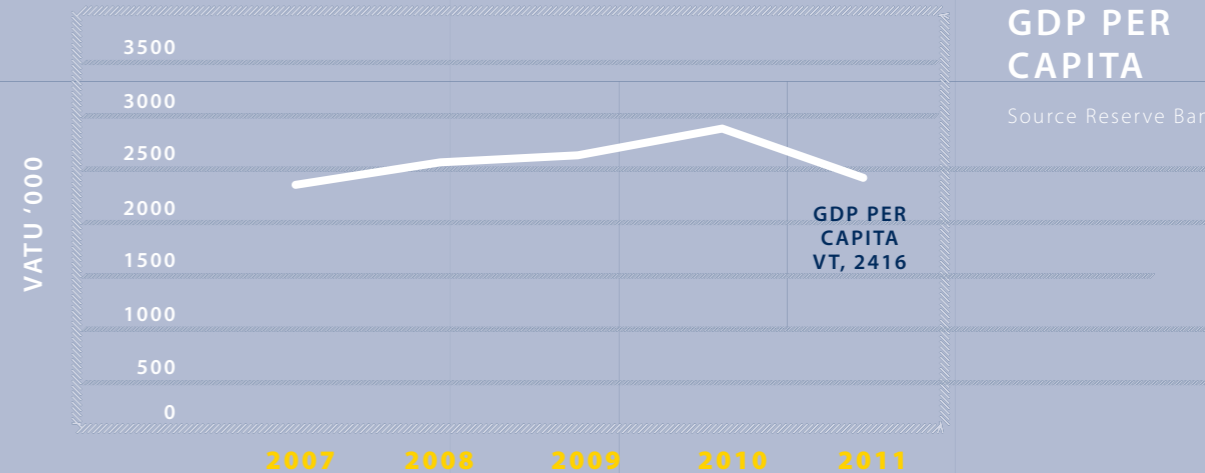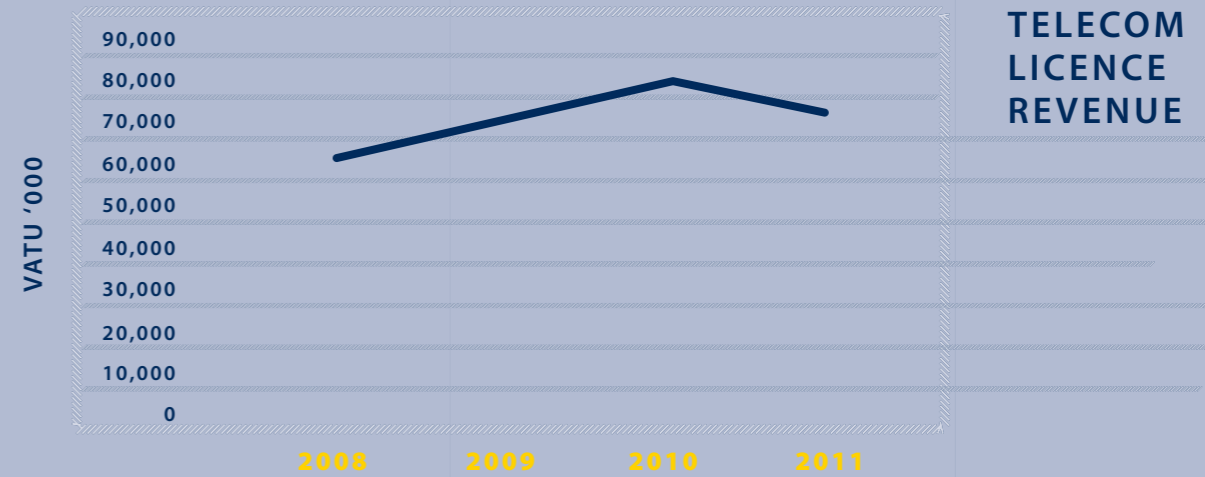
Source Reserve Bank of Vanuatu

GDP PER CAPITA VT, 2416

TOTAL TELECOMS REVENUE

MOBILE PHONE PENETRATION & GDP FOR VANUATU

Prior GDP figures included AID monies. The Government is now reporting GDP excluding AID and this has resulted in the fall in GDP shown above.

Some of the reasons for the decrease in Mobile Subscriber levels may include:

- Market maturity leading to less dual sim utilization by customers
- Competition moving to usage based promotions rather than SIM based
- Sales of devices (handsets) excluding new SIM card which leads to less SIM based churn

MOBILE PENETRATION PER 100 PEOPLE

GDP PER CAPITA (0,000)

THE TELECOMMUNICATION
& RADIOCOMMUNICATIONS
REGULATOR

ALAN HORNE
& DG PMO
SIMEON ATHY

TRR was established under the Act as a separate and independent regulatory body to regulate the telecommunications sector of Vanuatu. Its overall responsibility is to safe-guard the consumers and to ensure to achieve the objectives of the Act, which are to facilitate the development of the telecoms sector and manage radio-frequency spectrum in order to promote national social and economic development.

12

TRR issues licences authorising:

• Service providers to provide telecoms services to end users in Vanuatu;
• A person to operate a radiocommunications device;
• A service provider to use spectrum.

TRR oversees the compliance of service providers with their obligations as set out in their licence, in particular concerning consumer related matters associated with, among other things fair dealing practices of charging, invoicing, false and misleading claims, confidentiality of customer information, customer complaints, terms and quality of service.

VANUATU HAS SET AN EXCELLENT EXAMPLE IN THE REGION BY THE ESTABLISHMENT OF THE INDEPENDENT REGULATOR

The Regulator at all times must act independently and impartially in performing the responsibilities, functions, duties and powers as set out in the Act and other laws of Vanuatu. All staff in the Office of TRR are Vanuatu nationals, other than the Regulator, and all have signed contracts agreeing to be independent from political activities and influences.

Vanuatu has set an excellent example in the region by the establishment of the independent regulator and the opening up of the market. The next stage of development is to achieve a rapid roll-out of fast internet access at lower prices to be accessible to every citizen throughout Vanuatu. To achieve this the private sector, which has already invested in the expansion of the mobile services, will be required to show its confidence by now investing in internet services supported by a new submarine cable. TRR and the government are investing significant effort in launching a new Universal Access Program focusing on providing broadband services to high schools, health facilities and communities in the unserved (rural) areas.

TRAINING & CAPACITY BUILDING

2011 has been a year of significant investment in the skills and knowledge of the TRR staff. A comprehensive training program, including specialist area training and overseas work placements for the staff, has strengthened the office's ability to deliver the vital regulatory instruments.

13
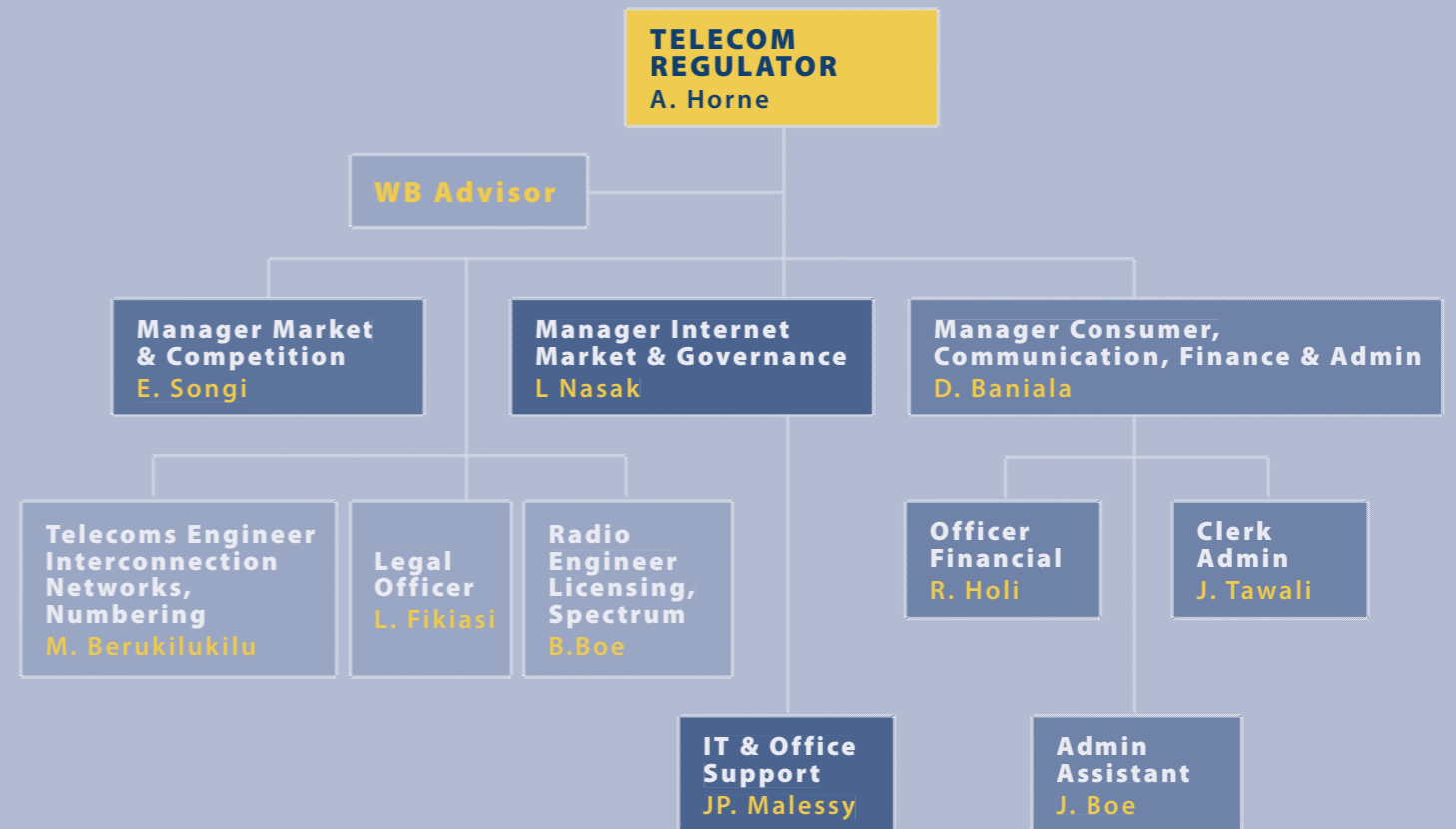
TRR thanks the World Bank, the International Telecommunications Union (ITU) and Asia Pacific Telecommunity (APT) and Internet Governance Forum (IGF) for the financial support as well as training programmes to support the capacity building training for our team.

DONOR FUNDING & SUPPORT

The Government of Vanuatu received a grant (the Grant) in 2009 from the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA), collectively known as the World Bank. The grant funds were provided by Australia, acting through the Australian Agency for International Development (AusAID), under the Pacific Region Infrastructure Facility.

This grant, to the total value of USD $2,8m, funds a defined project with the objective of facilitating the transfer of legal, regulatory and technical expertise to support the establishment of fully-functional oversight institutions for telecommunications and ICT in Vanuatu.

In April of 2010 the first grant disbursement was issued and the project began operations.

On the 7th of March 2011 the government signed a subsidiary agreement with the Telecommunications and Radiocommunications Regulator (TRR) recognizing TRR as the implementing agency for the grant. As such TRR is fulfilling the operational and financial management of the Grant funds and reporting.

The majority of the grant funds have been committed and the intention is to seek an extension to this grant in early 2012.

THE WORK PLAN

TRR has published a 3 year work plan that contains approximately 50 work items for delivery in the next 3 years. This plan drives the project work that the team undertakes and is regularly updated on www.trr.vu.

THE TELECOMMUNICATION
& RADIOCOMMUNICATIONS
REGULATOR
STAFF

ALAN HORNE

is originally from Britain and before becoming the Telecommunications and Radiocommunications Regulator in Vanuatu, he completed a three year term as Director General of the Telecommunications Regulatory Authority (TRA) in Bahrain.

Under his leadership, TRA Bahrain was named Regulator of the Year in their 25- member nations region.

Formerly Alan owned a UK-based European telecommunications consulting business and has acted as a senior adviser to ministers, regulators and boards of companies throughout Europe, the Middle East and Africa.

He has a first class honours degree in electrical and electronic engineering from Salford University and a masters in telecommunications from Essex University.

DALSIE BANIALA

is originally from Maewo Island (Water King Island) and she is the manager consumer affairs, communications, finance and administration.

Her educational background includes an MBA in progress, post graduate in financial management, an advanced diploma in Internet governance, a BA in management and psychology and a diploma in finance and administration.

Dalsie's multi- faceted role at TRR includes developing the Consumer Awareness Campaign Plan, establishing a Consumer and Business Advisory and a Consumer Individual Advisor Group and reviewing the standard terms and conditions of Services provided by the Operators.

EPHRAIM E SONGI

is originally from North Efate and he is the market and competition manager. His background is extensively in finance and telecommunications and he previously worked with Digicel for four years before joining TRR.

Ephraim's important role with TRR is oversee the telecom market and ensure that competition between the various companies is sustained in the long term.

LLOYD FIKIASI

is originally from the Malita/ Renbel region of the Solomon Islands. He met and married a Ni Vanuatu girl while studying law at USP. He is TRR's regulatory legal officer, having joined in 2010 after a time in private law in Port Vila.

He deals with all in-house legal matters mainly involving contractual and regulatory work for TRR.

LOUISE NASAK

is originally from Papua New Guinea, now a Vanuatu citizen, is married to a man Tanna, and juggles her important managerial role with being a mother of seven.

She is a recent addition to TRR and is the Manager of Internet Market and Governance. She has the overall responsibility to develop the regulations and procedures with the domain name, implement the internet regulatory policy and basically support the whole internet role for all telecom companies.

Louise has a Masters degree in Business Information and a Bachelor of Commercial Computing from PNG, as well as a Diploma as a microcomputer engineer.

She was formerly the Reserve Bank's information and communication technology manager.

MARIANNE BERUKILUKILU

is from Ambae and joined TRR in November 2009 as a telecom engineer.

Her areas of responsibility include the inter-connection (between calls from Digicel phones to TVL ones and vice versa), numbering and universal access.

Marianne has also played an important role in special projects like the telecentre at Rensarie, Malekula.

She has a Bachelor of Engineering from the Auckland University of Technology and a French degree in Electronics and Science from Bordeaux, France.

She was formerly VBTC's Technical Director of Radio.

BARNABAS BOE

is from Ambae and is a radio specialist/engineer responsible for the growing radio spectrum which includes more than 100 radio licenses. Every ship and plane that passes over or near Vanuatu requires a radio license to be able to operate.

He has been with TRR since 2010 and has a diploma in engineering.

JACOB TAWALI

is from Ambrym and is TRR's clerk/administrator, looking after a range of office management duties, including meeting organisation, building administration and most clerical duties.

He was one of TRR's original employees, joining in 2008, after 23 years with TVL, most recently as their radio licensing officer.

REGINALD HOLI

is from Paama. He is TRR's Financial Officer and joined the group in February, 2011.

His role is simply as you would expect and he looks after all financial matters.

He formerly held similar positions in the tourism industry.

JEAN PAUL MALESSY

is from Malekula and is the IT and office support operator.

He deals with all of TRR's IT problems as well as web design and web updates in what is becoming a growing role.

JP has an extensive background in IT and that is being enhanced by a number of courses that he has attended as part of his TRR training.

JOYLYN BOE

is from Ambae and she is the receptionist & administrative assistant.

She deals with all queries and incoming calls at TRR as well as all the postage and incoming and outgoing mail and has become an integral member of the team.

Group and reviewing the standard terms and conditions of Services provided by the Operators.

TEAMING WITH
THE VANUATU
GOVERNMENT

JACOB FROM TRR
HANDING OVER
DONATED FAX
MACHINE TO MELE
MEDICAL CLINIC

111   **POLICE**
112   **HOSPITAL**
113   **FIRE**
114   **MARITIME**
115   **PROMEDICAL**

MINISTRY RESPONSIBLE FOR TELECOMMUNICATIONS

Through to mid November 2012 the Minister responsible for Telecommunications was the Minister for Infrastructure and Public Utilities (MIPU). Standard protocol is that TRR work with the Director General (DG) of the Ministry concerned to prepare papers and policies for the Minister's review.

During the year MIPU had five changes of DG. At the outset of the year TRR under the DG commenced and developed draft Policies to address the implementation of the government's Universal Services Policy and the National Information and Communications Technology (ICT) Services Policy. These policies are under review by the Minister which after review and approval will go to the Council of Ministers for final Decision.

MINISTRY OF FINANCE - OFFICE OF THE CHIEF INFORMATION OFFICER (CIO)

As one of the grant activities of TRR we assisted the Ministry of Finance in the recruitment of a specialist eGovernment adviser. This advisor is contracted to the government with the objective of producing an audit of the application requirements for the new government network.

Detailed interviews have been conducted to obtain user requirements for eGov applications. This work is taking place with the close co-operation and assistance of the government's IT staff. Priority eGovernment applications requirements have been documented and a high-level activity portfolio prioritisation framework has been developed. Further work in this area will continue into 2012 and thereafter.

NATIONAL EMERGENCY RESPONSE GROUP

TRR hosted multiple meetings with all relevant Government and industry leaders involved in emergency services. As a result the committee, led by the Director General of the Ministry of Internal Affairs (DG MIA) confirmed the intent to create a centralised National Emergency Operation Centre, and agreed on terms of reference for the National Emergency Response Service Coordinating Group (NERG).

AS AN INTERIM ARRANGEMENT AND IN
SUPPORT OF THIS INITIATIVE,
TRR INTRODUCED
NEW SHORT CODES

TRR donated equipment to Vila Hospital and arranged for training by Pro Medical in answering emergency calls and dispatching ambulances.

TRR also coordinated activities between Vanuatu Meteorology and Geo-Hazards Department, TVL & Digicel to ensure procedures are in place to distribute vital information on cyclone, tsunami and volcanic activity.

In addition TRR developed a tender for a Global Marine Distress system in order that Vanuatu meets its international obligations.

The DG MIA intends to request support from the Australian Federal Police project for funding for a program manager to progress necessary work on this project.

TRR will continue to support appropriate initiatives in the ICT and Telecommunications sectors in support of Government Initiatives and Policies.

INTERNATIONAL COOPERATION

TRR also met with a candidate and representative of the Secretary General of Asia-Pacific Telecommunity (APT) during the year and lobbied for greater and more convenient support for Vanuatu initiatives.

KEY TRR
MARKET
ACTIVITIES

2010 CYBER LEGISLATION
WORKSHOP HELD
IN PORT VILA

CYBER LEGISLATION
WORKSHOP
PARTICIPANTS

TRR'S ROLE IN THE SECTOR INCLUDES
THE ESTABLISHMENT OF GUIDES AND REGULATIONS
AS WELL AS RESPONDING TO QUERIES
AND REQUESTS FOR INVESTIGATION OR RULINGS

As such the work of TRR is both forward looking (preparing guidelines and regulations) and reactive (responding to requests from customers or operators).

With regards to instruments that will assist the industry, TRR has drafted, consulted, delivered and published the following on www.trr.vu in 2011:

a.   Competition guidelines;
b.   Consumer protection guidelines;
c.   Consumer complaints procedures;
d.   TRR consultation guideline;
e.   Internet Regulatory Practice;
f.   Mast Sharing Services – Service Description;
g.   Draft regulation on restriction on import sales and use of device (type approval) and assignment practices National Spectrum Allocation Planning.

In addition the following have been prepared in 2011 and will be completed/published in early 2012:

a.   The Reference Interconnection Offer (RIO) for TVL have had two consultations completed. TRR will release its final decision regarding this document in early 2012.
b.   The National Numbering Plan and Procedures
c.   TRR Quality of Service Regulation
d.   Radio Licence and Spectrum Licence Fees Regulation

In responding to industry concerns TRR has been involved in the following areas in 2011:

REVISION OF INTERCONNECTION RATES:

With the assistance of international specialists in this field, TRR has worked with TVL to develop a Reference Interconnection Offer (RIO).

TRR also audited a TVL cost model which indicated that the Mobile Termination Rate (MTR) reduces from 9.9 vatu per minute to 5.1 vatu per minute. Digicel instigated legal review against TRR regarding TRR's management of this matter.

This matter is now before the Court for judicial review.

INTERCONNECTION BETWEEN TVL AND CAN'L

TRR issued an order to interconnect (Order 1 2010), which resulted in Can'l starting operations with trial customers, and issued a draft order to TVL setting financial terms of Can'l interconnection.

REVIEWING THE DECISION ON MARKET DOMINANCE

At the request of Digicel TRR commenced the market review of the 18th June 2009 Decision on Dominance in the market for retail mobile services and the wholesale market for terminating calls on Digicel's network. In order to complete this review data was requested from Licensees. As at the end of 2012 the analysis had not been completed. It is expected to be completed in the first half of 2012 subject to data being received by TRR.

TRR is receiving a growing number of **CONSUMER COMPLAINTS** concerning network coverage and consumer promotions. TRR has prepared a consumer complaints process and placed it on its web site as well a consulting on the Consumer Protection Guidelines.

Competition Guidelines have been consulted and are finalized on the TRR web site. TRR is also in the process of appointing consumer representatives.

SPECIALIST
LEGAL & ECONOMIC
FIRM

UNIVERSAL
ACCESS
POLICY

BRUNO VIANI OF
NATHAN ASSOCIATES
TEACHING TRR COURSE
ON MARKET &
COMPETITION

UNIVERSAL SERVICE PILOT
BIDDERS MEETING

The World Bank has funded a Legal and Economic Firm for the assistance of TRR. Focus has been on managing the procurement in line with the Vanuatu Government Tenders Board and the World Bank guidelines which in this case involve a Quality and Cost Based Selection (QCBS). This procurement resulted in Nathan Associates Inc being awarded a 2 year contract for legal and economic support for TRR.

Nathan Associates Inc has worked on a number of key projects during the year, supporting TRR with:

1. Competition Guidelines;
2. National Numbering Plan and Procedures;
3. Anti-competitive claims;
4. Competition & Market Dominance Review, and
5. A review of the Act.

Nathan's have also conducted a number of training sessions for staff of both TRR and the industry.

TRR TEAM WITH
CONSULTANTS FROM
NATHAN ASSOCIATES
& ALAN SHORT
(COST MODELLING)

According to sections 18 and 19 of the Act, it addresses a number of important top level policies. These include:

a. The Minister must established a UAP Fund;
b. TRR must administer the fund as trustee;
c. UAP Fund to be used for two areas:

   (i) To compensate TVL loss making lines; and
   (ii) To subsidise service providers.

d. Any person can contribute to the UAP Fund, including donors;
e. Service provider is liable to pay annual levy to the UAP Fund; and
f. The Regulator will estimate the levy on service providers but not greater than 4% of service providers' net revenue.

As required by the Act, a UAP Fund has been established, in which AusAID has been instrumental in contributing to this fund, although funding has been on hold pending the Government's completion of the UAP.

AusAid made available a donation to the UAP Fund totalling AUD 3.05 Million as set out in Arrangement Document between the GOA and the GOV (Arrangement 45654) dated 21st May 2008 and the Amendment No 1 dated 10th June 2009 and further extended in Amendment 2 dated 22nd Sept 2011.

These funds are ring fenced for expenditure on a) subsidies to licensed operators which are awarded UAP Access Obligations (b) subsidies which have been awarded competitively, consistent the operating procedures of the UAP Fund and the provision of Vanuatu's Contracts and Tenders Act, as confirmed in writing by TRR.

The use of the AusAid donation is conditional on there being i) A UAP in accordance with Section 17 ii) The GOV contributes to the UAP Fund in accordance with Section 19.

Pursuant to Section 17(1) of the Act, the Act requires that the Minister responsible for telecommunications must develop a policy for improving access to telecommunications services for locations which are not or not adequately served by existing services.

The Policy must be approved by the Council of Ministers (COM). The Act also requires that the Minister must consult with the Regulator, and hold consultation with interested parties when developing the UAP.

During 2011, TRR commenced work on supporting the DG at the time in the development of the policy. This support work culminated in a draft UAP being submitted to the Minister. It is expect that the full UAP will be passed in the first half of 2012.

The UAP fund has so far been used in support of three areas:

1. EXPANSION OF MOBILE SERVICE

In August 2010 the Government agreed to the extension of the mobile telephone service in areas where TVL and Digicel have indicated that they do not intend to provide services on a normal commercial basis. The government decided that mobile service should be provided in ten remote locations: Aneityum, Futuna, Gaua, North Maewo, Pentecost East, Santo North West, Vanua Lava, East Erromango, South East Tanna and the Torres Group. The Regulator, through the competitive tendering process, awarded the first UAP funded contract to TVL to provide mobile services in these areas.

2. COMPENSATION OF TVL

Under the Settlement Agreement signed in 2007 between the Government, C&W and TVL shareholders, TVL was able to make a claim each year up to the end of 2012 against the Universal Access Policy Fund for the losses it incurs in providing fixed-line services to the remote areas.

RENSARI TRR PILOT TELECENTRE BUILDING

In September 2010, TVL and the Government entered into a Deed of Settlement and TVL was awarded from the UAP Fund 80 million Vatu in full and final settlement to cover TVL's loss making customers. This arrangement finalises the Settlement Agreement. It does not reduce or limit TVL's obligation to maintain those loss-making lines currently provided by TVL until alternative reliable voice telecommunication services are available to the respective customers or until expiration of the Settlement Agreement, unless relieved of such obligation by the Regulator. This arrangement relates to about 1200 of TVL's fixed line customers in remote locations that receive telephone service via rural radio systems. Largely the voice services being provided by these loss making fixed lines is now being provided by mobile voice communications.

The Council of Ministers approved the TVL settlement payment, as required by the Public Finance and Economic Management Act and associated regulations. The money used was placed in the UAP fund by the Regulator, those funds having been received from licence fees paid by Telecom operators including TVL.

3. THE UAP BROADBAND PILOT PROJECT

In November 2010 GOV requested TRR to use the UAP Fund for the provision of Broadband Internet at four Broadband Pilot Sites (two high schools and two health centres at Rensarie (Malekula), Melsisi (Penticost), Nebul (North Ambrym) and South West Bay (Malekula)).

In line with the UA Operational Procedures and Annex 1 of the Arrangement 45654 TRR developed a Tender Document and Procedures which was approved by the SLO and Tender Board.

TRR developed the Specification to include a Telecentre which could, if required, act as the hub to provide services to the surrounding schools and Health Centre. The four sites have been viewed as Pilot sites to assist GOV better understand the costs and criteria required to prepare a full investment plan in order to achieve the Policy "ICT for All" as it put in the National ICT Services Policy.

The Tender was awarded in August 2011 with the first area being Rensarie followed by Melsisi, Nebul and lastly South West Bay. An AusAid representative was a member of the Selection Committee. The Pilot trials will each run for 12 months after which it is expected that they will continue on a pure commercial basis.

SINGING OF THE UAP BROADBAND PILOT CONTRACTS

In November 2011 the Minister submitted a paper to the Council of Ministers which gave formality to the four Broadband Pilot sites.

The pilots focus on providing internet access to a high school a Health Centre and the surrounding communities and aims to establish a commercially viable Telecentre or Internet Access. The provision of services and materials for this pilot project went through a competitive tender process and awarded to INCITE, a local IT company and Telecom Licensee based in Port-Vila.

In late 2011 INCITE provided access and delivered a broadband internet connection to Rensarie Junior Secondary School in south east Malekula and fully functional 'telecentre' that provides internet access to the community in Rensarie. This telecentre provides:

- Free Basic computer skills and Internet related trainings
- Public internet access on 3 computers available at commercial rates
- Wireless internet access through Wi-Fi
- Photocopying services
- Fax, printing and scanning services
- Digital Camera for hire
- Large screen for movies
- Television screen and DVD facilities for hire

TRR had intended to continue with three other pilot projects in other islands, however funding for these is not yet confirmed and will be required before further pilot projects are launched.

The results of the pilots will be used to drive further UAP funded Broadband Internet Access planning, particularly in establishing the locations for future internet access and the sustainability of providing internet to High Schools and Heath Centres.

TRR STAFF
WORK
PLACEMENTS

BARNABAS BOE

Barnabas is employed at TRR as a Radio Engineer. He has about 30 years' experience in the telecommunications sector. He was previously with TVL in Port Vila and has been on many courses overseas. Here he reports on his recent work placement experience with the Australian Regulatory Authority sponsored by TRR.

LLOYD FIKIASI

Lloyd is the TRR Regulatory legal officer. He has a Degree from The University of the South Pacific (USP) and a post graduate PDLP from USP Fiji. Prior to joining TRR Lloyd worked for Pacific Lawyers. Here he reports on his attachment experience in 2011 in New Zealand, sponsored by TRR.

In August 2011, I was fortunate to be attached to the Commerce Commission in Wellington, New Zealand.

" I was fortunate to be accepted for a two-week attachment with the Australian Communications and Media Authority (ACMA) in Canberra, Australia, from October 31 to November 11, 2011 under a Professional Development Work Placement Program between TRR and the Australian Communications and Media Authority (ACMA).

I was attached to the Spectrum Infrastructure branch of ACMA, the section dealing with the management of the radio spectrum, radiations and exposure. During my attachment I was given access to ACMA's wealth of documentation and material on the Intranet and also had the opportunity to meet and talk to experts in specialized areas of spectrum management.

Some of the specialised areas that I was able to improve my understanding of included:

FREQUENCY ASSIGNMENT AND LICENSING
SPECTRUM MONITORING AND COMPLIANCE
SPECTRUM PRICING
RADIATION STANDARDS COVERING

I found that this short secondment has assisted me in my work with TRR. I now understand more about the licensing activities than I did before the visit to acma which gives me greater confidence in carrying out an effective role in TRR Vanuatu.

I am grateful to TRR for this opportunity; it was time well spent and I'm already putting the knowledge gained to good use. **"**

" In the time spent with the Commission, I was able to learn about regulatory issues experienced in New Zealand.

I learned about the general commerce practices in New Zealand, particularly with regard to telecommunications, airports and electricity. I also learned about the relationship between the Government (Ministry of Economic Development) and the Commission. I was briefed on how policy is formulated, consulted upon and implemented. Both institutions worked together in terms of formulation and implementation of policies.

In the regulatory legal division, I learned about information disclosure, misleading concepts and monitoring reports, including enforcement of undertakings signed by stakeholders.

I was also involved with the New Zealand project of broadband quality, especially with regard to the terms and conditions and quality standards that the Commission regulates.

MY ATTACHMENT ASSISTED ME TO
BETTER UNDERSTAND A NUMBER OF CONCEPTS
IN A MORE DEVELOPED MARKET

This helped to build my understanding especially in the legal regulatory and competition side of telecommunications.

As TRR's Regulatory legal officer, I found this training very valuable in enhancing my capacity and skills in the telecom sector. I was grateful for the opportunity given to me by TRR and the World Bank to undertake such a key placement in another country. **"**

DALSIE BANIALA

Dalsie is the Manager of Market Communications and Consumer Affairs, TRR. Prior to this position Dalsie worked for the University of the South Pacific. She has a Bachelor Degree in Management and is currently undertaking a Masters of Business Administration at the University for South Pacific funded by TRR.

DALSIE BANIALA DISCUSSING TELECOMMUNICATIONS INDUSTRY WITH STUDENTS AT CENTRAL PRIMARY

"Thanks to the Telecommunications Regulator and the World Bank I was seconded to the Commerce Commission in Wellington, New Zealand from December 5 to 16, 2011.

I was fortunate to learn new areas and techniques concerning Consumer Affairs that will be useful for my professional future and for the regulator's office. I spent time with a wide range of different units including:

• Telecommunications Regulations Contact Centre where they receive complaints;
• Intelligent and Cogent units where they handle cases which need further investigations;
• Communications Unit, where standard letters are issued if complainants need information or awareness on a particular query.

The Telecommunications Consumer Affairs (Christchurch) is where they deal with all ICT complaints.

I also had the chance to visit the Telecommunications Dispute Resolution unit and understand how it conducts its critical business. The unit is an organisation established by Telecom operators in NZ.
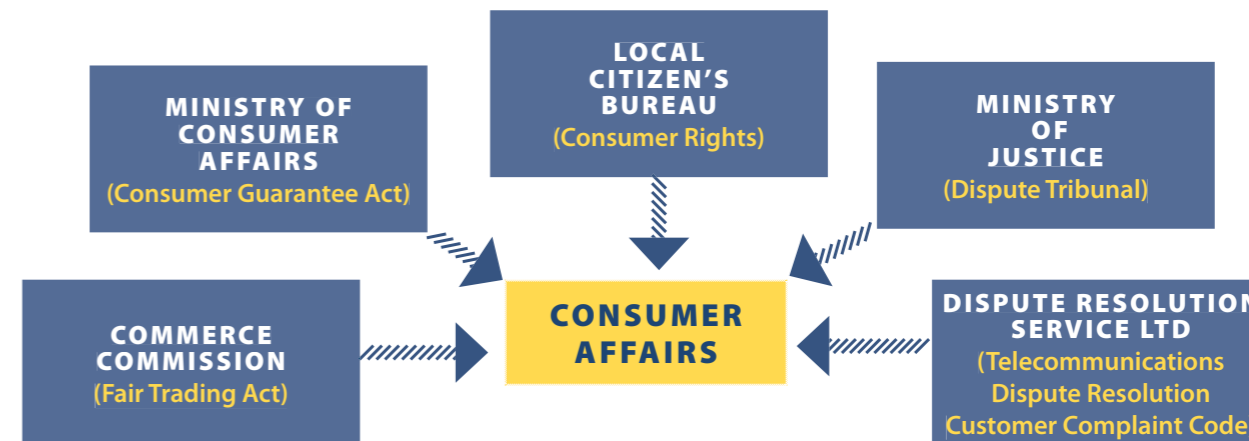
I had a session with the Ministry of Consumer Affairs where they implement the Consumer Protection Laws.

During my two week stay, the important things that I learnt were mostly related to consumer affairs related to consumer rights. These included important areas such as:

CONSUMER EMPOWERMENT
CONSUMER SAFETY
CONSUMER ENFORCEMENT
CONSUMER REDRESS
CONSUMER STRATEGIC FRAMEWORK
CONSUMER SERVICE

Most importantly, in addition to learning about these services, I was able to obtain more in depth knowledge on the key practices of Consumer Protection Law and the Competition Law. Vanuatu currently does not have any of these important regulations or laws that I see as the heart of fair market development in Vanuatu. Legislation such the Fair Trading Act, Competition Law and the Consumer Protection law are vital for better development in all business sectors.

Below is the diagram showing how important consumers are in the market environment in New Zealand and especially the number of organisations involved when it comes to consumer protection in the general market and not just telecommunications.

MINISTRY OF CONSUMER AFFAIRS
(Consumer Guarantee Act)

LOCAL CITIZEN'S BUREAU
(Consumer Rights)

MINISTRY OF JUSTICE
(Dispute Tribunal)

COMMERCE COMMISSION
(Fair Trading Act)

CONSUMER AFFAIRS

DISPUTE RESOLUTION SERVICE LTD
(Telecommunications Dispute Resolution Customer Complaint Code)

SIMILAR OPPORTUNITIES WILL BE PROVIDED TO OTHER STAFF WITHIN TRR IN LINE WITH TRAINING AND BUDGETARY OPPORTUNITIES.

VANUATU
OPERATOR
INTERVIEWS

left

As one of the top two companies in Vanuatu's burgeoning telecommunications industry, TVL is under the spotlight throughout the country and there is a great deal of pressure on it to perform.

For TVL, 2011 was the year of restructuring its company from top to toe. A new management team was appointed, with the dynamic Catherine Rumillat at its helm. Ms Rumillat, with a raft of top management experience and expertise in Europe, Africa, and Asia, is leading a new look TVL into the next era of its exciting development.

Ms Rumillat is confident that the restructuring will reap rewards in the coming years and restore TVL as a market leader. She said TVL had the foresight in 2009 to invest 60 per cent of revenue into capital expenditure and is still investing a significant proportion of revenue in new technology this year. The undeniable benefits of that investment will emerge in terms of improved services in 2012.

The shareholders of the company changed late in 2011 with the sale of 50 per cent of TVL, formerly owned by Cable and Wireless, to MT International Venture Limited (MauritiusTelecom). The other 50 per cent remains with Societe France Cables et Radio (France-Telecom).

Despites these changes, Ms Rumillat said TVL still managed to continue building systems and capacity to improve services.

SPIM WILL REMAIN A NICHE PLAYER IN THE VANUATU TELCO MARKET BUT WILL LOOK AT GAINING MARKET RELYING ON QUALITY OF PRODUCT AND SERVICE TO GROW THE BUSINESS.

IN 2012 THERE WILL BE A FOCUS ON INCREASING THE QUALITY OF SERVICE ACROSS THE BOARD FROM THE TECHNICAL SIDE TO THE COMMERCIAL OPERATIONS.

SPIM began in 2006 in Vanuatu and its core business is computer maintenance for professionals.

SPIM engineer and boss Pascal Gineste said the company also has a small retail operation that carries items that match the professionals' needs.

Mr Gineste said three years ago they set up a letting system for wireless internet at hotels and resorts around Port Vila.

One of SPIM's major moves in 2011 was to apply for and gain a telecom license in March 2011.

Now with a telco license SPIM has expanded it's a pre-paid card system whereby hotel and resort guests can purchase SPIM cards, valid for a week or a month for example, to access the internet during their stay in Port Vila.

He said SPIM purchased their internet through Can'l and he hoped to grow this side of the business during 2012.

"For nine months now I have had a manager to take care of the technical side of the business. In 2012 I am going to expand the internet side of the business," said Mr Geneste.

He said SPIM would be looking at providing free wireless internet to the public, supported by advertisements, and he has plans to seek out advertisers for this project in 2012.

He said SPIM will remain a niche player in the Vanuatu telco market but will look at gaining market relying on quality of product and service to grow the business.

Mr Gineste said computer maintenance for professionals will always remain as the company's core business. They will work hard to maintain their reputation in this area as well as in new areas based from their shopfront operation in Vila Mall.

SPIMM is excited about plans for their role in the internet market in Vanuatu and believes his company offers services to a standard and level found in more advanced countries in the region.

Mr Gineste praised the role of TRR in helping to give the telecommunications industry in Vanuatu proper guidelines, leading to a more professional customer service delivery.

The technical infrastructure was renewed with a new switch. TVL corporate customers and internet users in Santo now have a backup link in case of circuit failure.

"TVL internet customers were also given an international internet bandwidth increase of 30 per cent to ensure a better surf experience," she said.

"TVL mobile customers can now benefit from the SMS at 1VT in the 'bestfren' offer, six new roaming destinations and a coverage extended by 10 new BTS in several Islands of Vanuatu."

In 2012, Ms Rumillat said, there will be a focus on increasing the quality of service across the board in all areas of the phone and internet operations, from the technical side to the commercial operations.

"We will again be investing heavily in Vanuatu and will be investing in more training for our staff in Vanuatu; we are preparing a career path for our staff and of course a succession plan to develop talent in the telecommunications sector," she said.

"There will be better accessibility to the mobile phone network, better connectivity, an increase in our roaming international partners and increased offers in internet banking."

TVL is aiming at satisfying its customers by launching, in March 2012, its new customer service centre, with increased and more dedicated customer care accessible via our 081111, +678 778111 from overseas.

"We will be launching more mobile data all over Vanuatu, plus 3G, and of course, we will extend the coverage in Vanuatu."

Ms Rumillat said TVL will continue supporting the ever popular Vanuatu Football Federation as the 'nambawan' sponsor TVL will be heavily involved in a host of other events around the country that we know are important to our customers.

"A lot of promotions and new offers will be available throughout 2012, so people should monitor our website www.tvl.net.vu to find out what is happening on our busy calendar or visit us in one of our four shops in Efate, Santo and Tanna."

Ms Rumillat is confident that TVL will be a winner with existing and new customers alike in 2012.

Can'l was the first internet provider in New Caledonia in 1995 and now employs about 20 people in that neighbouring country. The name comes from the first name initials of its founders!

It came to Vanuatu's shores in 2010 and began operations in a very low key manner. Philippe Poza, head of business development for CIPAC, Can'l's parent company in Noumea, now frankly admits that the first 12 months or so in Vanuatu were too low key.

"We wanted to use and share the infrastructure of other operators in Vanuatu, but that did not eventuate , so we have had to take a different path," he said.

"Because of this we have not moved a lot in the past two years, but I'm confident that we will advance far more successfully in 2012."

WE HAVE BETTER INTERNET SHAPING, BETTER BAND WAVE, HIGHER TECHNOLOGY AND WE ARE OFFERING THINGS OUR COMPETITORS CANNOT IN TERMS OF TECHNOLOGY GENERALLY.

Mr Poza, who only took over the reins of Can'l Vanuatu late last year, said he is already signing contracts with companies around Port Vila to supply their internet.

"I feel strongly that 2012 will be a major year of consolidation for Can'l in Vanuatu," he said.

"We have better internet shaping, better band wave, higher technology and we are offering things our competitors cannot in terms of technology generally."

Mr Poza said one major goal for Can'l in 2012 is to double the area they are presently covering.

He said they currently have mostly business clients, but would be happy to offer internet service to anybody.

"Companies and individuals joining us can download as much as they want, which no one else is offering," he said.

"We are bringing our Pacific knowledge from Noumea and what we have learnt there we are bringing here and then creating a Vanuatu way of internet business, and we will continue to extend that knowledge here."

Currently, Can'l employs five people here, but Mr Poza is confident that will grow and he is keen to implement a training program in Port Vial for future ni-Vanuatu staff.

That will include further specialist training in Noumea, as one current staff member has already undergone.

He said Can'l is excited about the advent of the submarine cable to Vanuatu, hopefully to be installed by 2013.

"That will give Vanuatu internet delivery comparable to anywhere in the world and at very affordable prices," he said.

"It will be a very exciting time for Vanuatu and while some companies here are happy with the expensive satellite set up, we are planning to be a major part of the submarine cable era."

Mr Poza said 2012 would be a watershed year for Can'l in Vanuatu and he was convinced the company would meet the challenges and emerge a winner.

TELSAT'S Rod Smith is extremely bullish about the future of his young telco company, predicting it will significantly increase it's internet business in 2012.

He explained that Telsat started small ten years ago with a TV licence, selling a package of eight analogue TV channels, which now numbers 36 digital channels.

Two years ago they launched Telsat Broadband and now offer both TV and wireless internet to both private and business customers around Port Vila.

"We have methodically and professionally expanded our business at a pace that we could manage and still focus on good customer service," he said.

"We have developed our own software and systems, tailored exactly for what we and our customers need here in Vanuatu and that has been a major part of our success."

Success is the operative word for Telsat which has captured a healthy share of both the TV and internet markets in Port Vila in a short space of time.

SUCCESS IS THE OPERATIVE WORD FOR TELSAT WHICH HAS CAPTURED A HEALTHY SHARE OF BOTH THE TV AND INTERNET MARKETS IN PORT VILA IN A SHORT SPACE OF TIME.

At present, Telsat operates in and around Port Vila, from Narpow Point to Pango and from Teoma to Devil's Point, for both personal and business clients, but plans to expand are under way.

"Quarter 1 of 2012 will see us offering services in Santo and we will take the same cautious approach that we have done in Port Vila," said Mr Smith.

"After Santo we see expansion in Laketoro in Malekula as a logical next step in 2012."

He explained that the company has developed a system enabling Service anywhere there is sufficient demand.

"We can give our customers the complete package in either TV or the internet with lots of good quality service, wherever we are operating," he said.

Recently Mr Smith travelled to Australia and stayed in a large Brisbane hotel. "This hotel had an internet service that was half our speed in Port Vila and it was four times more expensive than Telsat, which made me feel very proud," he said.

He said the TV side of his business had been the core business for Telsat, but that this emphasis was likely to shift to the internet services in 2012.

His plan for Telsat in 2012 is simple – the aim is to grow and grow and grow.

"Every child coming out of school here knows how to use a laptop or an iPhone and they want to be able to use this technology like all children all over the world do," he said.

"And we plan to make it affordable for them in Vanuatu, with our pre-paid tickets starting at just VT 200 and for that you can get 10 megs of download. That sort of figure is within everyone's budget."

"We think that is very good value and we will maintain good value prices, which is one real reason why our internet business is going to rapidly expand next."

The Telsat's motto is 'too easy' and Mr Smith and his small, but dedicated and talented team firmly believe that giving the customer value and quality will be 'too easy' for them.

INCITE began its operation in Vanuatu a decade ago (previously known as TM Consultancy) and provides ICT Consulting and ICT System Integration Services. Its director Terry Moloney said INCITE does sell some specialist products such as servers and switches, however it is primarily concerned with services.

INCITE is a telecommuncations license holder and currently employs six staff but Mr Moloney is bullish about the company's future and is already recruiting additional engineering staff for 2012.

In early 2011 Incite won the tender to create the four telecentres in remote regions of Vanuatu.

"This by far the biggest thing INCITE has been involved in during its history and, having achieved the construction and establishment of the first telecentre in Rensari in Malekula, we are now very confident we can tackle similar major projects in the future," he said.

He said INCITE won the tender in August last year and was able to complete the Rensari telecentre by November 28.

"It was an amazingly exciting project to be involved in with TRR and the Vanuatu Government and I am hopeful that it will lead to INCITE being involved in many more exciting projects throughout Vanuatu."

incite
TECHNOLOGY AT WORK

MUCH OF 2012 WILL BE ABOUT CONSOLIDATING OUR EXISTING CORPORATE ICT SERVICE BUSINESS, MAKING SURE OUR CLIENTS GET THE BEST POSSIBLE SERVICE WE CAN OFFER.

FINANCIAL STATEMENTS

Mr Moloney said he was hopeful that the other three telecentre plans would eventually become reality.

"In our detailed tender we planned for the four centres to be copies of each other so that once one was complete, we could use exactly the same materials and equipment to follow through with the other three," he said.

"To do that took an incredible amount of planning and effort into reproducing these centres and for the first one at Rensari we were able to employ an extra two ni-Vanuatu staff."

He said the building was a Force 10 kit construction from Brisbane, Australia, shipped to Vanuatu where it took three weeks to construct and be fully functional in Malekula.

Mr Moloney said the metal framework was supported on special metal foundation spikes pile-driven two metres into the ground, giving the structure an earthquake and cyclone rating.

Generators, inverters, and 3 days of battery power operating via solar panels give the telecentre an air of invincibility and INCITE was even able to set up an outdoor movie centre. Mr Moloney said the local villagers were absolutely enthralled when they screened Wan Smol Bag's Love Patrol during the unofficial opening celebrations late last year.

He said despite INCITE's new found ability and confidence to tackle bigger projects, the company would not lose sight of their mainstream business in Port Vila and Luganville.

"Much of 2012 will be about consolidating our existing corporate ICT service business, making sure our clients get the best possible service we can offer and obviously we are keen to add new clients to our list," he said.

Mr Moloney said INCITE will remain non-aligned and is happy to work with other telco companies as individual projects warrant.

"We have always looked for excellence in whatever we do at INCITE and having been able to put together a highly successful major project like the Rensari telecentre in very difficult circumstances has put a real spring in our step," he said.

"We know we can provide the best solution for our clients and offer them the best services, both in Port Vila and Luganville and we are extremely proud of that."

IMAGE BY L BLANC COMMUNICATIONS VANUATU LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

EXPRESSED IN VATU

COMPTE DE RÉSULTAT

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2011

EXPRIMÉ EN VATU

	2011	2010	
Operating revenue	193,796,129	89,535,918	Produits d'exploitation
Operating expenses	(139,190,657)	(68,062,550)	Charges d'exploitation
Operating surplus before payment to Universal Access Fund	54,605,472	21,473,368	Résultat de l'exercice surplus avant versement au fond d'accès universel
Universal Access Fund	(20,000,000)	(30,000,000)	Fond d'accès universel
Operating surplus / (deficit) after payment to Universal Access Fund	34,605,472	(8,526,632)	(Déficit) D'exploitation / excédent après versement au fond d'accès universel

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

BILAN AU

31 DÉCEMBRE 2011

	2011	2010	
Current assets			Actif circulant
Cash and cash equivalents	49,361,369	39,132,956	Disponibilités
Receivables	32,853,795	21,456,897	Créances
Other assets	10,329,843	14,553,915	Actifs divers
	92,545,007	75,143,768	
Non current assets			Actif immobilisé
Plant and equipment	19,348,288	11,687,297	Immobilisations corporelles
Total assets	111,893,295	86,831,065	Total de l'actif
Current liabilities			Dettes à court terme
Creditors and accruals	3,731,280	14,555,533	Fournisseurs et autres dettes
Provisions	969,740	458,699	Indemnités du personnel
	4,701,020	15,014,232	
Non current liabilities			Dettes à long terme
Provisions	2,583,790	1,813,820	Indemnités du personnel
Total liabilities	7,284,810	16,828,052	Total des dette
Net assets	104,608,485	70,003,013	Actif net
Accumulated surplus	104,608,485	70,003,013	Report à nouveau

The statement of financial position is to be read in conjunction with the notes forming part of the full financial statements available from TRR.

Le bilan doit être lu en tenant compte des notes faisant partie du bilan financier disponible à TRR.