Annual Report 2013

Vision: A communications environment that enriches the social, cultural, customs and commercial fabric of Vanuatu

TRR

Telecommunications &
Radiocommunications
Regulator

TRR

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Radiocommunications
Regulator

In accordance with section 11 of the Telecommunications and Radiocommunications Regulation Act 2009 (hereinafter referred to as "the Act") the Regulator must provide the Minister with an Annual Report as follows:

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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.

This Annual Report 2013 is provided to fulfil this obligation.

Front cover photo courtesy of Nongu Photography

11 July 2014

Honorable Prime Minister

Hon. Joe, Natuman, Minister for Telecommunications/ICT
PMB #9057

Port Vila

Dear Honorable Prime Minister,

Re: Telecommunications and Radiocommunications Regulator (TRR) 2013 Annual Report

It is with pleasure I provide you with our 2013 Annual Report as Prime Minister, and Minister responsible for Telecommunications/ICT. TRR was established under the Telecommunications and Radiocommunications Regulation Act No. 30 of 2009, as a separate and independent legal entity (Section 7 (5)). The Act requires TRR to produce an Annual Report (Section 11) and make it available to the public on our web site. A soft copy can be found at www.trr.vu .

I wish to take this opportunity to recognize the Government of the Republic of Vanuatu for its vision in liberalizing the Telecommunications market. I also thank the Prime Minister's Office (PMO), and the Office of the Government Chief Information Officer (OGCIO) for their support. Together we work co-operatively towards achieving your telecommunications/ICT objectives, whilst maintaining of our independence.

Realization of this vision has been supported by the Australian Government and the World Bank who have provided donor finance towards capacity building and expert technical assistance to TRR on the regulation of the telecommunications and ICT sector industry, as a whole, towards TRR's sustainability and the sustainability of a competitive market sector. As Regulator, I am supported by a small team of predominantly Ni-Vanuatu staff who are developing their experience and knowledge in the broad range of TRR's responsibilities as set out in the Act.

2013 was another challenging year for TRR and the telecommunications/ICT industry in terms of increased competition and growth of internet services and, particularly, with an eye towards the arrival of the submarine cable at the end of 2013.

I anticipate reporting to you, next year, on the expected increasing pace in competitive services provision, growth in high speed internet services and the roll out of telecommunications services to underserved and unserved areas through your universal access policy initiative.

I look forward to briefing you on request and you can keep abreast of market developments and TRR's activities by accessing our web site, and through the Reports I will provide to you throughout the year 2014.

I am pleased to provide you with TRR's sixth Annual Report.

Yours Sincerely,

Ronald Box
Telecommunications and Radiocommunications Regulator

Content

Content

Ron Box Regulator

Message from the
Regulator

> In this Annual Report I am delighted to include market statistics, in aggregate form, that cover a full 2013 year period. This is the first time that we have been able to provide accurate up to the moment statistics, and we have facilitated that through consultation and cooperation with licensees.

This is critical data that provides a 'snap shot' of the current telecommunications market in Vanuatu. It is of direct relevance to all stakeholders; including Government, aid donors, investors and telecommunications users. Other key telecommunications/ICT data has also been included for the first time in this 2013 Annual Report, to increase the awareness and highlight the impact of this critical sector on national GDP.

2013 has been a fast paced year with TRR's focus firmly fixed on both consumers and universal access provision. This year, the Government approved a number of key policy instruments for the telecommunications/ICT sector which further enhanced the role of TRR as a regulatory body, and we improved in our responsiveness on consumer and stakeholder issues, and setting in place the required regulatory instruments.

Our forward looking vision draws on our achievements from the past, while embracing and having an eye to the future; and, particularly, the needs of Vanuatu's citizens. The ICT sector is the fastest growing sector worldwide and Vanuatu cannot rest on its laurels in any way, and we cannot watch or let progress pass us by in comparison with the rest of the world.

We understand the importance of telecommunications/ICT tools to support learning, and for efficiently and effectively conducting business in Vanuatu. We also recognize the important role played by this sector in enabling our connection with families throughout our vast island geography that is held together by the vital mobile telephony system.

2013 was a year which saw an increased consumer focus. In particular, TRR collaborated with the Office of the Government Chief Information Officer (OGCIO) to enable a very successful celebration, nationally, of ICT Day on May 17th, in recognition of the International Telecommunication Union's World Telecommunications Information Society Day and ICT Day. Additionally, the Schools ICT Debate Series, organised and managed by TRR in October, marked and highlighted our extended efforts to embrace and collaborate with the education sector, children and families. TRR also conducted a variety of ICT awareness programs with grassroots communities on the islands of Epi, Santo and Malekula to share and discuss the benefits of being 'connected' through telecommunications services, and the benefits of internet.

Towards the end of this year, the Government of Vanuatu passed three critical and forward looking

> *By 1 January 2018, 98% of the Vanuatu population shall have (and continue having after this date) access to telecommunications services*
> *Vanuatu Universal Access Policy, Nov 2013.*

telecommunications/ICT policies: a National ICT Policy, a Universal Access Policy (UAP), and a Cybersecurity Policy. The UAP recognized TRR's role through which TRR, as the implementing agency, will by 1 January 2018, enable 98% of the population of Vanuatu to have access to telecommunication services. The focus of that requirement is on unserved and underserved rural and remote areas and, particularly, in order to benefit education, health services and public offices. Through this outreach program, Vanuatu communities will have access to, and be able to gain a better appreciation of the use of, telecommunications/ICT tools and services, and the significant benefits that use of the internet can provide. Having said that, while the internet provides us with a limitless source of information and connects us to the wider world at an affordable cost, the dangers of exposing young people to inappropriate content or information are well and truly recognized. In this respect TRR plays, and will continue to play, along with Government, the service providers and Agencies/interested parties, and the media, a key role towards protection and support mechanisms, and we have developed our plans towards this objective.

I am pleased to report that by maximizing savings and undertaking a series of cost cutting exercises, TRR made a deposit of 20 Million Vatu into the UAP Fund Trust Account. TRR is mindful of the ongoing need to exercise care and ensure that the revenue it receives is appropriately utilized with maximum efficiency for the benefit of the citizens of Vanuatu in the provision of telecommunications services. TRR, being well aware of the Government's policy direction for telecommunications/ICT and universal access, made an extra effort this year to be thrifty and cut our costs as much as possible, so that we could make a donation to the UAP Fund Trust Account. TRR has contributed and deposited in to the Fund in past years, is committed to achieving the Government's universal service objectives, and will make its best efforts to make further donations in the years ahead; where that is possible.

We continue to work towards achieving our vision at TRR; and that is to support a communications environment that enriches the social, cultural, customs and commercial fabric of Vanuatu. During the year, our team increased in number, knowledge and experience. This has allowed us to grow in confidence in our role, capability and delivery mechanisms in a timely and quality manner. Significantly, Vanuatu and TRR has been facilitated by the World Bank extending its Grant assistance to TRR for a further 3 year period until mid-2016. This has built up, and will continue to strengthen, our technical capacity, knowledge, experience and understanding. We recognize and appreciate the support of donor funding in this respect via the Australian Government to the World Bank.

To support our vision, Vanuatu needs a healthy and competitive telecommunications/ICT market and we play our part towards this. Importantly too, we recognize the leadership of the CEOs of each of the Telecom Companies in leading their teams, provision of service to consumers and in their shareholders investing in Vanuatu.

TRR continued to collaborate effectively and efficiently with OGCIO in the provision of timely advice to the Government and towards the development of the key ICT policies I mentioned earlier, and in facilitating competition and implementation of the Minister's requests or policies. However, whilst we work together to achieve Government objectives, each Office maintains clear independence. TRR, as the regulatory arm of the Government's telecommunications/ICT policies, continues to play a significant role in terms of ensuring effective and timely implementation towards achievement of Government objectives.

Any competitive market needs a referee. TRR is that referee. Our road map ahead has been laid out in our 2014 and beyond work plan, and in setting appropriate rules (Decisions, Guidelines and Regulations) to encourage fair competition and protect consumers. We have developed, and continue to invest in developing, a capable team at TRR to regulate the market. During the year we made a decision on dominance in the mobile retail market and responded to a variety of complaints and issues. Only by having a fair telecommunications market environment, managed by an independent referee, will Vanuatu continue to enjoy choice and derive benefit from a sustainable competitive market.

My aim for TRR is to build on its strengths to date towards the provision of a regulatory service that is exemplary. We have a major focus in the future years in assisting the government in the roll out of telecommunication/ICT services to unserved areas and underserved areas of Vanuatu, through the UAP and other universal access initiatives, and we will continue to mediate and regulate where required; whilst keeping a high priority on our

consumer support and protection mechanisms. Through these mechanisms we intend to promote and facilitate a better and enriching communications environment for the people of Vanuatu.

I acknowledge the valuable contribution of my staff and the technical experts who have assisted TRR towards our achievements during the year. Their contribution to the development and expertise of this office has furthered TRR as a strong, firm and fair regulatory body.

It gives me great pleasure to provide this sixth Annual Report of TRR. It is presented and provided in accordance with Section 11 of the Act.

We look to 2014 as a critical year in strengthening TRR and in creating a strong and competitive industry that will better serve the people of Vanuatu in the manner they deserve.

2013 Highlights

TRR's highlights, from a wide range of activities during 2013 and in accordance with our 2013 and onwards work plan (refer to its website www.trr.vu), include:

TRR's Support to the Government

TRR continued to build on its cooperative and effective working relationship with the OGCIO and in the provision of high-level support and advice to the Government. This was facilitated through the establishment of a formal channel of reporting to the Minister, clearly outlining roles and responsibilities of each Office. This year TRR played a key role in supporting the Government in its drafting of the three critical and forward looking policies: The National ICT Policy, The Universal Access Policy (UAP) and the Cyber Security Policy. Through these policies, particularly the UAP, the Government highlighted and enhanced the role of TRR as an important and critical regulatory body and implementing agency.

TVL Becomes Newest Member of Vanuatu Internet Exchange (VIX)

Work on Vanuatu's internet exchange point (VIX), which was established as the region's first internet exchange point, was advanced with the implementation of three Google cache servers and an i-root server. In December 2013, the incumbent operator, TVL, formally signed up to the VIX to become the newest VIX member; one year after the initial VIX signing by other operators in December 2012. This brings the total number of VIX members to 7.

TRR continues to support the activities of the VIX through an arrangement of measures, particularly in respect of promoting and facilitating industry working cooperatively in the provision of telecommunications/ICT services. *See also Section 7.2 of this Report.*

Nominated Service Provider Reference Interconnection Offer (NSP RIO)

TRR finalized and issued its Nominated Service Provider Reference Interconnection Offer (NSP RIO) for the telecommunications industry on 17 December 2013. The NSP RIO will guide a Nominated Service Provider (NSP), and any other Service Provider seeking interconnection with a NSP.

An NSP RIO facilitates the provision of interconnection services in Vanuatu by specifying the requirements that need to be provided by NSP's for the provision of an interconnection service to any access seeker seeking an interconnection with a NSP. *See also Section 6.1 of this Report.*

National ICT Day

TRR's participation in Vanuatu's National ICT celebration of the International Tele-communications Union (ITU) World Telecommunications Information Society Day (WTISD)/ ICT day on the 17th of May was in support of the ITU theme promoting "ICT as an instrument for improving transportation and safety".

TRR worked closely with, and provided strong support to, the OCIO who led a successful celebration and recognition of Vanuatu's second annual national ICT Day event. The program included a video presentation by the ITU Secretary General, and speeches from the Acting Prime Minister and other dignitaries. A highlight was the opening parade of around 1000 persons, and a crowd of some 2500 people attending the various items on the agenda of the day. This event was one of the largest held in recent Vanuatu history and will remain as a significant annual telecommunications/ICT celebratory event.

TRR, promoted an awareness of the "safe use of internet" and, in keeping with the theme of the day, promoted and educated drivers of vehicles on the safety message of "Text messaging and talking over the phone while driving, is dangerous".

Rensarie Broadband Pilot Project

In 2011, the Vanuatu Government commissioned a UAP Broadband Pilot Project in Rensarie via a Telecentre[1] which was coordinated and managed by TRR until 2012. Experience gained from the first year of the pilot indicated that TRR needed to provide further assistance towards its sustainable operation. TRR sought approval to extend the pilot project for another year, and the four parties (The Australian Government through its Governance for Growth (GfG) program and donor funder, the Vanuatu Government through the OGCIO, the Rensarie Community and TRR) agreed to extend the pilot phase to the end of November 2013, with the key aim of leading to and facilitating its sustainability during the final phase.

The prime focus and outcome sought for this phase was to provide further training and support to enable the operation of the Telecentre to become a self-sustainable entity by that period. TRR is pleased to report that the objective has been achieved.

Further information on this pilot is outlined in Section 9.3 of this Report.

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[1] *A telecentre is a public place where people can access computers, the Internet, and other digital technologies that enable them to gather information, create, learn, and communicate with others while they develop essential digital skills*

Series of School Debates

A 2013 Series of School Debates on ICT was a consumer awareness initiative which TRR commenced in July 2013 and concluded in October 2013. The series was arranged between four schools (two French and two English High schools). Many positive outcomes resulted including:

FOR STUDENTS: Participating students enhanced their education in the area of ICT, have passed that on and educated their peers, family and the community. They have also become confident public speakers, and are now earmarked as "champions" who may form the basis of TRR consumer volunteers.

FOR SCHOOLS: Participating schools were given exposure and publicity through the series, teachers gained ICT insight and experience in mentoring students for debating, school administrations were made aware of a new ICT tools which can assist the education sector; and, Malapoa College, the series winner, now has an Interactive White Board which will change learning and teaching methodology in the school.

FOR VANUATU: The Government, through the Ministry of Education and the OGCIO, have agreed in principle that a trial project be established wherein a number of schools will have Interactive Whiteboards made available in schools for teachers and students to use, and the Interactive Whiteboard will be considered as an option for the Government's project on "Connecting Schools" and "Connecting the Community".

Further information on this is provided in Section 8.3 of this Report.

Revocation of TVL's dominance in retail mobile market services

On the 14th of March 2008, the interim Regulator designated TVL dominant in the retail mobile services market. On the 4th of February 2013, TVL, requested TRR to review its dominance position, pursuant to Clauses 10.2 and 10.3 of its telecommunications licence. In reviewing TVL's dominance position, one of the many issues the Regulator assessed was whether TVL still has, or may have, a position of economic strength and, if it did, would warrant TRR continuing to designate TVL as a dominant service provider in that market.

After conducting a detailed review, analysis and consultation with affected stakeholders, TRR released its final decision on 28 October 2013. TRR decided to revoke elements of the designation Order made in March 2008; particularly TVL's dominance in the market for retail mobile services. In reaching its decision, TRR concluded that TVL does not earn more than 40% of the total gross revenue in the retail mobile service market, and does not enjoy a position of economic strength in the retail mobile service market.

1 About TRR

1.1 What we are

The Vanuatu Government through the Telecommunications and Radiocommunications Regulations Act, 2009 (the Act), provided a regulatory framework for telecommunications and radiocommunications regulation, and established a separate and independent legal regulatory body and under the name: "Telecommunications and Radiocommunications Regulator (TRR)".

TRR's core functions are to regulate and facilitate the development of the telecommunications and radiocommunications sector, manage Vanuatu's scare resource of radio-frequency spectrum, safeguard consumers and promote national, social and economic development.

TRR has a key role to facilitate and regulate for fair and sustainable market competition, to ensure licensees comply with their licence obligations and are providing quality, affordable and reliable services to the public.

TRR must, at all times, act independently and impartially in performing its responsibilities, functions, duties and powers as set out in the Act and other laws of Vanuatu; and its actions and decisions must be free of political influence.

TRR is highly recognized amongst its peers and seeks to be an exemplar Regulator in the Pacific Region. Information on current projects, recent achievements and activities is available from our website on www.trr.vu.

TRR issues licences authorising a person to:

• provide telecommunications services to end users to and from anywhere in Vanuatu;
• operate a radiocommunications device; and
• use radio spectrum.

1.2   Our vision

VISION

A communications environment that enriches the social, cultural, customs and commercial fabric of Vanuatu.

MISSION

To develop a competition led market for the provision of innovative information and communications services, available to all, which: encourages sustainable and 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.
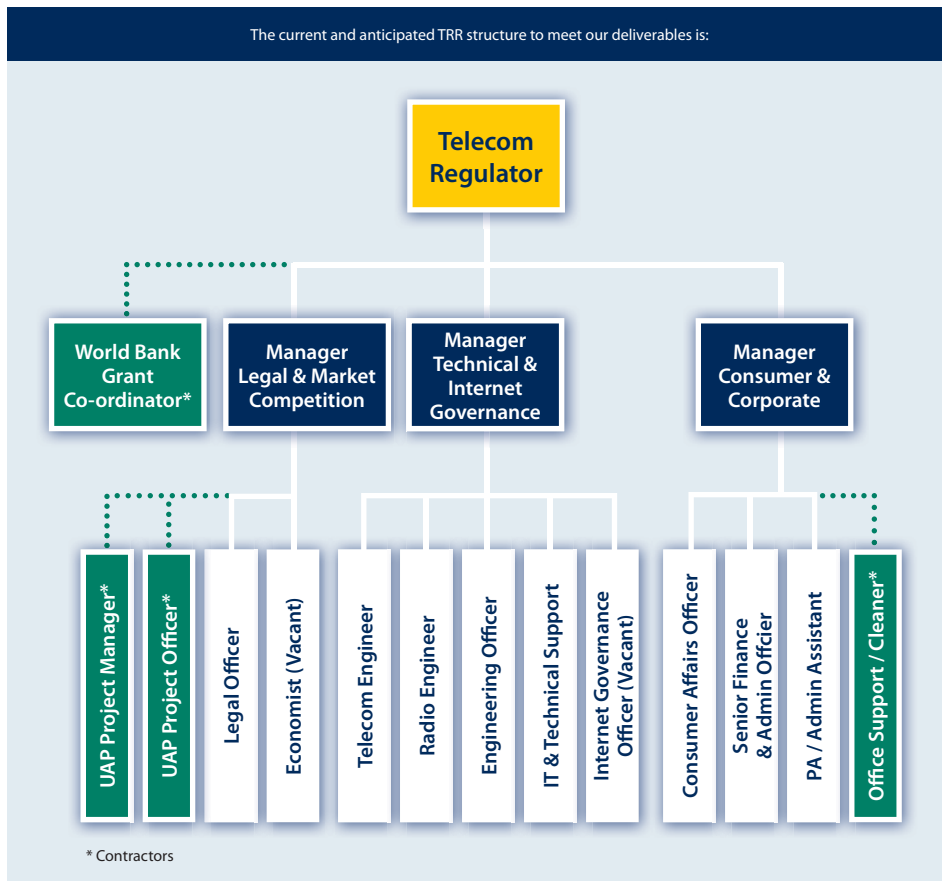
Transparency: Our open and inclusive approach to regulation ensures that we are held responsible and our actions and decisions are understood.

1.3   Our Team

The year 2013 proved challenging for the TRR Team having to adapt to the ever changing telecommunications/ICT environment, and a new management style and approach. We saw staff losses and additions to the World Bank, Consumer, Technical and Legal units. With the approved UAP put in place in November, TRR commenced recruitment of two dedicated officers to oversee the coordination and implementation of the various universal access streams. Engaging required staff and establishing the appropriate staffing level with a commitment towards meeting our responsibilities under the Act is an essential element of a sustainable, competent and capable Regulator.

The TRR Team underwent wide ranging capacity training both nationally and internationally on ICT regulatory services and issues. We are building quality and reliability in our team and their dedication towards ensuring that the appropriate ICT Regulatory regime for Vanuatu is in place, is critical.

The current and anticipated TRR structure to meet our deliverables is:

Telecom Regulator

- World Bank Grant Co-ordinator*
- Manager Legal & Market Competition
- Manager Technical & Internet Governance
- Manager Consumer & Corporate

- UAP Project Manager*
- UAP Project Officer*
- Legal Officer
- Economist (Vacant)
- Telecom Engineer
- Radio Engineer
- Engineering Officer
- IT & Technical Support
- Internet Governance Officer (Vacant)
- Consumer Affairs Officer
- Senior Finance & Admin Offcier
- PA / Admin Assistant
- Office Support / Cleaner*

* Contractors

1.4   The Work Plan

The 2013 and Onwards Work plan (see www.trr.vu) is a forward looking and flexible work plan. It sets out TRR's priorities and work focus. For the year 2013, TRR had nine high priority projects and twenty four lower priority projects that set the direction of our works and activities over the year. Some of these are discussed in Sections 4 to 9 of this Report.

1.5   Key TRR activities

During our 2013 work plan planning, the TRR team identified our key areas of focus including: the development of the Telecommunications market indicators; the establishment of a market and statistic database; finalization of a NSP RIO; quality of service measurements; auditing of Vanuatu's mobile signal coverage; development of Vanuatu online services; development of a consumer awareness protection plan; development of terms and conditions of services guidelines; establishment of a consumer education program; and development of a consumer Code of Practice.

All of these projects have been progressed. Some have been finalized and others now have a 2014 timeframe deliverable.

TRR management staff training with Guest Speakers invited to share their management experiences

1.6   Training & Capacity Building

A key focus for TRR this year was to build strong and capable Managers and to enhance the capacity of TRR's staff towards its self sustainability from 2016. During 2013, TRR Management received monthly 4-hour training, guidance and capacity building sessions. The training program focused on management principles in theory, case discussions, one-on-one coaching sessions, business communication and practice, and on-site facilitation with the management team tackling real-life work place issues. The program was developed to enable Managers to learn on the job. To enhance their skills and build capacity TRR staff underwent a series of local training exercises, as well as international training that involved presentations, capacity development, network building, and development of advocacy skills.

Most international training was organized via fellowships and through forums, workshops and conferences arranged by organizations such as the International Telecommunications Union (ITU), the Asia Pacific Telecommunity (APT), the Pacific Islands Telecommunications Association (PITA); and other relevant organizations. Through this participation, staff have benefited from being exposed to and knowledge of and from these meetings and organizations; and being able to build connections with fellow regulators - particularly, in gaining and sharing experiences presented during the meetings.

Matthew Tasale presented with his Certificate by the Deputy Secretary General of the ITU, in recognition of his participation in the Radio Spectrum Management and Monitoring for Wireless Broadband Infrastructure.

Louise Nasak presenting on
Regulatory Perspectives on
Next Generation Network (NGN)

2

World Bank Partnership
extended through Australian Government contribution

> " *TRR is now one of the leading ICT regulators in the Pacific region. It has built up a strong pool of technical and professional staff.*
> Robert Jauncey, Sr. Country Officer, WB

Vanuatu's Priorities and Action Agenda (PAA) to 2015 highlights telecommunications/ICT as essential to the improvement of services. In meeting its Millennium Development Goals, the Government "in conjunction with the private sector, must make available the benefits of new technologies, especially information and communications." [2]

Towards this objective, in June 2013, an extended grant was secured from the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA); collectively known as the World Bank. This was in addition to an initial World Bank grant which concluded in June 2013. At the Vanuatu Government's request, TRR and OGCIO secured a partnership with the WB for a further three year grant until June 2016. Co-ordination efforts towards this grant included cooperation between the World Bank, the Vanuatu Government, the State Law Office, OGCIO and TRR. The extended grant will assist the Government in meeting the objectives and deliverables of the PAA, and in the achievement of its ICT policy goals and initiatives. It will particularly assist TRR towards its objective of becoming a self-sustainable entity.

This grant funding concept has 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. TRR is undertaking and meeting the operational and financial management requirements and reporting process obligations.

This funding support, originating from the Government of Australia through its Governance for Growth Program in Vanuatu, provides for USD 2.73 million of donor funding. Over the next 3 years, TRR and OGCIO, through the grant, will continue to strengthen their capacity and service delivery to the people of Vanuatu.

TRR is pleased that a review conducted during August 2013 rated and recognized it as one of the leading ICT regulators in the Pacific region.

The Government of Australia has also supported the Vanuatu Government by providing donor funding to the Universal Access Policy Fund, managed and administered by TRR, for the provision of telecommunications services to under-served and un-served areas.

TRR recognizes the importance of these donor funding activities, and sincerely thanks the World Bank and the Government of Australia for their support.

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[2] *Vanuatu Priorities and Action Agenda, 2006-2015, p.44*

3 Government relations

Honourable Prime Minister Moana Carcasses Kalosil presenting at the ITU Connect Asia-Pacific Summit in Bangkok, November, 2013

Whilst maintaining its independence, TRR continued build on its strong, cooperative working relationship with the Government and the OGCIO by providing technical advice and guidance on regulatory and policy issues. TRR provides quarterly and six monthly reports on the progress of TRR operations to the Minister responsible for Telecommunications & ICT, OGCIO, the World Bank and other Government departments as necessary.

Important examples of TRR's assistance to the Government include advice on the regulatory aspects of the submarine cable which landed in Vanuatu in November 2013; with the Prime Minister's presentations at the ITU's World Telecom 2013 in Thailand in November 2013, where the importance of ICT development for Vanuatu was outlined and was widely accepted and embraced by attendees; with National ICT day activities; with the Vanuatu IXP, the National ICT policy, the UAP and the Cybersecurity Policy; and towards implementation of these policies.

TRR recognises that its highest priority for 2014 is implementation of the Government's UAP. In that respect, in 2013, TRR worked collaboratively with OGCIO to identify potential partners and assistance providers for achievement of the Government's UAP and National ICT Policy, and in respect of its Memorandum of understanding with MoE.

TRR has continued to work with and assist the National Disaster Management Office in facilitating and enhancing national emergency strategies and initiatives.

2013 ICT Day

From left Ronald Box, Matthew Hardings, Fred Samuel.
Grant agreement between Australian Aid Governance
for Growth Program, Office of the Chief Information
Officer and TRR's signed an agreement to
initiate UAP programs.

Telecommunications
Market & Competition

4

> 2013 was a year which saw increasing competition and improved market developments for Vanuatu.

New services were introduced into the telecommunications market by service providers, and internet competition and provision was enhanced with the entry of a new provider of internet services. TRR continued to facilitate and promote the roll out of new services such as 3G+ (Mobile and internet services) which can now be accessed in areas of Port Vila and Luganville. Some rural areas now also have that coverage for access to these services.

The beginning of the year saw the signing of phase 2 of the submarine cable project - which is the completion of the Offshore Marine Survey by Alcatel Lucent and Interchange Limited. The cable landed in Port Vila in November 2013.

The landing of the submarine cable in November 2013 has meant that Vanuatu consumers will shortly be able to experience high speed and capacity technology. That will provide benefits to consumers and end users within the market through access to high speed capacity and connectivity to the internet. Interchange Limited, a Licensee, along with the Government, is the driver of this submarine cable project, connecting Vanuatu to Fiji and to the Southern Cross Cable to Los Angeles, USA. According to Interchange's management, the cable is expected to be launched in mid-January 2014.

Telecommunications services expanded into financial inclusion through the introduction of "Isi Mani" mobile money services, through a partnership between Digicel and the National Bank of Vanuatu. Although telecommunications services are improving in many areas and locations, challenges remain including logistics, remoteness of islands, rugged terrain and land disputes that sometimes cause disruption of connections and coverage in some locations.

TRR continues to monitor the market ensuring that licensees comply, at all times, with their licence terms and conditions, and the Act.

TRR issued a telecommunications licence to a new market entrant, 'Skycloud Networks', as an Internet Service Provider competing within the existing internet retail service providers in this market; mainly in the urban areas of Port Vila.

The introduction of Telsat Litegateway Technology into the market in the urban areas is providing further consumer benefit from the technology.

In April 2013, TRR issued its preliminary view on the anti-competitive claim put forward by TVL against Digicel. The view outlined our assessment and analysis, and our decision will be made and reported in the 2014 Annual Report.

This Year the TVL Board announced a change in its shareholding structure. Mauritius Telecom increased its shareholding within TVL; marking another milestone for the sector.

Our UA implementation focus for 2014, in accordance with the Government's UAP, can be expected to bring increased service provision into the market and, together with services provided through use of the submarine cable, consumers will derive considerable benefit.

4.1   Telecommunications Market Indicators and Trends

Telecommunications market indicators depict the behavior of the ICT industry. This data assists the Government, TRR, stakeholders, donors, licencees and consumers in trend comparisons and awareness. They also greatly assist TRR with its regulatory work and in ensuring fair competition and equitable distribution of market share.

TRR analyzes the telecom sector and its behaviour to enable us to effectively monitor this market. In 2013, TRR initiated two priority projects which were (i) development of telecommunications market indicators, and (ii) the creation of a market and statistics database. To ensure that information gathered from the licensees was relevant, TRR and licensees conducted a collaborative review of Annex 2 of Order 2 of 2012; in particular, the amount of statistical data required for collection of market statistics. Outcomes were positive for each party, resulting in the provision, to TRR, of required - but not unnecessary or just useful - data to enable forward directions of the ICT market overall, and the growing tendency towards internet and mobile communication products and services, to be obtained.

For purposes of reporting statistical data, TRR's analytical focus is on:

•   The trend in the number of subscribers for mobile retail services market.
•   The trend in the number of subscribers for fixed retail services market.
•   The trend in the number of subscribers for internet retail services market.
•   Trends in the issue of Telecoms Licenses and the relevant Collection of Fees.
•   Employment patterns relative to the ICT the sector and its GDP contributions.
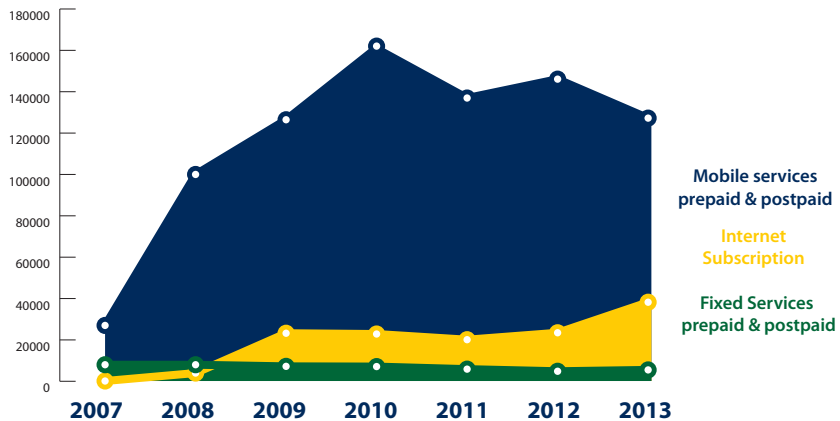•   Infrastructure developments and installations.

Figure 1: Registered subscribers for mobile, internet and fixed retail services

Figure 1 indicates the total number of registered subscribers for mobile, internet and fixed retail services market over the period 2007 to 2013.

4.1.1 Mobile retail services market

A sharp upward trend in the early period of 2007-2009 for mobile services marked Digicel's entry into the telecoms market following liberalization of the telecommunications market. In that period, Digicel competed with the incumbent operator, Telecom Vanuatu Ltd. With a wider coverage and mobile service availability over the nation, the price for mobile services, handsets and SIM cards drop significantly; driving more demand for mobile services and, significantly, increasing mobile subscriptions.

In 2010, subscriptions for mobile services peaked at over 160,000 following fast construction and installation of communication infrastructures and roll out of services throughout Vanuatu, from north to south especially in rural areas. High demand and lower prices for using the mobile services were a major contributing factor to this increase.

The number of registered mobile subscribers, however, decreased in 2011 followed by a slight increase in 2012 and another drop again in 2013. A contributing factor to such a trend is:

- Competition being stabilized.
- Increased competition between the two mobile competitors (TVL and Digicel) meaning that end users or consumers first moved from one operator to the other as shown by the increasing trend then followed by the decreasing trend as consumers pick their network of preference.
- Customers often have more than one mobile service provider's account maintaining pre-paid accounts with both Digicel and TVL, so as to take advantage of discounted prices for on-net calls.
- After trialling service on both providers they may have made a selection of need for only one mobile service provider.

Price change and special offers within the market provided by both TVL and Digicel and the increased knowledge of customers in being able to understand mobile functionality and general competition behaviors, were also seen as a contributing factor to affect customer behavior to subscribe and use their preferred service providers. Regulatory intervention and TRR's investigation into TVL's anti-competitive complaint, may also have affected market subscriptions and operators innovation; one way or the other. Overall, in short, the market for mobile retails services between the period of 2012 and 2013 appears to be stable as competition has matured.

4.1.2 Internet retail services market

For internet subscriptions, a significant change became apparent in 2009, when a number of new small and medium sized internet service providers entered the market. They contributed to the steady increase in internet subscriptions by driving the trend towards wireless access as opposed to traditional land line access. With the smaller providers impacting on the price and packaging of wireless internet, it became affordable for many households within the two key business and municipality areas, Port Vila and Luganville. Registered internet subscribers continue to increase significantly in 2013 to now nearly 40,000. The increased demand for internet services is a response to competition and the increasing availability and affordability of multiple types of devices that can access the internet. This means around 15% of the population is now subscribing to internet services; a significant increase from 2012.
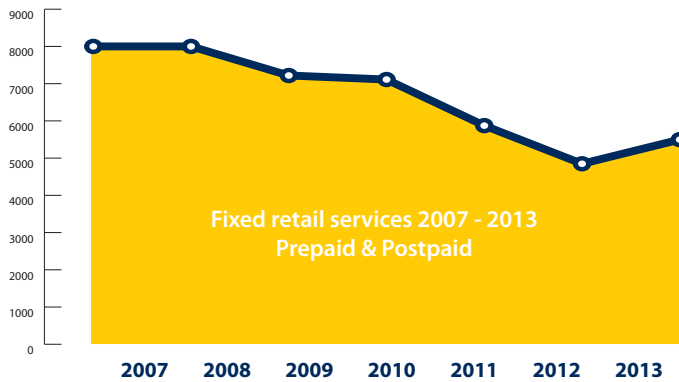
4.1.3 Fixed retail services market

Figure 2: Total Number of Fixed Retail Services Subscribers

Figure 2 depicts a clearer picture of 'actual' fixed retail services from the period 2007-2013 compared to that shown in Figure 1. As mobile services were introduced into the telecommunications market in the period 2007 to 2009, fixed services subscriptions decreased as consumers found it more efficient, easier and more affordable to use mobile services compared to fixed services. In addition, as wireless internet services became popular in the market, fixed line subscriptions dropped further. However, in the period 2012-2013, fixed retail subscriptions can now be seen to be slightly increasing. This is because Digicel started to compete in the fixed retail services market and TVL focused more on utilizing its underground fiber cable by targeting key customers. Such increase also reflects the recent expansion in fixed wireless services and if the trend continues, fixed services subscriptions could be expected to increase further, even if slightly, in the coming years.

4.1.4 Gross Telecommunications Market Revenue
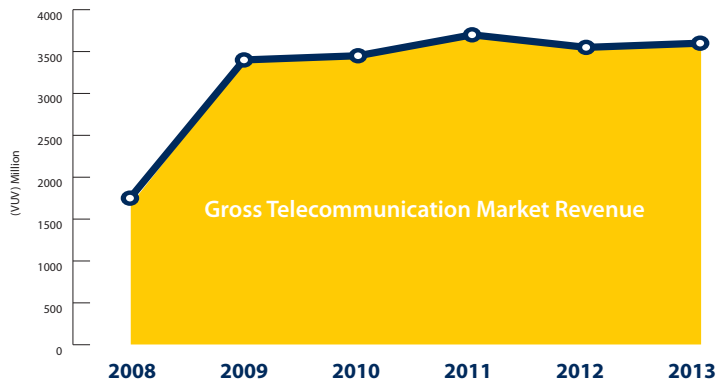
Figure 3: Gross Telecommunication Market Revenue Trend from 2008 to 2013   (Source: Licencees)

Figure 3 represents the gross revenue collected by the entire Telecommunications Market industry over the last six years. It indicates that the market was relatively stable until 2013 where revenue has shown a slight increase; indicating that the market appears to be on the rise due to higher demand for, and usage of, telecommunications products and services.

4.2   Telecommunications Infrastructure

In the telecommunications sector, key infrastructure includes:

•   *Towers* – service providers continue to invest in this type of infrastructure given the number of towers increase throughout Vanuatu as roll outs continue. As competition grows, new services demand for new towers and new base stations to be built. 2013 saws an increase of towers spreading through out Vanuatu, which looks towards, and signals, future growth.
•   *Buildings* – service providers continue to invest in maintaining and upgrading their buildings.
•   *Networks* – upgrade of networks is critical for improved service delivery. Networks were upgraded from 2G to 3G+ in certain areas towards this objective.
•   *Submarine cable* – the arrival of submarine cable in Vanuatu in November 2013 was a major infrastructure investment in the sector this year and beyond.

4.3   Employment

According to the Vanuatu National Provident Fund report, the telecommunications/ICT sector provides at least 370 active jobs, made up of 1.4 % of the total VNPF registered employment rate of Vanuatu. The sector also provides more than 1500 jobs to Ni-Vanuatu citizens in the form of subcontractors, vendors and other employment.

TRR is working closely with the National Statistics Office and the Reserve Bank of Vanuatu in the development of indicators for the telecommunications sector. The indicators show year-by-year results of this Sector's contribution to GDP.

Statistical information obtained from the Reserve Bank, shows that the telecommunications and ICT sector contributed 5.2% to the GDP growth for 2013. This Sector has consistently, over the last five years, contributed an average of at least this figure to Vanuatu's economy and GDP; and is recognized as a major contributor.

4.4   Registry of Operators

Telecommunications service offered by Licensees in 2013

Licensees	National Fixed	International Gateway	Mobile	Internet Broadband	Leased lines	Mobile internet data services (GPRS, 2.5, 3G, 3G+, etc.)
Telecom Vanuatu Limited	✓	✓	✓	✓	✓	✓
Digicel Vanuatu Limited		✓	✓	✓		✓
Telsat Broadband Limited		✓		✓		
Can'l Holdings Limited		✓		✓		
SkyCloud Networks				✓		
SPIM				✓		
Incite Limited				✓		
Interchange Limited		IP				
eTech Vanuatu Limited*						IP
Computer Networks Services Ltd (CNS)*	✣	✣	✣	✣	✣	✣
Yumi konek Limited*	✣	✣	✣	✣	✣	✣
Micoms Limited*	✣	✣	✣	✣	✣	✣
Wavecom Limited*	✣	✣	✣	✣	✣	✣
Hotspotzz Limited*	✣	✣	✣	✣	✣	✣
Notes: IP – In progress ✣ Indicates licensees who have remained inactive since 2009						

5 Litigation and Orders

TRR continued consultative dialogue on Civil Case No. 152 of 2011 with all parties involved. This included dialogue and resolution proposals, and settlement out of court, discussions and negotiations. TRR continued to implement the requirements of Orders No. 2 and No. 3 of 2012 and Decision 3 of 2012. Order No. 2 requires all licenses to report and submit quarterly statistical mobile, telephone and internet subscription data, but TRR has currently agreed to reduced data input and will revise the order, via consultation with operators, in 2014.

In terms of Order 3 of 2012, a nuisance callers' identification can no longer be hidden since the Order requires for all personal information to be provided to relevant authorities for investigation if there is any abuse of those emergency numbers. TRR continued to work with the operators to ensure this Order is implemented, and took its own action in respect of people making prank calls. TRR has warned and discouraged prank callers directly from making such calls since it is an offence under the Act.

On 28 October 2013, TRR issued an Order revoking the designation of dominance of TVL in the retail mobile service market.

Telecommunications and Radiocommunications: Technical and Engineering

6.1 Nominated Service Provider Reference Interconnection Offer

TRR finalized and issued its Nominated Service Provider Reference Interconnection Offer (NSP RIO) for the telecommunications industry on 17 December 2013. It will guide a NSP, and any other Service Provider seeking interconnection with a NSP. It facilitates the provision of interconnection services in Vanuatu by specifying the requirements that need to be provided by NSP's for the provision of an interconnection service to any access seeker seeking an interconnection with a NSP. The NSP RIO is a living document which will be reviewed and modified as required, as experience is gained on its application and industry evolution.

6.2 National Numbering Plan and Procedures

In December 2012, TRR put in place a migration plan for short codes for compliance with the National Numbering Plan and Procedures (NNPP), by 31 January 2013. The opportunity was provided for Licensees to indicate any connectivity problem with short codes and/or consumer misunderstanding with their use, along with recommendations for addressing non-compliance with the NNPP. It included the identification of incidents of inconsistency with the NNPP and make any modifying recommendations for consideration.

TRR, in collaboration with major operators successfully resolved an interconnection issue which was in breach of the NNPP, and is working with operators to resolve outstanding issues causing concern.

In 2103, the number series 0900 XXX was designated for Premium Rates Services (PRS). Short codes cannot be used for these services. In the last quarter of 2013, an Operator requested, and was granted, a new fixed numbering range 20 xxx – 20000 to 21000. TRR made the necessary international arrangements to register the new number range with ITU.

TRR continues to monitor compliance with its NNPP; noting the importance of these scarce resources.

6.3 Quality of service Guideline

Following development of TRR's Quality of Service (QoS) Guideline, which was published in November 2012, the planned development of a QoS implementation plan was recognized. This will be put in place in 2014 through full consultative processes, and will become a mandatory requirement.

In respect of Broadband QoS, TRR collaborated with the Pacific ICT Regulatory Resource Centre, (PIRRC), based in Suva, Fiji. In September 2013 a range of quality of service tests regarding Vanuatu's Internet Service Provider (ISP) broadband services was undertaken and provided to the PIRRC. Checks targeted jitter, latency, packet loss, uploads and downloads speed and network availability. Jitter, latency, packet loss, upload and download speed tests were conducted over local and international connections using a selected ISP broadband network. Statistical outcomes from the tests were provided to PIRRC, and the operators on whose networks the tests were conducted. This will assist monitoring and analysing Vanuatu's broadband market development.

6.4   Radio Spectrum Management & Licensing

6.4.1   Spectrum Interference

The purchase of a spectrum analyser during 2013 enabled TRR to monitor radio frequency spectrum and build towards an interference-free and equitable use of spectrum. This apparatus was purchased towards:

-        investigating interference problems;
-        facilitating the investigation of unlicensed (illegal) spectrum usage;
-        planning, allocation and assignment of spectrum;
-        checking compliance with radio transmission specifications; and
-        ensuring that spectrum hoarding or squatting is minimized or discouraged.

During the year, the TRR technical team undertook measurements and provided effective assistance to operators in respect of resolving spectrum interference issues. On one occasion, a Licensee requested assistance in identifying the cause of the sudden increase in the noise floor on the satellite C-Band spectrum in certain areas of Port Vila. Through the analyser, and as a good example of effective collaboration between Regulator and Operators, TRR was able to resolve the issue and eliminate the radio frequency interference.

6.4.2   Radio Apparatus Licence Fees Schedule

The Radio Apparatus Revised Fees Schedule released for public consultation in May of 2013, received considerable feedback and some opposing views on the proposed new fees schedule. As a result, TRR is making a further assessment of the proposed new fees schedule and further stakeholder consultation will occur in 2014. In the last quarter of 2013, TRR secured a spectrum expert to assist it in developing an appropriate new radio apparatus fees schedule in consultation with stakeholders. Work on the new licence fees schedule is expected to be completed by Q3, 2014.

6.4.3   Radio Apparatus Licences

Applications for radio apparatus licenses increased during the year. Over the 12 month 2013 period, TRR had processed 38 new radio apparatus licenses; 3 for aircraft radios, 24 for marine radios, 1 for limited coast maritime station radio and 10 amateur radio licenses.

6.4.4   Spectrum Licenses

TRR responded to numerous spectrum requests from licensees. A total of 4 spectrum licenses were issued in the last 12 months for WIMAX, 4G network distributions as well as for backhaul.

6.4.5   General User Radio License Compliance

TRR conducted a compliance check on Wi-Fi signals around selected hotels and resorts in Port Vila in October 2013. The tests concluded that several restaurants and resorts were operating Wi-Fi inside their premises for their customers and that access could be accessed via online payment or coupons. However, TRR recognized that radio signals cannot be contained to premises, and the public could also access these Wi-Fi services provided they have credit cards or other payment methods.

TRR is working on the development of the regulatory instrument to address this matter. It will define the type of user(s) to be captured and qualified to be granted an exception under the Act. The instrument will be put in place in 2014.

6.4.6   Other Spectrum Developments

In other spectrum management and licensing developments, TRR continued to collaborate with and provide the National Disaster Management Office with relevant radio frequency information to assist it in its cell broadcasting project, and with its VHF radio project for the underserved Torres Islands group of Vanuatu; with the intention of facilitating the dissemination of natural disaster alerts and recovery information.

TRR also participated and contributed to the development of a national roadmap for the transition from analogue terrestrial broadcasting, to digital terrestrial broadcasting. The ITU has published guidelines for the transition from analogue terrestrial television broadcasting to digital terrestrial broadcasting to guide member countries in their smooth migration from analogue terrestrial television broadcasting to digital terrestrial television broadcasting. The ITU has selected Vanuatu as one of the beneficiary countries for further ITU assistance to help draft its national roadmap for this digital switch over process. The three key activities of this roadmap are 1) Preparation and country visit, 2) Drafting a country roadmap report and 3) Drafting a final report.

BDT Director, Brahima Sanou meets TRR Regulator Ronald Box at the APT/ITU/PITA Pacific Forum April, 2013 in Apia, Samoa.

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[3]   *The guidelines for transition from analogue to digital broadcasting can be found at http://www.itu.int/ITU-D/tech/digital_broadcasting/project-dbasiapacific/Digital-Migration-Guidelines_EV7.pdf*

[4]   *http://en.wikipedia.org/wiki/Cell_Broadcast*

7 Internet Governance

TRR continues to promote, support and facilitate the:

- Creation of an enabling environment for Vanuatu's social and economic development using the Internet.
- Lawful and respectful use of the Internet as a shared resource.
- Provision of a practical, competitive framework for the provision of Internet services in Vanuatu.

7.1 Management of .vu Country Code top level domain (ccTLD)

TRR's intention in respect of internet governance, is to establish and implement a regulatory framework for the appropriate operational and technical administrative arrangements required for the .vu country code Top Level Domain (ccTLD) administration, in accordance with TRR Act (the Act), Part 2, Section 7(4, e).

Continued TRR dialogue with TVL, as the incumbent .vu ccTLD trustee and manager, occurred to ensure both parties' understanding that .vu is a public good and that the current .vu ccTLD manager's internal domain policies may not be sufficient to guide every activity associated with domain names in the .vu domain namespace.

TRR has emphasized to stakeholders and, in particular, the registry and registrar - TVL - that the .vu namespace is Vanuatu's home on the Internet and face to the world, and that the ccTLD manager must always ensure that it is a trusted, regulated and well recognized Internet domain for all Vanuatu businesses, organizations and individuals. TRR has exercised due diligence in ensuring the registries understand the rationale for the frame work proposed in its .vu ccTLD project in order to work cooperatively with TRR on a mutual way forward. TRR is determined to have an effective .vu ccTLD management framework, and is working cooperatively with all parties towards this objective.

In terms of the Domain Name Server (DNS) infrastructure, there were some significant DNS service downtimes in Vanuatu in the final quarter of the year 2013, for which TRR promptly reacted and requested provision of status reports and remedial action. Following TRR's intervention, TVL communicated its problems/issues to TRR and also made public apologies to its customers for the downtimes.

TRR requested TVL to consider its customer service delivery obligations, especially regarding the DNS server and name server infrastructure and .vu name space, as paramount. Following this request, TVL improved its domain service communications with its customers. Work on .vu ccTLD domain policies is in progress with the support and relevant expert advice from Internet experts in the region.

7.2 Vanuatu Internet Exchange (VIX)

ISPs in Vanuatu who are members of the VIX continued to support VIX developments. This arrangement has enabled local internet traffic being routed via the VIX, and has prevented local routing over expensive satellite and/or international connectivity; thus keeping costs down for the peering parties and, particularly, consumers in Vanuatu. The VIX has seen rapid developments in a short span of time since its

establishment in December 2012. The incumbent operator, TVL, has now joined as the newest member of VIX in Q4 of 2013.

During 2013, VIX members provided their routing configurations – which need to be configured at the VIX hub/data centre – and are in the process of exchanging formal peering agreements with each other to facilitate interconnectivity.

Three Google cache servers have been implemented at the VIX to serve server pages to users that have been accessed prior by another user and cached. The caching server's intention is to keep Google bound traffic local hence further reducing costs for ISPs that are current members and connected the VIX.

I-Root DNS servers and associated equipment have been installed awaiting appropriate configuration and testing before going live. The I-Root server ensures a local presence of a root server in Vanuatu. Hence, there is now further improvement of internet experience of users in Vanuatu because most DNS queries can be resolved in country.

7.3   Internet Industry Code of Practice

The draft Internet industry Code of Practice released for public consultation last year received comments of concern from the local internet community; primarily from Licensees. While most comments generally supported the Code of practice in principle, concerns related to costs associated with implementing the guidelines, simplicity, and unintended consequences arising from observing the Code of Practice were raised. After considering this important feedback TRR is developing a revised Code of Practice that we will undergo another round of public consultation in 2014. This will be complimented with an increased awareness campaign to the local internet community via TRR initiatives, including TRR's Consumer Awareness and Protection Plan.

7.4   Vanuatu Child Online Protection Program

A Child Online Protection (COP) assessment and analysis to gauge the present situation of COP in Vanuatu was carried out via a survey of 294 student respondents from Central School. This survey initiative, called ICB4PAC, was aimed at assessing how students use the Internet and the risks they are facing, or may face, online. A draft report has been submitted to TRR and OGCIO, and the participating school, for comment. When the report is finalized, it will be used by policy makers, regulators, and other interested stakeholders. TRR is looking to having this report finalized in 2014. Negotiations and discussions occurred in 2013 between TRR and OGCIO, and also with ITU/IMPACT, on a COP Strategy workshop for Vanuatu stakeholders. Plans are underway for a Vanuatu COP workshop in 2014.

7.5   Cybersecurity Activities

TRR continues to support the work of the Government's Cybersecurity Working Group; as a member. The Government's Cybersecurity Policy was finalised in November 2013, and guides the work and focus of the Cybersecurity Working Group.

Cybersecurity initiatives and awareness campaigns were carried out in 2013 to promote the safe and responsible use of the Internet and the concept of cyber security. Buzz FM 96 interviewed TRR and OGCIO staff to promote the message of safe and responsible use of the Internet. TRR presented current situational challenges, and proposed a way forward for Vanuatu as inputs to the Cyber security Working Group. The Government's Cybersecurity Working Group received valuable assistance from the ITU via its consultant, Dr. Marco Gerke, towards establishment of an appropriate framework for developing and implementing a Cybercrime legislation; a key outcome of the Cybersecurity Policy.

TRR continues to raise awareness and promote an Internet environment in Vanuatu that remains open, participative, secured, equitable and available.

8 Consumer Activities

> " *TRR made "the consumer" and "consumer issues" a major focus for 2013. Throughout the year TRR increased its consumer focus and activities to assist Vanuatu citizens in being more aware, more informed and more empowered.*

8.1 General

Building on its 2012 initiatives and activities, TRR increased and significantly ramped up its focus on consumer activities through awareness campaigns to all stakeholders and partners, informing them that one of our leading roles is to protect and promote the interests of individuals, business consumers, and Vanuatu citizens. This is a mandated requirement in accordance with Part 8 of the Act and TRR has its eye's firmly focussed on that obligation.

Consequently, TRR made "the consumer" and "consumer issues" a major focus for 2013. Throughout the year TRR increased its consumer focus and activities to assist Vanuatu citizens in being more aware, more informed and more empowered.

After the International Youth Day celebrations held at Rovo Bay Epi on the 12th of August, 2013, TRR established a working relationship with the Vanuatu National Youth Council. Through this partnership, a consumer awareness activity was staged in and around Luganville, Santo, from 21 to 24 November, 2013. Additionally, TRR provided advice and assistance to Luganville Municipal Youth (LMY) with its e-waste project. This project is an initiative of the LMY who are concerned about the way e-waste is being disposed of in the vicinity of Luganville, and is aimed at ensuring e-waste is disposed of correctly so the ecology is protected and preserved.

An interim Consumer Advisory Group for Luganville was also established at that time. This is a good example wherein TRR took the opportunity to tap into other activities running in parallel in to its 2013 consumer activities; adding value and making good use of these events.

TRR collaborated with OGCIO to enable a very successful National ICT Day celebration on May 17th, in recognition of World Telecommunication and Information Society Day and ICT Day. Additionally, the Schools ICT Debate Series, organised and managed by TRR in October 2013, marked and highlighted our extended efforts to embrace and collaborate with the education sector, children and families.

Complaints received through TRR's Consumer/Business Advisory Group quarterly meetings have been considered and adapted/adopted by TRR to produce additional Consumer Regulatory working tools and instruments. This includes the need for a draft Consumer Code of Practice and other Consumer Educational Activities. These tools and instruments are expected to be finalized in 2014 for take up and enforcement.

By facilitating consumer awareness campaigns and other activities, TRR wishes to achieve the following;

- Consumers to be aware of their rights and responsibilities.
- Building capacity in consumer champions in the communities.
- TRR working collaboratively with other organisations to enhance awareness and protection measures, and active monitoring consumer behaviour in the market.
- Most importantly, for youth in particular, to prevent "Consumer Digital shock" in a rapidly evolving digital competitive market.

TRR faced a range of challenges during its 2013 awareness campaigns and in dealing with the complaints it received.
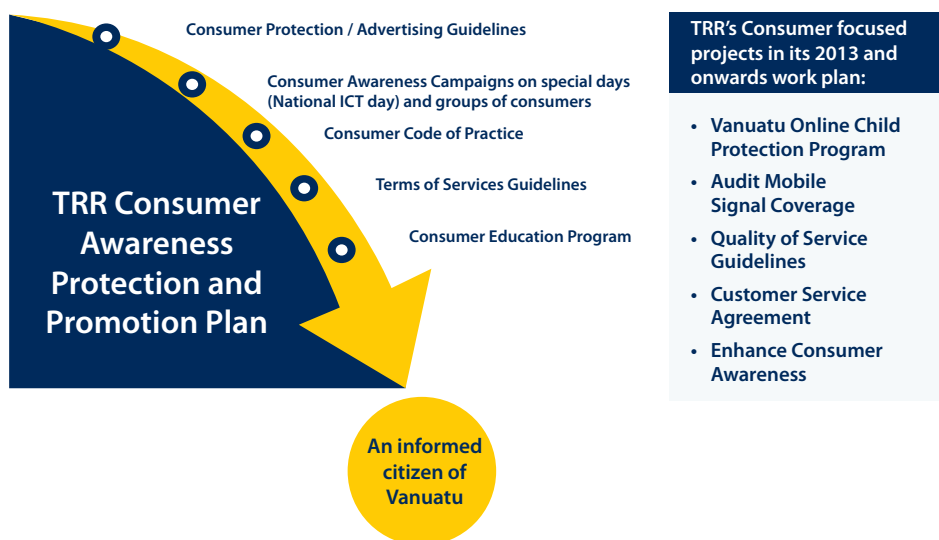
Key issues include:

- Vanuatu is a country with one of the highest rate of illiterate citizens in the world.
- Usage of ICT is centred in (basically 2) –Port Vila and Luganville urban areas –thus causing imbalance in the digital divide and consumer access to ICT's.
- Information dissemination relies on and is primarily through radio and word of mouth as Vanuatu's population is made up of 75% living in the rural communities.
- There are challenges in utilizing new technology particularly in rural areas, and in utilizing products supplied in the market. (e.g, there are shops selling IPhone 5s in towns, but there is little or no support provided for maintenance if the IPhone is damaged).
- The demographic and vast spread and topography of Vanuatu makes it hard for provision of access to and utilization of ICT services; making it difficult to disseminate information - especially in rural areas.
- Quality of Service in many rural areas of Vanuatu is poor and is insufficient for citizen's needs; causing frustration and disappointment. This holds back ICT use and proliferation.
- There are limited human resources to provide technical support in rural communities. Hence consumers are less encouraged to purchase ICT products for rural use.

Noting these challenges and characteristics, TRR developed and has established a strategy and plan to assist with minimizing the challenges encounter by the users of the telecommunications/ICT services and products.

The mechanisms established by TRR are included in our 2013 and onwards work plan. A representation of our intentions is as shown below:

Planned strategies to minimise the challenges

Consumer Protection / Advertising Guidelines

Consumer Awareness Campaigns on special days (National ICT day) and groups of consumers

Consumer Code of Practice

Terms of Services Guidelines

Consumer Education Program

TRR Consumer Awareness Protection and Promotion Plan

An informed citizen of Vanuatu

TRR's Consumer focused projects in its 2013 and onwards work plan:

- **Vanuatu Online Child Protection Program**
- **Audit Mobile Signal Coverage**
- **Quality of Service Guidelines**
- **Customer Service Agreement**
- **Enhance Consumer Awareness**

8.2   Business and Consumer Advisory Groups (BAG & CAG)

The Business (BAG) and Consumer (CAG) Advisory Groups had productive meetings in each quarter of this year. At the final meeting of 2013 in Q4, a combined meeting of BAG and CAG took place, where operators, Government and TRR held a widened consideration and discussion of consumer issues and concerns.

A highlight was the attendance of an international consumer advocate, Ms. Premila Kumar, the CEO of the Fiji Consumer Council. Ms Kumar powerfully presented on Fiji developments and the effect of the consumer empowerment and influence in leading consumer protection and awareness initiatives and uptake. Other key attendees were consumers from four provincial centres connected through video conferencing in being part of the meeting. The inclusion of provincial centre input is now a focus for TRR for future CAG and BAG meetings.

Having these groups has assisted TRR enormously in the establishment an appropriate regulatory framework for consumer protection, safety and empowerment. The Group's contributions, views, and experienced based solutions to specific issues, have assisted TRR in reviewing and analysing its regulatory framework and in dealing with specific consumer issues and concerns. TRR is now in a better position to develop appropriate enforcement tools and has commenced development of its draft Consumer Code of Practice.

Membership of BAG and CAG has also been extended to Luganville town, as the second phase of this project activity.

A combined BAG and CAG meeting in October, 2013 when the participants were actively listening to the CEO for Consumer Council Fiji (CCF), Mrs. Premilla Kumar, presenting her experiences and functions of CCF.

8.3   School Series of Debates

The 2013 Series of School Debates (the Series) on telecommunications/ICT is a TRR consumer awareness initiative which commenced in July and ended in October 2013.

The Series consisted of three rounds of debates, each assessing a different topic within the area of telecommunications/ICT in education. Four secondary schools in the vicinity of Port Vila participated: Lycée de Montmartre, Lycée LAB, Malapoa College and Tebakor Secondary Schools.

The Series was planned to prompt and motivate students to stop, take a step back, take stock of what is available, what their daily use of ICTs implies, and how this affects their lives.

The Series also provided an avenue where 'healthy and appropriate' discussions on a common theme could be heard. It facilitated consumer's coming face to face with experts to exchange ideas, thoughts and beliefs.

It enabled the various service providers and consumers of services and products to dialogue through a participatory model of communication across the various forms of media, including newspapers, radio and television, to be established and tested.

This activity proved an extremely valuable means of awareness and advocacy for ICT advancement in Vanuatu; and especially in the Education sector. It also prompted a shifting of focus towards alternative didactics shadowing contemporary global trends that involves the use of ICT for teaching and learning.

TRR wishes to recognize and thank the Ministry of Education, OGCIO, all telecom operators, civil society organisations, consumers and, especially students and teachers in schools, who collectively contributed to the success of this activity.
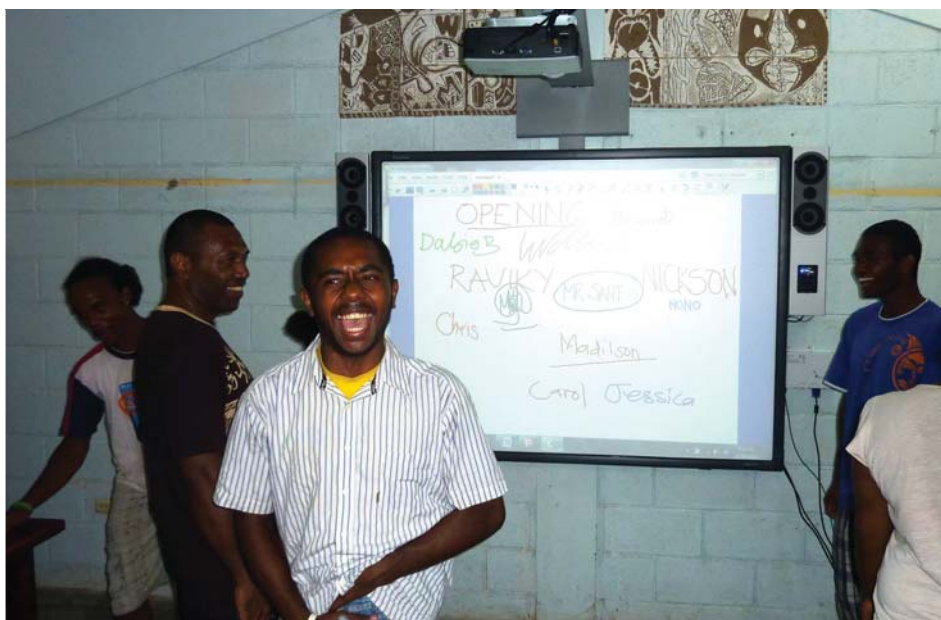
A Malapoa College student excited about his very first experience with the Interactive Whiteboard

8.4   Consumer Complaints

"Yes, they have refunded lost credit, but it is unfortunate that I had to involve you (TRR) to get what was due to me. It is good to know that there is an organization to assist consumers who have complaints about TVL and Digicel". This is a direct quote from a complainant who after seeking TRR's assistance had his complaint satisfactorily settled with the responsible operator.

TRR recognizes the importance of its role in protecting consumers and providing an avenue for complaints to be received, handled and appropriately resolved. A TRR Guideline for Consumer Complaints Handling Procedure was put in place to supplement the Act, and TRR has been mediating, assisting and escalating consumer complaints to relevant operators during the year in line with that procedure and other consumer documents.
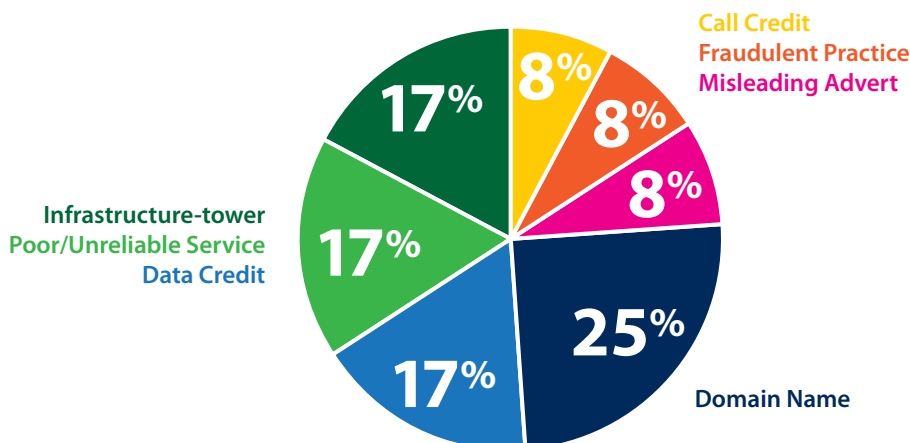
During the course of the year, TRR received a diverse range of complaints. Most complaints were resolved within specified (required) periods and some complaints were retracted by the complainants; for various reasons.

Others were not deemed telecommunications complaints, and the complainants were advised to seek redress through other appropriate avenues. The figure below indicates the range of complaints received by TRR in 2013.

Many complaints received by TRR were via informal discussion, or during consumer awareness programs and activities, as well as via social media forums. In these social media forums, it appears that there is some consumer dissatisfaction. However, very few of these complaints were formally lodged with TRR. Therefore, official statistics do not correspond to a general trend, and TRR has recognized this and now has an increased focus on monitoring informal discussions via social media towards undertaking appropriate action; including remedial action.

TRR notes and reports that consumer complaints lodged during the year were targeted mainly at two major service providers.

Types of complaints in 2013

Call Credit
Fraudulent Practice
Misleading Advert

Infrastructure-tower
Poor/Unreliable Service
Data Credit

8%
8%
8%
25%
17%
17%
17%

Domain Name

9 | Universal Access and Services

9.1 TRR contribution to UAP Fund

TRR made a deposit of 20 Million Vatu into the UAP Fund Trust Account in 2013. TRR exercises care and responsibility in utilizing the revenue it receives in an efficient and effective manner, and to bring benefit of the citizens of Vanuatu in the provision of telecommunications services. TRR, in working cooperatively with GOV, was well aware of the Government's policy direction for ICT and universal access, and we made an extra effort this year to cut our costs as much as possible, so that we could make a donation to the UAP Fund Trust Account.

TRR has contributed and deposited in to the Fund in past years and will make every effort to provide, where possible, further donations to the UAP Fund in the years ahead.

9.2 UAP sites for extending mobile coverage to rural areas

TVL has completed nine mandatory sites out of ten as required under the UAP Project established in 2010 for expanding mobile services voice in rural areas; leaving only the 10th site pending completion. This final site, for the Torres Group Islands remains incomplete, primarily due to its unique challenges and TVL's priorities and objectives.

Significant progress has, however, been made in 2013 following TRR's initiatives and fruitful discussions with TVL.

TVL recently made a commitment to completing Site 10, and confirmed with TRR that all equipment was ready, and that formal request (due its remoteness) was made to the Government for assistance with logistical costs. TVL has requested the Government to facilitate the negotiation of a parcel of land on the Island of Loh in order that TVL engineers can commence building and commissioning this site. TRR sees completion of Site 10 as a primary objective for TVL to achieve as soon as possible, and with its highest priority.

9.3   Rensarie Telecentre

The Rensarie Broadband Pilot Project remained TRR's primary broadband project under the UAP Fund in 2013. The 2013 final phase was co-funded by the Australia-Vanuatu, Governance for Growth (GfG) Program. This arrangement facilitated and established, for the first time, for the project to be managed as real 'hands on' community project, between Rensarie College (RC) and the Rensarie Telecentre Committee (RTC).

In preparation for sustainable management and operation, UAP funding was progressively decreased from quarter to quarter during the final phase; until all operational costs were transferred to RC in November 2013; due to its successful fully sustainable operation. A focus of the final phase was for TRR to facilitate and assist the Rensarie UAP Broadband pilot project, through the RC, RTC and the Rensarie community to become self-sustainable. RC and TRR implemented three sets of 3-month work plans addressing financial, social and technological sustainability. At the end of November 2013, TRR welcomed the significant progress made in the operation and management of the Telecentre, especially RC's preparedness and readiness to continue on as a self-sustainable entity, without additional funding support from UAP or TRR.

Main achievements during the final phase, some which significantly contributed towards sustainability, included:

• Launch of weekly movie nights for the community as a fundraising activity by the Telecentre Committee; with money raised used to build a cinema Hut at the Telecentre.
• Enhanced capacity building in technical, maintenance and management areas.
• RC taking lead to change the Internet access from an expensive VSAT to terrestrial link, through TRR's initiative and assistance.
• Development of a 12-month Work Plan and Operational Budget for 2014 with TRR assistance.
• Improved performance of teaching staff and students in 2013.
• Significant signs of self-sustainability and progress in the operation and management of the project especially RC's preparedness and readiness to step into the year 2014 without additional funding support.
• Selection of RC by the Agence Universitaire de la Francophonie (AUF) as a recipient of its Digital Campus project in October 2013 with the extension of RC computer Lab in November 2013. This project is providing an opportunity for the French teachers to further their education through any French University part of the AUF network online beginning January 2014.

TRR developed and released a progress report on the project on 3 September 2013, is now developing and will produce a closure report in early 2014.

TRR engaged Malco Productions to document the journey and the impact of piloting broadband internet access in Rensarie – before and after broadband internet - and to conduct interviews on the benefits or disadvantages of the service as seen by the people there. This documentary is expected to be released in Q2, 2014.

Rensarie ICT Community Centre

9.4 Implementation of UA through utilization of the UAP Fund

In March 2013, AusAid and the GoV signed an amendment to an Agreement for the approval of seed funding of AUD $3.1 million, to kick start the UAP program and UA implementation initiatives. TRR provided contributions to and supported the development of the draft UAP Policy, by the OGCIO, which promoted the concept of pay-or-play (a key element of the UAP). The utilization of the fund was subject to the approval of the National ICT Policy and the UAP; which were finalized in November 2103.

In November 2013, the Council of Ministers (CoM) passed and endorsed tthe National ICT Policy, the UAP and the Cybersecurity Policy. Three major UAP projects are to be rolled out under the Seed Funding.

TRR is developing an implementation plan for the Seed Funding Initiative and will complete it in Q1, 2014. The plan will include (i) assisting schools with the establishment of computer/ICT labs; (ii) facilitate the establishment rural Telecentres/internet cafes; and (iii) supply of tablets to a select number of schools.

9.5 Implementation of universal access to telecommunications services through GOV's UAP

TRR wishes to congratulate the Government for its initiative and commitment in developing and approving a national UAP in November 2013. This will greatly improve access to telecommunications service in parts of Vanuatu which are currently unserved or not adequately served by existing telecommunications services.

TRR is privileged to be given a lead role to implement this policy initiative. It is one of the most innovative and forward-thinking policies on universal access provision in the world, and will quite possibly serve as a model for many other countries to follow.

The UAP requires TRR to report to the Minister within four months from the approval of the Policy, - i.e. March 2014 - and TRR has already committed resources and is working hard and engaging cooperatively with licencees and stakeholders to achieve this objective.
This will be TRR's highest priority in 2014 and onwards.

TRR has commenced round table discussions with the industry representatives, with a focus on how the industry will support the UAP and GOV to achieve its goals and objectives.

10 Major events timeline of 2013

22 February 2013	**AusAID provided VT 260 million to the UAP Fund as innovative seed funding for projects for the expansion of ICTs in Vanuatu and to assist achievement of universal access objectives.**
17 May 2013	**TRR supported OGCIO and participated in National ICT Day Celebrations.**
16 July 2013	**Mauritius Telecom International Ventures (MTIV) increased its shareholding of TVL from 45% to 90%.**
24 July 2013 – 2013	**Series of School Debates began with Round 1.**
24 August 2013	**Final public consultation on the National ICT Policy, the Cybersecurity Policy and the UAP announced.**
18 September – 2013	**Series of School Debates Round 2.**
24 October 2013	**Third and final round of the 2013 Series of School Debates.**
24 October 2013	**SkyCloud Networks issued a license to operate as a new Licensee in Vanuatu's telecommunications market.**
28 October 2013	**Order 1 of 2013 issued, revoking TVL's dominance in the retail mobile services market.**
7 November 2013	**COM approved the National ICT Policy, The Cyber Security Policy and the Universal Access Policy announced**
18 November 2013	**Prime Minister Carcasses, Regulator & GCIO represented Vanuatu in the ITU Connect Asia-Pacific Summit in Bangkok.**
November 2013	**Submarine Cable landed in Vanuatu.**
10 December 2013	**Consumer Awareness and Protection Plan 2014 and Beyond approved.**
17 December 2013	**Nominated Service Provider Reference Interconnection Offer (NSP RIO) for the telecommunications industry issued.**
20 December 2013	**TRR 2014 and Onwards Work Plan released.**

11

Auditor's Report & Financial Statement

Income statement

For the year ended 31 December 2013
Expressed in Vatu

	2013	2012
Operating Revenue	184,249,529	170,259,712
Operating Expenses	(167,195,666)	(163,061,971)
Operating Surplus before payment to Universal Access Fund	17,053,863	7,197,741
Universal Access Fund	20,000,000	-
Operating Surplus / (deficit) after payment to Universal Access Fund	(2,946,137)	7,197,741

Statement of Financial Position

As at 31 December 2013
Expressed in Vatu

	2013	2012
Current Assets		
Cash and Cash Equivalents	41,398,843	52,647,669
Receivables	51,783,796	39,429,376
Other Assets	12,327,300	12,017,036
	105,509,939	104,094,081
Non current assets		
Plant and Equipment	22,269,647	16,316,656
Total Assets	127,779,586	120,410,737
Current Liabilities		
Creditors and Accruals	7,200,297	3,997,973
Provisions	566,493	285,068
	7,766,790	4,283,041
Non Current Liabilities		
Provisions	6,005,867	4,321,470
Revolving Funds	38,732,000	33,585,160
	44,737,867	37,906,630
Total Liabilities	52,504,657	42,189,671
Net Assets	75,274,929	78,221,066
Accumulated Surplus / (deficit)	75,274,929	78,221,006

Annex 1 - Register of Consultants 2013

In accordance with section 11 of the Telecommunications and Radiocommunications Regulation Act 2009 ("the Act"), the below is a list of consultants and advisors engaged with the Regulator and a summary of their expertise and works performed for and on behalf of TRR & OGCIO.

Name	Position Held	Area of expertise or project responsibilities
Eric Braun	Telecommunications Legal Expert	Assisted TRR's in house Chief Legal Officer and TRR staff with all significant legal matters including preparation, review and advice on regulations and orders, assisted on litigation matters, and provided specialist advice on technical telecoms legal matters.
Jeanette Yiu Hing	WB Grant Coordinator	Administration and management of the World Bank Grant, including the co-ordination and procurement of technical assistance and related services to June 2016.
Ronald Box	Regulator	Continued duties of the Regulator from 1st December 2012 until 31 December 2014. Contract ends in December 2015.
Incyte Consulting Limited	Telecommunications Competition and Economic Regulatory Supporting Firm	Currently provides economic and regulatory, analysis and evaluation on specific issues such as anti-competitive claims, market dominance to assist the Regulator to build capacity and make informed decisions.
Alan Short	Interconnection & Cost Modelling Expert	Providing technical advice and assistance on interconnection and cost modelling works.
Assignments completed		
Nicola Barnes	Regulatory Program & Projects Manager	Responsible for administration of the World Bank Grant funds. Co-ordinated World Bank funded activities, procurement and reporting. Assisted TRR to establish and oversight program management discipline. Provided project management training. Contract completed in June 2013.
Nathans and Associate	Specialist Legal and Economic Firm	Provided Economic and legal analysis and evaluation on a specific issues such as anti-competitive claim, market dominance to assist the Regulator to make informed decisions. Contract completed in April 2013.
Chris Doyle	Spectrum Expert	Provided radio spectrum analysis, assisted with development of proposed revised radio licensing Fees Schedule. Contract completed in June 2013.

Independent Auditors' Report to the Prime Minister

Rapport du Commissaire aux Compte au Ministre de l'Infrastructure et des Services Publics

Scope

We have audited the financial statements of the Office of the Telecommunications Regulator for the year ended 31 December 2013 consisting of the income statement, statement of changes in funds, statement of financial position, statement of cash flows and accompanying notes set out on pages 6 to 21. The entity's Regulator is responsible for the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Minister responsible for the Telecommunications and Radiocommunications Regulation Act 2009, the Prime Minister.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with applicable International Financial Reporting Standards and statutory requirements so as to present a view which is consistent with our understanding of the organisation's financial position, the results of its operation and its cash flows.

We believe that our audit provides a reasonable basis for our opinion.

Contrôles effectués

Nous avons procédé au contrôle des états financiers du Bureau du Régulateur des Télécommunications et des Radiocommunications pour l'exercice clos le 31 décembre 2013, comportant l'état des revenus, le tableau de variation des fonds, le bilan, le tableau des flux de trésorerie ainsi que les notes complémentaires situées aux pages 6 à 21. Le régulateur de l'organisation est responsable des déclarations financières fournies ainsi que de leurs contenus. Notre mission, conduite de manière indépendante, a pour objet de pouvoir formuler une opinion sur les états financiers au Bureau du Premier Ministre, en charge de la loi sur les Télécommunications et Radiocommunications de 2009.

Notre audit a été effectué conformément aux normes internationales de vérification comptable, comme promulgué par la Fédération Internationale des Comptables de manière à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Cette vérification comprend le contrôle par sondages des éléments probants justifiant les données contenues dans les comptes et les autres éléments d'information fournis dans les états financiers. Elle comprend également l'appréciation des principes comptables suivis, des estimations significatives retenues. Ces diligences sont mises en œuvre afin de nous permettre d'apprécier si les états financiers sont présentés en conformité avec les normes comptables internationales (IFRS) et les dispositions légales en vigueur et s'ils reflètent notre analyse de la situation financière, de ses résultats et de ses ressources.

Nous estimons que l'audit effectué fournit une base raisonnable à l'opinion exprimée ci-après.

B&P

Audit opinion

In our opinion, the financial statements of the Office of the Telecommunications Regulator have been properly prepared in accordance with the provisions of the Telecommunications and Radio communications Regulations Act No.30 and applicable International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board, so as to give a true and fair view of:

i) in the case of the statement of financial position, the state of the entity's affairs as at 31 December 2013;

ii) in the case of the income statement, the entity's result for the financial year ended on that date;

iii) the entity's cash flows for the financial year ended on that date.

Dated at Port Vila this *14th* of *May* 2014,

Certification

Selon notre avis, les rapports financiers du Bureau du Régulateur des Télécommunications ont été dument préparés en conformité aux dispositions de la loi sur les Télécommunications et Radiocommunications No. 30 ainsi que le Normes Internationales de l'Information Financière en vigueur telles adoptées par le Conseil des Normes Comptables Internationales (IASB), afin de fournir une image fidèle:

i) concernant le bilan financier, le compte-rendu des affaires de l'organisation au 31 décembre 2013;

ii) concernant le compte de résultat des revenus, les données de l'organisation pour l'exercice financier se terminant à cette date;

iii) les flux de trésorerie de l'organisation pour l'exercice financier se terminant à cette date.

(A Port-Vila)

Barrett & Partners
Chartered Accountants
Qualified auditors under
Section 166(1) of the
Companies Act [CAP.191]

Independent Auditors' Report to the Minister of Infrastructure and Public Utilities

Scope

We have audited the financial statements of the Universal Access Fund Project for the year ended 31 December 2013 consisting of the income statement, statement of changes in funds, statement of financial position, statement of cash flows and accompanying notes set out on pages 3 to 10. The entity's Regulator is responsible for the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Minister responsible for the Telecommunications and Radiocommunications Act 2009, the Prime Minister.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with applicable International Financial Reporting Standards and statutory requirements so as to present a view which is consistent with our understanding of the organisation's financial position, the results of its operation and its cash flows.

We believe that our audit provides a reasonable basis for our opinion.

Rapport du Commissaire aux Comptes au Ministre de l'infrastructure et des Services Publics

Contrôles effectués

Nous avons procédé au contrôle des états financiers du projet de la Politique d'Accès Universel pour l'exercice clos le 31 décembre 2013, comportant l'état des revenus, le tableau de variation des fonds, le bilan, le tableau des flux de trésorerie ainsi que les notes complémentaires situées aux pages 3 à 10. Le régulateur de l'organisation est responsable des déclarations financières fournies ainsi que de leurs contenus. Notre mission, conduite de manière indépendante, a pour objet de pouvoir formuler une opinion sur ces états financiers au Bureau du Premier Ministre, en charge de la loi sur les Télécommunications et Radiocommunications de 2009.

Notre audit a été effectué conformément aux normes internationales de vérification comptable, comme promulgué par la Fédération Internationale des Comptables de manière à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Cette vérification comprend le contrôle par sondages des éléments probants justifiant les données contenues dans les comptes et les autres éléments d'information fournis dans les états financiers. Elle comprend également l'appréciation des principes comptables suivis, des estimations significatives retenues. Ces diligences sont mises en œuvre afin de nous permettre d'apprécier si les états financiers sont présentés en conformité avec les normes comptables internationales (IFRS) et les dispositions légales en vigueur et s'ils reflètent notre analyse de la situation financière, de ses résultats et de ses ressources.

Nous estimons que l'audit effectué fournit une base raisonnable à l'opinion exprimée ci - après.

Audit opinion

In our opinion, the financial statements of the Universal Access Policy Fund Project have been properly prepared in accordance with the provisions of the Telecommunications and Radiocommunications Regulations Act No.30 and applicable International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board, so as to give a true and fair view of:

i)   in the case of the statement of financial position, the state of the entity's affairs as at 31 December 2013;

ii)   in the case of the income statement, the entity's result for the financial year ended on that date; and

iii)   the entity's cash flows for the financial year ended on that date.

Dated at Port Vila this *14th* of *May* 2014

Certification

Selon notre avis, les rapports financiers du projet de la politique d'accès universel ont été dument préparés en conformité aux dispositions de la loi sur les Télécommunications et Radiocommunications No.30 ainsi que selon les Normes Internationales de l'Information Financière en vigueur telles adoptés par le Conseil des Normes Comptables Internationales (IASB), afin de fournir une image fidèle:

i)   concernant le bilan financier, le compte-rendu des affaires de l'organisation au 31 décembre 2013;

ii)   concernant le compte de résultat des revenus, les données de l'organisation pour l'exercice financier se terminant à cette date;

iii)   les flux de trésorerie de l'organisation pour l'exercice se terminant à cette date.

(A Port-Vila)

Barrett & Partners

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Qualified auditors under
Section 166(1) of the
Companies Act [CAP.191]