

### INFORMATION & COMMUNICATION TECHNOLOGIES AUTHORITY

Annual Report 201

Enabling Tomorrow's Digital World

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# CHAIRPERSON'S REVIEW

During 2011 the Authority pursued its actions and measures in line with its mission and vision

We in Mauritius are not spared the trends across the world and it may seem that we are forever on a treadmill to stay at the forefront of these trends but also to set our own benchmarks in terms of regulation in the public interest.

Across the world, the consumer or end user is often placed in the context of a consumer revolution with consumers becoming ever more savvy about the products and services for which they pay their hard earned money. In Mauritius the scenario is not more different.

No doubt here it must be underlined that during 2011, the Authority addressed the issue of mobile charges and took action to bring down Mobile Termination Rates from 90 cents to 60 cents with a view to the benefits percolating down to the consumer.

But consumers come in all shapes and sizes and are just one part of the diverse stakeholder base of the regulator. In envisioning the future, the regulator must always cast its net wide and look ahead. The Authority was fully engaged in its role of advising the policy maker on the issue of Broadband and contributed to the drafting of the National Broadband Policy for years to come - Broadband being one of the lynchpins of transforming the way citizens use ICTs to transform their lives and become digital citizens today and tomorrow. Broadband will be an area of focus for the regulator in order to place Mauritius at the forefront of the global digital revolution.



Trilock Dwarka Chairman

Among the regulator's multifarious functions is the very pertinent one of curtailing harmful and illegal content on the Internet. The Authority came forward with an innovative project, the Online Content Filtering system which has yielded concrete results by effectively reducing the number of users in Mauritius who attempt to visit child sexual abuse websites. The figure for the number of CSA URLs to which access by Internet users in Mauritius was blocked is regularly updated on and ICT Observatory section on the Authority's website.

Secure communications was the theme for the year; paving the way for e-commerce requires policies and mechanisms to encourage business online; the Authority launched the PKI-enabled website under its mandate to be the Controller of Certification Authorities or CCA.

In December 2011, the Authority demonstrated the high regard it enjoys internationally by playing host to one of the events on the calendar of the International Telecommunication Union, namely the World Telecommunication Indicators' Meeting, WTIM 2011. The gathering of experts in the field of ICT indicators on which ICT players have to rely to forecast the industry and all its ramifications here in Mauritius gave an added boost to the Authority's credentials. The event was chaired by the Executive Director with a series of outcomes.

Earlier in the year, I had the honour and privilege of taking the Chair of the Association of Regulators of Information and Communications of Eastern and Southern Africa, ARICEA. The Association held its 7th Annual General Meeting here in March. Such events enable the Authority to consolidate the reputation it enjoys in the region not just amongst its counterpart regulatory associations and ICT-related organisations but also with regional blocks such as SADC and COMESA to further enhance links and exchanges to spur progress across the spectrum of ICT issues. In July the Authority was host to a high level delegation from the Ugandan Communication Commission (UCC). Members of the delegation included the UCC's Chairperson. Agreement was reached to pave the way towards the signature of a Memorandum of Understanding.

Again on the International front, the Authority as a member of the Commonwealth Telecommunication Organisation, took the commitment for Mauritius to host the 52<sup>nd</sup> Council Meeting of the CTO. As Chairman of the ICT Authority, I am committed to the furthering of links and cooperation within the region and internationally through organisations like the CTO since I believe in the fertile exchanges that can be reaped not just in terms of projects but also in capacity building.

The Authority has always favoured a consultative and consensual approach to issues which are of concern to its stakeholders. The issue of Electromagnetic Field Safety is one of them. And in July, a three day workshop was held in Mauritius to enable stakeholders to work consensually on EMF safety. The workshop paved the way for the Implementation of the Mandatory Standard for Deployment of Radiocommunication Infrastructure and Administrative Standard for Electromagnetic Field Safety. As with all its endeavours, the Authority takes into consideration international best practices and benchmarks as it did on the question of EMF and EMF safety.

As Chairman of the ICT Authority, I look forward to further steering the organisation to the challenges ahead.

Trilock Dwarka Chairman

# **EXECUTIVE DIRECTOR'S MESSAGE**

"ICTA set the scene for IPv6, revised the Mobile Termination Rates downward and secured a wide range of positive outcomes for consumers in 2011. But there is still more for us to do"

At the beginning of this Annual Report is a short statement. It sets out our responsibilities and defines our legal duties, requiring us to further the interests of consumers. It is a clear definition of what underpins all our work and everything we do at the ICTA.

#### WHAT OUR WORK HAS ACHIEVED

During the year in review, the ICT industry and consumers in general enjoyed a number of developments in the market that resulted from ICTA's work.

- In this year ICTA had set additional obligations on operators in order to implement the Fraud Tracking System
- This year saw the launch of the centralised Child Sexual Abuse (CSA) filtering tool becoming operational at the ICTA premises.
- The introduction of fresh competition in the mobile market was highlighted by making new frequency allocation to MTML for the launch of GSM services.
- The prices consumers pay for mobile communications services has fallen overall and compare reasonably favourably to prices in many other countries due to the determination of ICTA to reduce the Mobile Termination Rates (MTR).



Dr M K Oolun Executive Director

- This year we have made our CCA website fully PKI-enabled for online application and in the same breath we licenced the first CA for Mauritius.
- In line with our statutory mandate we have recommended to the Minister the National Broadband Policy; we have further provided recommendations on the Spam Control and legislation, Trade on Investment Framework Agreement (TIFA), and the amendments to sections 30 and 31 of the ICT Act.
- We have collaborated with the Competition Commission of Mauritius in a couple of investigations and enforcement programmes in the year to protect consumers in the case of MyT and ADSL pricing.
- We have held a few major conferences such as the ARICEA AGM, Conference on the IPv6 transition, ITU WTIM 2011 and the first ICT/BPO conference in collaboration with the Ministry of ICT.

Butthere is much more to do, and favourable outcomes for the industry and consumers can materialise over different time horizons. While consumers will be enjoying new benefits in the ICT sector, our future actions will be geared towards overcoming future challenges resulting from the recession especially in the Euro zone. As we look ahead here are some of the future outcomes we expect from the work we undertook or started in 2011:

- The future launch of enhanced 4G mobile services with faster Internet speeds, following ICTA's plan for spectrum at 800 MHz;
- Increasingly faster broadband speeds with greater choice of provider, resulting from newentrant in the fibre network and infrastructure;
- Appointment of the Government CA

"The range of ICT services is becoming wider while the prices of such services are falling overall; these compare favourably to what are available in other countries"

Dr M K Oolun Executive Director

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE



### RESPONSIBILITIES OF THE ICT BOARD MEMBERS

The responsibilities of the ICT Board Members are spelt out in the ICT Act and include mainly laying down the policies regulating the various activities of the Authority. They ensure that the objects, powers and functions of the Authority are carried out in an effective, efficient and objective manner. The Board discharges its responsibilities either directly or through sub-committees duly appointed by the Board. The Board promotes openness, integrity, accountability to improve corporate behaviour, strengthens control systems over business and reviews management performance on a regular basis. To fulfil their responsibilities, Board Members have access to accurate, relevant and timely information. The ICT Board is also responsible for the preparation and presentation of the financial statements of the ICT Authority in a fair and objective manner in accordance with International Financial Reporting Standards and according to regulations in force.

#### **INTERNAL CONTROL**

The ICT Board's responsibilities includes designing, implementing and maintaining an appropriate internal control mechanism for the preparation and presentation of financial statements which reflect the true and fair financial position of the Authority. It also entails selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. Such systems ensure that all transactions are authorized and recorded and that any material irregularities are detected and rectified within a reasonable time frame.

#### Internal Control Department

Since September 2011, the Internal Control Department has been set up within the Authority. A qualified Internal Controller has been recruited to be

responsible for matters pertaining to Internal Control, Risk Management and Corporate Governance. The Internal Controller reports directly to the Internal Audit Committee under the ICT Board.

Further to the recommendation of the Audit Committee and in compliance with the best practice prescribed by the Institute of Internal Auditors, the ICT Board has endorsed the documents mentioned below which form the basis for the operation of the internal control function:

#### Internal Audit Charter

- The objective of the Internal Audit Charter is to formalize the basis of operation of Internal Audit and provide a formal management endorsement of this basis of operation.
- 2. The Audit Charter establishes the Internal Audit position within the Authority, by stating its Vision, Mission, Scope of Work, authority and responsibility.

#### Internal Audit Plan

The Internal Audit Plan sets out the different components to be audited using a *Risk Based Methodology* that has been established in consultation with Senior Management.

#### NATIONAL CODE OF CORPORATE GOVERNANCE

A Corporate Governance Committee has been set up under the ICT Board in order to ensure compliance with the National Code of Corporate Governance. The Committee is constituted of the following ICT Board Members:

Chairperson: Mr M. Seebah, Representative of the Prime Minister's Office Members: Mr Y. Manick and Mr A. Ramlugan, ICT Board Members

#### **COMPOSITION OF THE BOARD**

The ICT Authority is administered and managed by the ICT Board in accordance with the provisions of the ICT Act 2001. The ICT Board consists of the Chairperson, the representative of the Prime Minister's Office and 5 other Members appointed by the Minister of ICT.

#### **DELEGATION OF POWERS**

In order to deal with urgent issues in an expeditious manner, the ICT Board has set up a Fast Track Committee comprising the Chairperson and 2 Board Members. In terms of the provisions of the ICT Act 2001, the Board has delegated to this Committee powers to take decisions except those relating to the borrowing of money and the granting of licence. The decisions of the Fast Track Committee are subsequently ratified by the ICT Board.

# OTHER SUB-COMMITTEES UNDER THE ICT BOARD

Sub Committee:	Chairperson	Members
Audit Committee	Mr N. Malleck	Mr A. Ramlugan Mr N. Khodabocus
USF Management Committee	Mr Y. Manick	Mr T. Dwarka Mr N. Malleck
Staff and Remuneration Committee	Mr T. Dwarka	Mr M. Seebah Mr N. Khodabocus

## TERMS OF REFERENCE OF SUB-COMMITTEES UNDER ICT BOARD

#### AUDIT COMMITTEE

COMPOSITION		
Mr N. Malleck	-	Chairperson
Mr N. Khodabocus	-	Member
Mr A. Ramlugan	-	Member

The Audit Committee ensures that the Authority has a proper and effective internal control system. The main objectives of the Audit Committee are to:

- Evaluate the effectiveness of the system of internal controls.
- Identify and assess, through the Internal Controller, important risk areas and ensure that the critical risk areas are being effectively addressed by Management.
- Review internal audit plan to determine that internal audit objectives and goals provide for adequate and support the Audit Committee's objectives and goals.
- Meet with the internal and external auditors to review audit assignments carried out by them.

### UNIVERSAL SERVICE FUND (USF) MANAGEMENT COMMITTEE

COMPOSITION		
Mr Y. Manick	-	Chairperson
Mr T. Dwarka	-	Member
Mr N. Malleck	-	Member
	Mr Y. Manick Mr T. Dwarka	Mr Y. Manick -

The USF Management Committee has responsibility for the following:

- Advising on the management of the USF at the level of the Authority.
- Recommending to the ICT Board on any amendments to be made to the structure and management of the USF, both at the level of the Authority and at national level.
- Dealing with regulations made by the Minister pertaining to the USF.
- Preparation of annual budgets and project plans for the USF as well as financial reporting for submission to the ICT Board.

## STAFF AND REMUNERATION COMMITTEE

-	Chairperson
-	Member
-	Member
	- -

The Committee determines the Authority's general policies regarding remuneration and welfare of staff members and makes appropriate recommendations to the ICT Board.

## ATTENDANCE AT BOARD AND COMMITTEE MEETINGS - 2011

	ICT Board	Fast Track Committee	Audit Committee	Staff and Remuneration Committee	USF Management	Committee Governance	Tenders Committee	
NO. OF MEETINGS	13	3	1	3	4	1	10	
BOARD MEMBERS								
Mr T. Dwarka (Chairman)	13	3		3	4		1	
Mr M. Seebah (Representative of Prime Minister's Office)	10			3		1	1	
Mr N. M. A. Khodabocus	10	2	1	3			6	
Mr A. Ramlugan	13	1	1		1	1	4	
Mr Y. Manick	13	2			4	1	6	
Mr N. Malleck	10	1	1		3		4	
Mr A. Gordon-Gentil	10						1	

#### ICT AUTHORITY'S ETHICS POLICY

### 1. Overview

The purpose for this ethics policy is to establish a culture of openness, trust and integrity in business practices. Effective ethics is a team effort involving the participation and support of every ICT Authority's employee. All employees should familiarize themselves with the ethics guidelines that follow this introduction.

The ICT Authority is committed to protecting employees, partners, vendors and the company from illegal or damaging actions by individuals, either knowingly or unknowingly. When the ICT Authority addresses issues proactively and uses correct judgment, it will help set us apart from competitors.

Any wrongdoing or impropriety at any time will not be tolerated. Appropriate measures will be taken to act quickly in correcting the issue if the ethics code is broken. Any infraction of this code of ethics will not be tolerated.

#### 2. Purpose

Our purpose for authoring a publication on ethics is to emphasize the employee's and consumer's respective expectations to be treated to fair business practices. This policy will serve to guide business behaviour to ensure ethical conduct.

#### 3. Scope

#### 3.1 Executive Commitment to Ethics

3.1.1. Senior Management within ICT Authority must set a prime example. In any business practice, honesty and integrity must be the top priority for executives.

3.1.2. Executives must have an open door policy and welcome suggestions and concerns from employees. This will allow employees to feel comfortable discussing any issues and will alert executives to concerns within the force.

3.1.3. Executives must disclose any conflict of interests regarding their position within the ICT Authority.

#### 3.2 Employee Commitment to Ethics

3.2.1 ICT Authority employees will treat everyone fairly, have mutual respect, promote a team environment and avoid the intent and appearance of unethical or compromising practices.

3.2.2 Every employee needs to apply effort and intelligence in maintaining ethical behaviour and values.

3.2.3 Employees must disclose any conflict of interests regarding their positions within the ICT Authority.

3.2.4 Employees will help the ICT Authority to increase customer and vendor satisfaction by providing quality products and a timely response to inquiries.

#### 3.3 Company Awareness

3.3.1 Promotion of ethical conduct within interpersonal communications of employees will be rewarded.

3.3.2 ICT Authority will promote a trustworthy and honest atmosphere to reinforce the vision of ethics within the company.

#### 3.4. Maintaining Ethical Practices

3.4.1 ICT Authority will reinforce the importance of integrity and the example will be set from the top. Every employee, manager and director needs consistently maintain an ethical stance and support ethical behaviour.

3.4.2 Employees at ICT Authority should encourage open dialogue, get honest feedback and treat everyone fairly, with honesty and objectivity.

3.4.3 ICT Authority has established a best practice disclosure committee to make sure the ethical code is available to all employees and that concerns regarding the code can be addressed.

#### 3.5 Unethical Behaviour

3.5.1. ICT Authority will avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications.

3.5.2. ICT Authority will not tolerate harassment or discrimination.

3.5.3. Unauthorized use of company trade secrets & marketing, operational, personnel, financial, source code & technical information integral to the success of our company will not be tolerated.

3.5.4. Impropriety will not be permitted at any time at the ICT Authority and all employees will act ethically and responsibly in accordance with the law.

3.5.5. ICT Authority employees will not use corporate assets or business relationships for personal use or gain.

### 4 Enforcement

4.1 Any infractions of this code of ethics will not be tolerated and corrective measures will be taken quickly if the ethical code is broken.

4.2 Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

#### **PROFILE OF ICT BOARD MEMBERS**

#### Mr Trilock Dwarka, Chairman

Trilock Dwarka is the Chairman of the ICTA since 2005. He is also the Chairman of the Independent Broadcasting Authority and also headed the National Cybercrime Prevention Committee. Mr Dwarka is a longstanding broadcast journalist. He was Head of News of the Mauritius Broadcasting Corporation from 1983 to 1991 before being appointed Director General of the MBC in 1996. He started in 1998 the process that led to the launching of DTT in Mauritius seven years later. He created Infotel Worldwide Services, a bulk data capture facility as well as Ring Me Services, a precursor to our call centres way back in 1992. Mr Dwarka has been involved, during his long career, at the level of executive committees of various regional and international organisations like CIRTEF, SABA, URTNA, CRASA and ARICEA among others. He is the current Chairman of ARICEA, the Telecom wing of ARICEA. He has published various documents on broadcasting and has made contributions on DSO at the level of the CTO. He holds an MBA from Australia, a Fellowship from Syracuse University, USA and various diplomas in Journalism and Mass Communications.

# Mr Motichand Seebah, Representative of the Prime Minister's Office

Mr Motichand Seebah is Principal Assistant Secretary in the Prime Minister's Office, Home Affairs, as from 2006. Previously, he worked in the Ministry of Health and Quality of Life, the Ministry of Agro-Industry and Food Security and the Ministry of Education and Human Resources. He is also Member of the Mauritius Examinations Syndicate (MES) Board, the Mahatma Gandhi Institute (MGI) Council, the World Hindi Secretariat Executive Council, the Events Mauritius, the Management Company Citadelle and the High-Powered Scholarships Committee. He holds an MBA with specialization in Human Resource Management. He is Board Member since August 2010.





#### Mr Yashwan Manick, Board Member

Yashwan Manick is the Lead Consultant for a consulting firm specializing in political, business and investment strategy. Mr Manick has been directly involved in political work in Europe, Africa and the USA. He has also consulted on several high profile business ventures in the EMEA region as well as advised on successful start ups. Previously, he was also the founder and managing director of a communication, design and advertising firm based in Mauritius. Mr Manick holds a liberal arts degree from an US Ivy League institution. He is Board Member since 2008.

#### Mr Alain Gordon-Gentil, Board Member

Alain Gordon Gentil has had a long and fruitful career in the press. He has worked as a political analyst, editorialist and interviewer and has won a "Journalist of the Year" award. Mr Gordon Gentil was Press Office director at the Prime Minister's Office and was one of the senior advisers to the Prime Minister. He is a writer and has published several novels in France. His last novel, Devina won the "Revélations 2009" prize in Paris. Mr Gordon Gentil has also been a television documentary producer. His films have been screened and broadcast in Mauritius, France, Britain, Belgium and Japan. Mr Gordin Gentil is Board Member since 2008.

### Mr Naushad M. A. Khodabocus, Board Member

Naushad Khodabocus is Board Member since 2005. Mr Khodabocus holds an MSc in Engineering from UK and has a legal and financial background. He was formerly a Lecturer at the University of Mauritius. He is also a member of the Radio Frequency Monitoring Unit of ICTA and has attended various conferences of the International Telecommunication Union on radio frequency spectrum management. Currently, he is a Director of a consulting engineering firm.







#### Mr Naushaad K. Malleck, Board Member

Naushaad K Malleck is a Board Member since 2008. Mr Malleck holds an LLB from the University of Buckingham and has done his Bar Vocational Course at the BPP Law School in London. He is practising at the Bar of Mauritius and was at the Chambers of Sir Hamid Moollan Q.C until 2011. He is presently practising at his Chambers at 17 Jules Koenig Street Port Louis.



#### Mr Amaresh Ramlugan, Board Member

Amaresh Ramlugan is Board Member since 2005. Mr Ramlugan holds a Masters Programme in International Business and a Masters Degree in Marketing Management. He was previously Head of Corporate Affairs for Barclays Bank (Mauritius) PLC from 2005-08, and is currently Head of Marketing & Communications for the State Bank of Mauritius (SBM) Group. Mr Ramlugan is also an Executive Committee Member of the University of Mauritius International Business School (UMIBS). He plays an active role on the social front and is currently serving as President of the Rotary Club of Phoenix.





#### SENIOR MANAGEMENT PROFILE

Dr Mukund Krishna Oolun, B Tech (Hons), MSc, PhD, MBA, CEng, MIET, MIEEE, RPEM, AMIEM - Executive Director

Dr M K Oolun, Chartered Engineer of the UK Engineering Council, holds a First Class Honours in Electrical & Electronic Engineering from the University of Mauritius, an MSc with distinction in Digital Instrumentation & Imaging Systems from the University of Manchester Institute of Science & Technology (UMIST), UK, a PhD in Communications Engineering jointly from the University of Mauritius & UMIST, and an MBA in Information Technology Management from the University of Leicester, UK. Dr Oolun joined the Authority as an Engineer in 2000 before becoming Director of Engineering in 2002 and since 2005 has been Executive Director.



# Mr Harish Bhoolah, FCCA - Director of Finance and Administration

Mr H Bhoolah, Chartered Certified Accountant joined the Authority as Director of Finance and Administration in 2002. Mr Bhoolah is a Fellow of the Association of Chartered Certified Accountants. Before joining the Authority, Mr Bhoolah worked for more than eight years at Kemp Chatteris - Deloitte and Touche as supervisor, and two years at Ireland Blyth Ltd as Accountant.



#### Mr Trilok Dabeesing, MSc Computer Science, DEA Electronique - Director of IT

Mr T Dabeesing holds a Masters in Computer Science from the George Washington University, U.S.A, as well as a "Diplome D'Etudes Approfondies" from University of Lille, France, in Electronics. He joined the Authority as Manager of IT in October 2003 and was appointed as Director of the same Department since August 2009. He was formerly the Head of Engineering Services from 1995 to 2003 at the Mauritius College of the Air.



### Mr Jérôme Louis, B Eng (Hons), M Tel Eng, MRP (Telecom), C Eng, MIET, MIEEE, RPEM -Director of Engineering

Mr J Louis, Chartered Engineer of the UK Engineering Council holds a Masters in Regulation and Policy (Telecommunications) from the University of West Indies, Trinidad and Tobago, a Masters in Telecommunications Engineering from University of Melbourne, Australia, as well as a First Class BEng (Hons) in Electronics and Communications Engineering from the University of Mauritius. He joined the Authority as Trainee Engineer in February 2003 and was appointed Manager – Engineering and Licensing Department in July 2003. He was thereafter appointed Director as from December 2004.

## VALUES

- **Professionalism**: to demonstrate high-level professionalism in our day-to-day initiatives in relation to the business of the authority and achieve continuous self-improvement.
- **Responsibility:** to speak up and report concerns about the ICT regulatory frameworks and laws, and seek clarification and guidance where there is doubt.
- **Commitment:** to develop the right attitude towards the job we undertake, encourage individual initiative and express our dedication in achieving our objects and function.
- Honesty: to be truthful in all our endeavours, to be honest and straightforward with one another and with our policy makers, communities, licensees, operators and service providers.
- Integrity: to express what we mean, to deliver what we promise and to stand for what is lawful.
- **Respect**: to treat one another with dignity and fairness, appreciating the diversity of our workforce and the uniqueness of each employee.
- **Trust:** to build confidence through framework and open and frank communication.

#### **RISK MANAGEMENT**

#### Credit Risk

The Authority is exposed to credit risk pertaining to the possibility of default by licensees in settling their licence fee claims. The Authority has adequate shield against this risk as for major licences the Act provides for the licensees to furnish bank guarantees in favour of the Authority.

This mitigates the credit risk exposure of the Authority with regard to the recoverability of licence fees and the possibility of material loss of revenue arising.

#### Liquidity Risk

This risk refers to the possibility of default by the Authority to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funds, cash flows forecasts are prepared periodically to identify any shortage of funds.

#### **RELATED PARTY TRANSACTIONS**

#### **Remuneration to Management**

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the Authority, as per IAS 24 - Related Party Disclosures. During the year, the total remuneration of the key management was as follows:

		18 months
	Year ended	ending
	31 December	31 December
	2011	2010
	Rs	Rs
Allowances paid to Chairman		
and Board Members	5,223,000	8,708,500
Directors	8,869,058	13,592,992
	14,092,058	22,301,492

#### Staff Loans

Staff loans include auto cycle and car loans at as well as educational loans to staff members.

		18 months
	Year ended	ending
	31 December	31 December
	2011	2010
	Rs	Rs
Opening Balance		
Loans: receivable within 1 year	1,112,214	1,017,884
: receivable after 1 year	3,098,012	3,530,652
Loans granted during the year	2,081,000	2,023,700
Loan Instalments Received	(1,505,680)	(2,362,010)
Closing Balance	4,785,546	4,210,226

### **Conflicts of interest**

Any Member who has any direct or indirect pecuniary or other interest in a matter being considered or about to be considered by the Board, is required by law to forthwith disclose the nature of his interest to the Board and to abstain from being present during any deliberation and decision process of the Board in respect of that matter.

#### CORPORATE SOCIAL RESPONSIBILITY

#### **Corporate Social Responsibility Projects**

As part of its social commitment, the Authority donated/co-sponsored projects of various organizations.

- A donation was made to the Training and Employment of Disabled Persons Board to meet the cost of a software to be used by a blind lady to help her become employable and independent
- The Infotech is a yearly event organised by the National Computer Board and, in 2011, the Authority co-sponsored the event

- The Authority sponsored the organization of the float parade ceremony during the National Day celebration organised by the Ministry of Arts and Culture in collaboration with the Prime Minister's Office
- The Authority sponsored the National Computer Board for the organization of Pro IT Exhibition and Conference
- The Authority sponsored the Ministry of Information and Communication Technology for the organisation of a major regional ICT/BPO conference

#### HUMAN RESOURCE

#### **Training and Development**

As at December 2011, the Authority had 76 full time employees and 8 trainees working across the five departments:

- The Department of Engineering
- The Department of Information Technology
- The Department of Finance and Administration
- The Department of Marketing & Communications
- The Department of Service Regulation and Legal Affairs

During the year 2011, employees took part in various training sessions conducted both locally and overseas. Being a member of the Commonwealth Telecommunications Organisation, the ICT Authority has also benefited from 4 training sessions by CTO experts to build capacity in core processes.

As has been the trend over the years, besides core training, staff have also benefited from training sessions in specific fields such as risk management. The graphs below depict the various training sessions:



Chart 7.1 : Core training sessions





The Authority also engages in a number of activities to build team spirit through team building exercises.

# Compliance



# TECHNICAL REGULATION

# **Telecommunications and Radiocommunications**

#### Background

Preparation and Contribution to World Radiocommunication Conference 2012

Deployment of Radiocommunication Infrastructure Technical and Administrative Standard for Electromagnetic Field [EMF Safety]

 $Request from {\it Redsattomakes at ellite filing with the International {\it Telecommunication} Union~[ITU]$ 

## Information Technology

Transition from IPV4 to IPV6

Online Content Filtering System set up to help combat Cybercrime

Curtailing Harmful and Illegal Content on the Internet

How the Online Content Filtering System Works

**Recognition of foreign Certification Authority** 

# TELECOMMUNICATIONS AND RADIOCOMMUNICATIONS

#### Background

The Department of Engineering is responsible for technical regulation and licensing. Technical regulation may be divided into three main functions: Spectrum Management; Numbering Management and Quality of Service monitoring. Amongst the main projects which the department focused on during 2011 was preparatory work for the World Radio Conference of 2012 and the Deployment of Radiocommunication Infrastructure Technical and Administrative Standard for Electromagnetic Field Safety.

### Preparation and Contribution to World Radiocommunication Conference 2012

World Radiocommunication Conferences (WRC) are organized by the International Telecommunication Union (ITU) every three to four years. The main tasks of the WRC are to review, and, if necessary, revise the Radio Regulations. The Radio Regulations make up the international treaty governing the use of the radio-frequency spectrum and the geostationarysatellite and non-geostationary-satellite orbits.

All administrations of the ITU member states, including Mauritius, are invited to contribute and participate in the said conferences with a view to deliberating on the contributions made under the various agenda items. The preparatory process prior to a WRC conference includes consultation and participation of member states in meetings at a national, regional and international level, including participation in the ITU-R study groups, and conference preparatory meetings (CPMs).

The ICT Authority was mandated by the Administration of Mauritius to participate actively in the WRC-12 from 23 January 2012 to 17 February 2012. Prior to the said conference, in early 2011, the ICT Authority consulted the main local stakeholders, involved in radiocommunication services at national level. The said authorities/departments comprise mainly the Department of Civil Aviation, the Mauritius Ports Authority, the Mauritius Meteorological services and Multi-Carrier Mauritius Ltd as well as other radiocommunication operators.

The said exercise was conducted so as to obtain their contributions in relation to the relevant agenda items of the WRC-12. Following the said consultations, the ICT Authority formulated contributions with respect to a number of agenda items of the WRC-12 and these contributions were discussed in regional meetings organized by the Southern African Development Community (SADC) and African Telecommunication Union (ATU). During the regional preparatory meetings, common SADC proposals and common African proposals were agreed upon. Apart from its contributions that were in line with SADC and African proposals, Mauritius made contributions to the WRC-12 under the topic of spectrum management.

## Deployment of Radiocommunication Infrastructure Technical and Administrative Standard for Electromagnetic Field [EMF Safety]

In its continued effort in this area and previous consultations, the ICT Authority published a document regarding the Deployment of Radiocommunication Infrastructure Technical and Administrative Standard for Electromagnetic Field [EMF Safety] in March 2011. The standard made it imperative for operators to adopt forward planning for the installation of RF infrastructure to cater for the expected rise in the number of antennas due to the foreseeable growth in demand for mobile telephony services and good network coverage in Mauritius.

The Objectives of the Standard are:

 to apply a Precautionary Approach to the deployment of radiocommunications infrastructure;



Minister Pillay Chedumbrum and the ICTA Chairman flanked by EMF Safety experts during a workshop on July 2011 on the deployment of the Administrative Standard on EMF Safety

- to provide best practice processes for demonstrating compliance with relevant exposure limits and the protection of the public;
- to ensure relevant stakeholders are informed and consulted before radiocommunications infrastructure is constructed;
- to specify standards for consultation, information availability and presentation;
- to consider the impact on the well being of the community, physical or otherwise, of radiocommunications infrastructure; and
- to ensure the views of Local Authorities and the Community are considered and incorporated, if needs be, into the radiocommunications infrastructure site selection.

The standard sets general obligations on Licensees



Mr Jerome Louis Director of Engineering department during a wokshop conducted on EMF Safety

and requires their compliance. The standard was set to come into effect on 23 September 2011.

A workshop was also conducted in July 2011 at Le Labourdonnais Waterfront Hotel, Port Louis on the implementation of the Mandatory Standard.

### Request from Redsat to make satellite filing with the International Telecommunication Union [ITU]

REDSAT satellite Holding Ltd is a Mauritian based geostationary communication satellite operator and the said company intends to provide coverage by satellites to most African countries in Ku FSS band and some limited Ka band

In this respect, REDSAT satellite Holding Ltd submitted satellite filings to the ITU through the ICT Authority, the body representing the Administration of Mauritius spectrum management matters. The said filing was published by the ITU in January 2011 in the BRIFIC 2685 and the planned date for bringing into use the satellite is 26 August 2017, as mentioned in the said BRIFIC publication.

# **INFORMATION TECHNOLOGY**

#### Background

The Department of Information Technology's main projects for 2011 were the Public Consultation and the Workshop on the transition from IPv4 to IPv6 and the Online Content Filtering System to combat Cybercrime by filtering access to Child Sexual Abuse (CSA) websites. The Online Content Filtering System forms part of the Authority's additional regulatory measures to curtail harmful content on the Internet.

#### Transition from IPV4 to IPV6

Internet Protocol (IP) is the "language" and set of rules computers use to talk to each other over the Internet. The existing protocol supporting the Internet today - Internet Protocol Version 4 (IPv4) provides the world with only 4 billion IP addresses. The last blocks of IPv4 addresses were allocated by the Internet Assigned Numbers Authority [IANA] to five Regional Internet Registries on the 3rd February 2011.

The world population is already around 7 billion. This, coupled with the explosive growth in mobile devices creates a pressing need for additional blocks of IP addresses which cannot be catered for under the present IPV4 address pool. Therefore, the emergence of IPv6, providing the world with an exponentially larger number of available IP addresses, is essential to the continued growth of the Internet. Several European Countries, Japan, the United States, China and India are leading the recent deployments of the IPv6 protocol.

The Authority launched a public consultation in March 2011 on the transition of IPv4 to IPv6 inviting stakeholders to comment and submit their views on the matter. And based on the response received from the consultation process, the decision to set up the National IPv6 Task Force has emerged and was endorsed by the Government on 12 August, 2011. The Government also endorsed its own leadership role to further IPv6 migration and regulatory issues related to the transition from IPv4 to IPv6. The task force is expected to come forward with a National Plan defining a series of measures to promote the gradual adoption of the IPv6 protocol in Mauritius. A workshop was also organised on 22 September 2011 at The Link, Ebène City Hotel to flag out the outcome of the consultation exercise held in March.

### Online Content Filtering System set up to help combat Cybercrime

The IT Department proposed the Online Content Filtering (OCF) System project to counter cybercrimes related to Child Sexual Abuse perpetrated online via Child Sexual Abuse sites. In this context the OCF can be viewed as one of the most important projects for the Authority in respect of its mandate under section 18 (1) m of the ICT Act 2001 (as amended).

# Curtailing Harmful and Illegal Content on the Internet

Section 18 (1) m of the ICT Act 2001 (as amended), spells out one of the functions of the ICT Authority, namely: "take steps to regulate or curtail harmful and illegal content on Internet and other information and communication services".

The Online Content Filtering system was officially launched on 8th of February 2011 at the Authority. The centralised Online Content Filtering prevents Internet users in Mauritius from committing a serious offence online by filtering access to Child Sexual Abuse (CSA) sites.

# How the Online Content Filtering System Works

An Online Filtering Content System is a piece of hardware or software or a combination of both that acts as a shield between the Internet and a user's computer, thus filtering access to potentially objectionable or offensive material. The deployment of this filtering system reduces the availability and circulation of child abuse images in Mauritius and limits the trauma experienced by victims when for example their images are circulated on the Internet. At the same time, it protects against accidental viewing, giving Internet users in Mauritius, the confidence that they are safe on the Internet.

In order to implement this centralised Online Content Filtering solution, the ICT Authority selected the Netclean Whitebox technology which was developed specifically for this task in 2006. This CSA filtering system is hosted at the ICT Authority and is connected to all local Internet Service Providers which provide Internet services to the public in Mauritius.

The system is based on a hybrid Border Gateway Protocol (BGP) and Uniform Resource Locator (URL) filtering system. The first step is where a server containing the list of blocked sites (blacklist) checks the IP addresses of these sites and advertises the routes for these sites to be channelled to a filtering server hosted at the ICT Authority rather than the destination web site. The second step is where the filtering server checks the URL against the blacklist using packet inspection and if blocked, then the request is not passed on to the destination web site but redirected to a blocking server and displays a blocked page. If the site is not on the list, the filter passes the request as normal and the site is accessed by the ISP customer ("clean traffic"). The URL filtering list for this component is the list provided by the Internet Watch Foundation (IWF), a non-profit organization that is widely recognised as one of the best in the world at managing a URL list of CSA sites coupled with the Interpol blacklist.

# Recognition of foreign Certification Authority

Under section 18(1) (z) of the Information and Communication Technologies Act 2001 (as amended), the ICT Authority is the Controller of Certification Authorities (CCA) in Mauritius.

One applicant, eMudhra Consumer Services Limited of Bangalore, India filed an application with the CCA of Mauritius for recognition of Foreign Certification Authority (Foreign CA) to issue digital certificates in Mauritius under the Public Key Infrastructure (PKI) of Mauritius. Following its application and submission of necessary documents, eMudhra Consumer Services Limited was granted recognition in December 2011 by the CCA of Mauritius.









# COMMUNICATIONS AND MARKETING

### Background

ICT Authority hosts its highest level international event – the 9th World Telecommunication/ICT Indicators' Meeting (WTIM 2011) of the ITU

The ICTA took the Chair at the ARICEA AGM in March 2011

The AGM was preceded by workshops on ICT Policy and Regulation

Workshop on the Implementation of the Deployment of Radiocommunication Infrastructure Technical and Administrative Standard provides platform for dissemination of information on EMF Safety

Online Content Filtering System to Filter access to CSA sites gives tangible results

ICT Authority Organises Stakeholder Workshop to Pursue Engagement on IPv4 to IPv6 Transition

Public Consultation recommends Setting up of National Task Force on IPv6

Participation in the Police Security and Safety week, Pte Canon, Mahebourg

Conducive Regulatory Environment gives Mauritius top ranking for Internet and Telephony Competition in the Global Information Technology Report of the World Economic Forum

Official visit from Uganda Communication Commission 3-6 July 2011

# **COMMUNICATIONS AND MARKETING**

#### Background

To sustain its visibility and presence on the national and international scenes, the ICTA annually organises and hosts conferences and workshops which focus on specific issues of relevance to local and foreign stakeholders.

One of the core functions of the Department of Marketing and Communications is to support the organisation of events. The events organised or hosted by the ICT Authority serve to disseminate information about the activities and projects of the Authority. The events are also a useful platform for the Authority to consult with its stakeholders on a host of issues. This section gives an overview of the main events undertaken by the Authority for the period to market and promote its projects undertaken by the Authority.

The flagship event for 2011 was held in December 2011 with the hosting of the 9th World Telecommunication ICT Indicators' Meeting (WTIM 2011). The WTIM is a yearly event of the International Telecommunication Union which brings together experts in the field of ICT indicators from around the world. The ICT Authority's hosting of this ITU event is testimony to the high esteem that the Mauritian regulator enjoys at international level.

### ICT Authority hosts its highest level international event – the 9th World Telecommunication/ICT Indicators' Meeting (WTIM 2011) of the ITU

In the last month of the year, the ICT Authority hosted the 9th World Telecommunication /ICT Indicators Meeting [WTIM 2011]. The event was organized by the International Telecommunication Union and took place at the Swami Vivekananda International Convention Centre, Pailles, Mauritius from the 7 to 9 December 2011. The Meeting was the largest international event organized by the ICTA with 176 participants from seventy one of the eighty member states attending; there was representation from fourteen public and private organisations [including academia] and fourteen regional international organisations working under the Partnership on Measuring ICT for Development.

WTIM 2011 was chaired by the Authority's Executive Director Dr M.K. Oolun. In his Opening Statement, the Executive Director underlined his firm belief that the ICT sector is one of the key enablers that could speed up the achievement of the Millennium Development Goals (MDGs). Dr Oolun highlighted the importance of being able to measure progress, adding, "together we will be able to identify and support a new Alliance that will spur the development of reliable indicators for an information and knowledge-based economy".

WTIM is widely regarded as the leading global ICT statistics forum bringing distinguished experts to discuss information society measurement issues. According to ITU figures, the number of Internet users by end of 2011 stood at 2.4 billion; there are now close to 6 billion mobile cellular subscriptions worldwide and 1.2 billion active mobile broadband subscriptions.

In his opening remarks, the Chairman of the ICTA, Mr Trilock Dwarka highlighted the work carried out by the Authority in the field of ICT indicators: "I believe the ICT Authority in Mauritius which is mandated under the ICT Act 2001 (as amended), Section 17 (1) (a) to collect data related to the information and communication industry has been assuming its responsibilities in an effective way with the active support of our telecom operators. The ICTA has also been lending support to the Mauritius CSO and complementing their collection initiatives to allow us to obtain as clear a picture as possible of ICT developments and trends." The Meeting focused on five main topics: measuring global development targets: ICT infrastructure and access indicators [in particular the review of definitions and discussions on broadband capacity, mobile broadband subscriptions and tariffs, and speed and quality of service], investment and revenue in the telecommunication/ICT economy; e-waste and household ICT surveys.

The presentations made during WTIM generated lively debate leading to the key recommendations. The Meeting made a number recommendations on measuring global of development targets. It acknowledged the Partnership on Measuring ICTs for Development 's continued efforts to track global information society developments and welcomed the expansion of the Partnership core list of ICT indicators to include seven core indicators on measuring e-government as developed under the UN Economic Commission for Africa (UNECA).

The meeting also acknowledged the leading role of ITU in providing ICT data and statistics towards the monitoring of global development targets, including Goal 8 of the Millennium Development Goals; the WSIS targets and the targets set out by the Broadband Commission for Digital Development.

Among the other major developments planned in the wake of this international conference was that new



Mauritius takes on Chair of ARICEA during 7th AGM, Balaclava in presence of Acting Minister of ICT, Honourable Rajesh Jeetah

indicators will be established to measure Broadband Internet and the price of mobile Broadband Internet will henceforth be evaluated. The WTIM Meeting was preceded by an Experts' Group Meeting held over two days from 5th to 6th December.

# The ICTA took the Chair at the ARICEA AGM in March 2011

The Authority is committed to raising the profile of the ICT sector and of Mauritius by networking with other ICT regulators and ICT- related organisations within the region. The Authority is a member of a number of regional organisations including the Association of Regulators of Information and Communications of Eastern and Southern Africa (ARICEA).



Honourable Tassarajen Pillay Chedumbrum [3<sup>rd</sup> from left], Minister of Information and Communication Technology with delegates at the 7<sup>th</sup> Annual General Meeting and ICT Policy and Regulation Workshop of ARICEA, 14 March 2011

The first main international event which the Authority hosted in 2011 was the 7th Annual General Meeting of the ARICEA. The AGM was held at the Maritim Hotel, Balaclava from 17-18 March 2011. Consumer protection in the ICT sector, Next Generation Networks (NGN) and Broadband connectivity and infrastructure were some of the issues on the agenda. The Honourable Tassarajen Pillay Chedumbrum, Minister of Information and Communication Technology officially opened the workshop on 14 March 2011.

Up to sixty delegates from the following member countries of ARICEA were present: Burundi, the Union of the Comoros, the Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe. These are countries of the Common Market for Eastern and Southern Africa (COMESA) which promote regional economic integration through trade and investment. Some twenty delegates from Mauritius also took part in the AGM.

# The AGM was preceded by workshops on ICT Policy and Regulation

COMESA, ProInvest and the European Union supported and sponsored the 7<sup>th</sup> ARICEA AGM. The Information and Communication Technologies Authority took the Chair of ARICEA during the AGM.

## Workshop on the Implementation of the Deployment of Radiocommunication Infrastructure Technical and Administrative Standard provides platform for dissemination of information on EMF Safety

One issue which has retained the sustained attention of the Authority's stakeholders is that of EMF Safety. The Information and Communication Technologies Authority, (ICTA) organised a workshop on the Implementation of the Deployment



Consultative Workshop on EMF Safety and Mandatory Standard

of Radiocommunication Infrastructure Technical and Administrative Standard for Electromagnetic Field (EMF) Safety. The three-day workshop was held from 25-27 July 2011 at the Le Sirius Conference Room, Labourdonnais Waterfront Hotel, Port Louis.

The technical and administrative standard is mandatory (ICTA/STD/201/01) and came into effect on 23 September 2011.

The standard is the principal instrument of the Authority to reconcile the needs of telecommunication licensees to install radiocommunication infrastructure to provide services at specified Quality of Service (QoS) standards to the public with the concerns over potential health and environment issues associated with EMF safety.

The workshop was part of the Authority's continued engagement with its stakeholders on the issue of the EMF safety: telecommunication operators; organisations representing ICT consumers; other authorities involved in the installation of radiocommunication infrastructure, the media and the police amongst others. The objective was to inform the stakeholders about the implementation of the Standard and explore solutions over the issue of EMF Safety. Dr Vikass Monebhurrun, Associate Professor with over ten years' experience in EMF and EMF-related research from France's prestigious institute for engineers in the field of information sciences and energy, L'Ecole Supérieure d'Electricité, (Supélec) and Ms Debbie Wills from Telstra Corporation Limited were among the experts and resource persons.



Dr Vikass Monebhurrun, expert in EMF Safety research addressing the workshop

# Online Content Filtering System to Filter access to CSA sites gives tangible results

In the context of Safer Internet Day, the ICT Authority launched a centralised Online Content Filtering solution on Tuesday 8 February, 2011. The Online Content Filtering solution allows the filtering of access to Child Sexual Abuse (CSA) sites to prevent Internet users in Mauritius from accessing such sites. The setting up of this mechanism fulfils part of the wide ranging functions of the Authority as set out under section 18 (1) m of the ICT Act as amended; this section provides the Authority with the mandate to "take steps to regulate or curtail harmful and illegal content on Internet and other information and communication services". This complements the objectives of Section 14 of the Child Protection Act.

Honourable Tassarajen Pillay Chedumbrum, Minister of Information and Communication Technology officially launched the Online Content Filtering solution at the seat of the ICT Authority on Tuesday 8 February 2011. The event was well attended by the Authority's stakeholders and the media. The Online Content Filtering project has enabled the filtering of access to websites depicting child sexual abuse (CSA) for Mauritian users. This ICTA project was the result of a consultative process with stakeholders concerned with the protection of children online. The table below (updated 15 Feb 2012) shows the tangible results of the Online Content Filtering mechanism. These figures are regularly updated on the ICTA website.

#### Table 3.1 : Child Sexual Abuse (CSA) Filtering

	2011
Number of attempts (hits)	
to access CSA websites	
by Mauritian Internet users	2,236
Number of Mauritian IP addresses	
to which access to CSA websites	
was blocked	436
Number of CSA URLs to which	
access by Mauritian Internet	
users was blocked	352

This Child Sexual Abuse filtering system is hosted at the ICT Authority and is connected to all local ISPs providing Internet access to the public in Mauritius.

### ICT Authority Organises Stakeholder Workshop to Pursue Engagement on IPv4 to IPv6 Transition

Following the public consultation on the transition from IPv4 to IPv6, begun in March 2011, the Authority continued engaging with stakeholders by organising a workshop on the issue. The workshop was held on 22 September 2011 at The Link, Ebène City Hotel. The main objective of this workshop was to present the outcome of the public consultation. The findings of this exercise have been posted on the Authority's website (www.icta.mu).

### Public Consultation recommends Setting up of National Task Force on IPv6

One of the main recommendations resulting from the Authority's public consultation in March was for the setting up of a National IPv6 Task Force to look into key IPv6 issues. This Task Force is expected to come up with a National Plan defining a series of measures to promote the gradual adoption of the IPv6 protocol in Mauritius so that it exists in tandem with the IPv4.

The workshop was officially opened by the Honourable Tassarajen Pillay Chedumbrum, Minister of Information and Communication Technology; resource persons from different stakeholder groups also addressed the audience.

Internet Protocol, or IP, is the "language" spoken across the Internet. The version of IP currently in use (IPv4) offers around 4.3 billion addresses and is nearing exhaustion. The world's population has already reached around 7 billion. This figure coupled with the explosive growth in mobile devices such as mobile phones, notebook computers, and wireless handheld devices, makes the for additional blocks of IP addresses which cannot be catered for under the present IPv4 address pool ever more pressing. The solution lies in IPv6. IPv6 offers a virtually inexhaustible address pool; it is the new version designed to expand the number of IP addresses available.



Public Consultation on IPV6

The deployment of IPv6 networks is growing worldwide. Full replacement of IPv4 is expected to take some time, as it still remains the most widely used Internet Protocol.

# Participation in the Police Security and Safety week, Pte Canon, Mahebourg



Police Security and Safety week

The ICTA was invited by the Police (Crime Prevention Unit) to sponsor and participate at the Security and Safety Week held at Pointe Canon, Mahebourg. The Mauritius Police Force organises Security Week around the island to raise public awareness about public safety and security issues and to educate them about the measures they can take to avoid falling victim to crime.

The ICT Authority considered its participation in this type of event as a valuable opportunity to engage with the police force since the MPF is a stakeholder of the Authority on issues pertaining to Cybercrime and Mobile Phone Theft amongst others. The ICT Authority set up a stand at Pointe Canon; leaflets like the Internet Guide for Consumers, How to Stay Safe in Cyberspace and the Complaints Mechanism guides were distributed; Power Point presentations were made to students and the public in Kreol. Officers from the Department of Marketing and Communications were on hand to answer questions from the public about the ICTA's role and mandate. Complaint forms were also made available. The ICTA took part in the Security week from 23 - 26 August 2011 from 09:00 to 16:00 hrs.

### Conducive Regulatory Environment gives Mauritius top ranking for Internet and Telephony Competition in the Global Information Technology Report of the World Economic Forum

The conducive regulatory environment for ICTs in Mauritius was recognized in 2011 with Mauritius obtaining the top ranking for Internet and Telephony Competition in the Global Information Technology Report of the World Economic Forum. According to the report's authors, the laudable performance of Mauritius has been achieved on several counts: Mauritius was ranked 26 for its highly conducive competitive environment and the enabling regulatory environment for ICTs, with the country coming in 33rd position under the section measuring Political and Regulatory Environment.

And for Internet and Telephony competition, the country is ranked first testifying to the efforts of policy making bodies and of the national ICT regulator, the ICTA, towards fulfilling its Mission of promoting affordable and adequate access to quality ICT services through functional marketdriven competition and regulatory principles in a trouble-free Networked Information and Knowledge Society.

Mauritius earns a ranking of 17 for the effectiveness of its law-making bodies and gets in at 53 for the category of Laws related to ICT.

### Official visit from Uganda Communication Commission 3-6 July 2011

The Authority has earned a reputation in Africa for its work on a number of fronts such as Interconnection Agreements and Spectrum Management. As a consequence, the Authority often receives requests from other regulators in the region for study missions in order to share first hand the experience of the Mauritian regulator on these and other issues.

In 2011, a delegation from the Uganda Commission, the Regulatory body of the Communication Sector in Uganda visited Mauritius from 3-6 July 2011. The main purpose of their visit was to study the regulatory system particularly the telecommunication sector.



# SOCIAL REGULATION

**Consumer Complaints Handling** 

Background

A snapshot of the percentage of different types of queries and complaints received during 2011

**Public Notices** 

Advocacy of Consumer Protection through Information

Authority publishes guide to help consumers better understand the Internet

Publication of Consumer Guide on the Authority's Complaints Mechanism
## **CONSUMER COMPLAINTS HANDLING**

#### Background

Under Section 18 (o) of the ICT Act 2001 (as amended) the Authority is mandated to entertain complaints from consumers in relation to any information and communication service in Mauritius and, where necessary, refer them to the appropriate authorities. The Authority receives complaints and queries across a range of ICT-related issues throughout the year. To support this function of the Authority, a Customer Support Desk was set up at the start of 2010 where customers of the Authority, including consumers, can phone or visit to obtain information and or make a complaint. Consumers making complaints can obtain guidance about the mechanism for filing a complaint and obtain forms at the Customer Support Desk.

Typical complaints pertain to billing or Internetrelated issues or customer care levels. A complaints handling mechanism is in place to ensure transparent and ethical practice in the processing of complaints.

Consumers are also concerned about issues of Electromagnetic Field Safety (EMF) and send complaints and queries regarding EMF issues. The Authority handles these types of complaints according to established protocol and may refer them to other appropriate authorities such as municipalities and local councils when necessary.

All the complaints received at the Authority are given due consideration and are examined from the technical or legal angles whenever needed in order to grant a fair response to all parties whilst at the same time adhering to the mandate of the Authority.

Besides complaints, a Customer Support Desk also supports the Authority's work by attending to queries in relation to procedures for applying for Dealers' licence and queries pertaining to obtaining Type Approval certificates by acting as the first point of contact.

Both queries and complaints are received by emails, telephone calls or letters; a complaints register is kept to record the action taken and the necessary follow up on complaints. The register also provides the source of data for complaints channelled to the Authority. The Authority has also defined a list of categories of complaints since 2010 which is regularly updated to keep pace with the new types of ICT complaints.

A snapshot of the percentage of different types of queries of complaints received during the 2011 are shown below.





Chart 4.2 : Snapshot on the % of categories of complaints handled from July - September 2011



Chart 4.3 : Snapshot on the % of categories of complaints handled from July - September 2011







#### **Public Notices**

The Authority has to fulfil a statutory requirement to give public notice on a number of its business processes such as the application for licences for the provision of commercial services and also for tariff approvals. Throughout the year, public notices are published in local newspapers and on the Authority's website as required by law as set out in the following paragraphs.

Under Section 24 of the Information and Communication Technologies Act2001 [as amended], the ICT Authority is required to give public notice for applications for licences. Under Section 10 of the Postal Services Act 2002, the Postal Authority must also give notice for applications it has received.

In accordance with the provisions under Section 31 [3] [b] of the Information and Communication Technologies Act [as amended], the Authority must also give public notification of determination of tariff applications in relation to the application it has received.

Beyond fulfilling a legal requirement, the publication of notices also forms part of the Authority's overall commitment to engage in transparent procedures in the delivery of service to its customers and stakeholders, be they prospective licensed dealers or members of the public at large.

#### Table 4.1: ICTA Notices/Communiqués

Application for licences	29	
Tariff Notifications	7	
News Releases	18	
Tender Notices	2	
Vacancies	2	

#### Table 4.2: Notices for the Postal Authority

Application for Courier Licences

#### Advocacy of Consumer Protection through Information

2

The Department of Marketing and Communications also handles that part of the Authority's work which pertains to protecting consumers. The Department does so via a range of activities in order to further its programme of consumer advocacy using an approach of rights and responsibilities. To empower consumers to know their rights and responsibilities, the Authority has begun to publish information targeting the public in their capacity as consumers. In 2011, two such publications were released and distributed to a range of organisations, including consumer organisations and secondary schools as well as public libraries. The publications mentioned below are also available at the Authority through the Consumer Support Desk.

The first publication was the Guide on the Internet which was deemed relevant given the types of queries and complaints which the Authority receives on Internet-related issues particularly, the use of the social network sites in particular by irresponsible users.

# Authority publishes guide to help consumers better understand the Internet

In the context of the World Telecommunication and Information Society Day 2011, the ICTA launched a Consumer Guide about the Internet. In publishing this guide, the ICTA wanted to help consumers better understand the mandate of the ICT Authority in particular with regards to the Internet; the guide was also intended at better informing consumers about their rights and but also their responsibilities as Internet users and consumers of Internet-related services and products. It was the first of a series of such guides which the ICT Authority plans to publish as part of its consumer information campaign. The guide was published in both English and French: both were distributed in various events, one example being at the Police Security and Safety Week at Pointe Canon in August 2011 in which the Authority took part.

# Publication of Consumer Guide on the Authority's Complaints Mechanism

In August, the Authority also published a guide in the form of a leaflet to explain to the public the existing complaints mechanism for the public and ICT consumers to make a complaint to the Authority. The leaflet also contained information about the mandate and role of the ICT Authority.

# ECONOMIC REGULATION

Background

Revision of Mobile Termination Rate (MTR) from Rs 0.90 per minute to Rs 0.60 applicable with effect 1st July 2011

Reduction in the costs of International Connectivity & Internet Access

Advisory Role to the Minister on Amendments to the ICT Act 2001

**Universal Service Fund** 

Annex 1

Annex 2

#### Background

The main deliverables by the Authority under its framework for market regulation for the calendar year ending 31 December 2011 pertain to: the processing of around 15 tariff applications (Annex 1), the determination of new interconnection usage charges for inter-network mobile calls, and the appraisal of the existing regulatory regime in order to advise the Minister of Information & Communication Technology on the ultimate policy direction for the regulatory mandate of the ICT sector. In terms of information and communication services (ICS) in particular, the Authority, through its various determinations on tariff applications, has allowed the launching of several new services, coupled with continued efforts towards making ICS even more affordable, as depicted at Annex 2.

The following section provides a summary of the main decisions:

#### Revision of Mobile Termination Rate (MTR) from Rs 0.90 per minute to Rs 0.60 applicable with effect 1st July 2011

The Authority determined a decrease in the interconnection usage charges (IUC) by 33% for calls terminating on a mobile network. This is in line with the Authority's philosophy of intervening at the wholesale level in order to allow licensed service providers to compete more effectively at the retail end. Following the implementation of the new prescribed IUC for calls terminating to a mobile, a reduction in retail tariffs for inter-network mobile calls, ranging from 7.7 to 8.9%, was registered by the main mobile phone operators. In addition, the tariffs for calls from a fixed line to a mobile also experienced a material decrease of approximately 20% accordingly.

#### Reduction in the costs of International Connectivity & Internet Access

In November 2011, The Authority has determined a 10% decrease in the tariffs for bilateral half circuits of Mauritius Telecom Ltd, in its attempt to further the progress made in bringing down the costs of international connectivity, which is a major cost input for telecom service providers in general, as well as players from the ITES-BPO sector. The said landscape has also been enriched with the approval of the Authority for the commercialisation of the international private line (full circuit) service of Emtel Ltd, which has brought even more competitive rates to this particular market segment.

The Authority determined a new set of tariffs for the wholesale ADSL connections service of Mauritius Telecom Ltd, which together with international bandwidth, represent key cost factors in the supply of ADSL based Internet access services.

This has led to an overall decrease in tariffs for several Internet access solutions, covering businesses, SMEs and residential users. For instance, the tariffs for the business ADSL offers of Telecom Plus Ltd registered a decrease between 39 to 51%, while an 8 to 12% reduction was approved for its residential offers, amongst others.

The year 2011 also saw the launching of several Internet access services, many to cater for the need of corporate businesses, by a number of licensed ISPs notably Emtel Ltd, Enterprise Data Solutions. MTML also introduced its GPRS mobile Internet service, now becoming feasible following the deployment of its GSM network.

#### Advisory Role to the Minister on Amendments to the ICT Act 2001

Following an appraisal of its market regulatory framework, the Authority has submitted to the Minister of Information & Communication Technology various proposals towards improving effectiveness of its framework vis a vis competition and tariff issues, amongst others. One of the main recommendations has been the integration of asymmetric market regulation within the existing legislation on information and communication services. This has culminated with the proclamation of new amendments to the ICT Act 2001, through the Economic & Financial Measures (Miscellaneous Provisions No.2) Act 2011, which took effect as from 15 December 2011, to cater for the continued development of a revamped framework for market regulation of information and communication services by the Authority. Work is ongoing with regards to the identification of markets and market segments, together with the eventual determination of significant market power, in order to sustain a pro-competitive environment for the ICT industry.

# ANNEX 1

Table 5.1 : Approval of Applications for tariffs of Telecommunications Services by ICTA Financial Year: 01 January 2011 to 31 December 2011

Month	Operator	Tariff Approval by Service	Details
Jan-11	ADBN	Nomad Home Packages - Tariff revision Nomad SME Packages - Introduction	Tariff Reduction between 21.3 to 47.9%
May-11	Emtel	Internet Leased Port - Corporate	Launch of 4 new packages under new service offering
	EDS	ADSL Residential & Business SHDSL Services	Launch of 6 new plans under ADSL Residential & Business services; Launch of 5 new plans under SHDSL service
	Emtel	Intranet VPN Services	Launch of Intranet VPN services to corporate clients
Jun-11	MTML	Fixed Telephony - Postpaid Plans & Fixed to Mobile calls	Determination on Fixed to Mobile call tariffs under selected postpaid fixed wireless plans - 20% reduction of first minute; and 9% reduction on each minute thereon; Additional free talk time value of Rs 25 under Super Saver 150 & 475 plans
	Cellplus	Prepaid & Postpaid Telephony - Off-net Mobile to Mobile calls	Reduction of 7.7% on prepaid off-net mobile calls; Reduction of 8.8% on postpaid off-net mobile calls
	МТ	Fixed Telephony - Fixed to Mobile calls	Determination on Fixed to Mobile call tariffs - 17% reduction on first minute of call, then a 20% reduction on each minute thereon; Commercial implementation 01 Sep 2011
	Telecom Plus	ADSL Business	Launch of ADSL Business 4 Mbps offer
	Emtel	Prepaid & Postpaid Telephony - Off-net Mobile to Mobile calls	Reduction of 7.7% on prepaid off-net mobile calls; Reduction of 8.9% on postpaid off-net mobile calls
Aug-11	Cellplus	Mobile Internet Service	Launch of new 1 MB, 200 MB & 5 GB offers under prepaid plans; Tariff Reduction of 1 MB Prepaid Offer by 66%; Launch of 200 MB offer under postpaid plans; Tariff Reduction of Postpaid 5 GB offer by 19%; Excess per MB charges under postpaid plans reduced by 66%; Tariff Reduction of pay as you go offer by 70%
Sep-11	Telecom Plus	ADSL Home	Tariff Reduction of ADSL Home 1 Mbps by 33%
Oct-11	MTML	GPRS Mobile Internet	Launch of GPRS Mobile Internet Service - Prepaid, Postpaid & Pay As You Go plans
	MTML	GSM Voice Services	Launch of GSM Voice services - Prepaid & Postpaid plans
Nov-11	Emtel	International Private Line service - Full Circuit	Launch of Full Circuit International Private Lines to corporate clients
	MT	Wholesale ADSL Service	Tariff reduction between 4 to 11% & switch to uniform tariffs irrespective of the number of selected connections
	Telecom Plus	ADSL Home, Business, Pro & Rodrigues	Tariff Reduction between 8 to 12% on selected Home offers; Tariff Reduction of 40% on Pro offers; Tariff Reduction between 39 to 51% on selected Business offers;
	MT	Bilateral IPLC service - Half Circuit	Overall average decrease of 10% over covered routes

# ANNEX 2

#### Table 5.2: TARIFFS FOR TELECOMMUNICATION SERVICES

INDICATORS FOR YEAR ENDED:	2007	2008	2009	2010	2011
TARIFFS FOR FIXED TELEPHONY SERVICE (Rs)					
Fixed to Fixed On-net call of 3 minutes duration	1.44	1.44	1.44	1.44	1.44
Fixed to Mobile call of a 3 minutes duration	4.14	4.14	4.14	4.14	3.60
Residential monthly line rental	90.00	90.00	90.00	90.00	90.00
Business monthly line rental	225.00	225.00	225.00	225.00	225.00
TARIFFS FOR PREPAID MOBILE TELEPHONY SER	RVICE (Rs)				
Mobile to Mobile On-net call of 3 minutes duration	2.40	2.40	2.40	2.40	1.20
Mobile to Mobile Off-net call of 3 minutes duration	10.80	5.40	5.40	5.40	5.40
Mobile to Fixed call of 3 minutes duration	10.80	8.10	8.10	8.10	8.10
TARIFFS FOR POSTPAID SERVICE - Outgoing IDD	) Calls (Rs/mir	n) to:			
UK	5.50	4.00	4.00	4.00	4.00
France	5.50	4.00	4.00	4.00	4.00
India	6.50	4.50	3.90	3.90	3.90
China	5.50	4.00	3.00	2.70	2.70
USA	5.50	4.00	4.00	3.50	3.50
TARIFFS FOR INTERNET ACCESS SERVICES (Rs/	month)				
FIXED WIRED - ADSL					
ADSL 512 kbps (Unlimited Volume Usage):					
Residential use	1,360	1,360	750	673	621
Business use	3,190	3,190	2,500	2,400	1,250
ADSL 1 Mbps (Unlimited Volume Usage)					
Residential use	5,990	5,990	1,360	1,190	708
Business use	5,990	5,990	5,000	4,900	2,400
FIXED WIRELESS - WIMAX					
Asymmetric 512 Kbps Home	1,900	1,900	1,900	1400	729
MOBILE DATA - 3G / HSDPA / GPRS					
Postpaid plan of 1 GB capacity	399	299	299	299	299

#### Notes:

1. The tariffs provided for the relevant service markets refer to the cheapest approved tariffs being commercialised across licensed operators for a given year

2. The tariffs provided refer to selected service categories in order to allow for indicative and consistent comparisons

3. The tariffs provided for the year 2011 is as at November 2011

- 4. The ADSL Home Offers tariffs are to be commercialised as at 01 December 2011
- 5. The ADSL Business Offers tariffs are to be commercialised as at 01 January 2012

#### **Universal Service Fund**

The ICT Authority has, as one of its functions under section 21 of the ICT Act 2001, to manage the Universal Service Fund (USF). The fund was set up in October 2008 under ICTA (Universal Service Fund) Regulations 2008 GN 206/2008. The Universal Service Fund (USF) Amendment Regulations 2010 subsequently came into force on 1 November 2010 with modifications brought to the existing contribution mechanism as follows:

- (i) Contribution of US\$0.025 on every minute of incoming international traffic.
- Public Land Mobile Network (PLMN) operators will continue to contribute monthly 5% of their international roaming revenue.

The year 2011 has been, on a whole, a turning point for the ICT sector in Mauritius. It is now regarded as the 3rd pillar of the economy where it is contributing approximately to 7% to the GDP of the country. The Ministry of ICT came up with a project to provide WiFi service to ten different locations over Mauritius and Rodrigues. These locations are 5 municipal councils, 4 district councils and the administrative building in Rodrigues. The said project emanated from a government decision, with the ICTA being given the responsibility to launch a tender exercise as well as to fund the project under the scope of the USF. The tender exercise for the project was launched on 31 October 2011 and the completion period of the project is expected to be during the 1st quarter of 2012.

# SERVICE REGULATION



#### **Service Regulation**

Under section 24 of the ICT Act, the Authority has the statutory duty to receive applications for licences by any person and to make a determination thereon. During the financial year ending December 2011, the following licences were either granted or issued; the details are provided in the table hereunder:

Table 6.1 : Licences granted and/or renewed for the following licencees

ypes of Licence	Licencees To	al
. Dealer's License	Axess Ltd	
[New & Renewal]	Sun Mobile Co Ltd	
[]	Arcadis Ltd	
	Tot & Teens Co Ltd	
	Lucky Star Enterprise Co Ltd	
	Mootin Engineering Co Ltd	
	Sea Safe Ltd	
	Paladin Consulting Ltd	
	<ul> <li>Jetha Tulsidas &amp; Sons [Mtius] Ltd</li> </ul>	
	Amber Cars [Mtius] Ltd	
	Leal Communications & Informatics Ltd	
	Green Future Trading Co. Ltd	
	Alanis [Fire and Security] Products Ltd	
	Signature Cars Ltd	
	Seculogix Ltd	
	Medical Computer Communications Caraible [MC3]	Ltd
	Screenage Ltd	
	JK Innovative Solutions Ltd	
	Emeritus Marketing Ltd	
	Unik Time & Tech Ltd	
	Mobimea Ltd	
	Cybernaptics Ltd	
	SLX n Tech-visions Ltd	
	Nuevotech Solutions Ltd	
	Linxia Ltd	
	Goodlands Cyber Centre Ltd	
	Celltel Ltd	
	EMP Distribution	
	HM Moussa Rawat Distribution Ltd	
	Lords & Masters Co Itd	
	Impact Production Ltd	
	Survey Solutions Ltd	
	<ul> <li>Technical Dynamics Ltd</li> </ul>	

Types of Licence	Licencees	Total
	• A.H. Hattea Communications Ltd	
	Blanche Birger Bureautique Ltd	
	BBC Wyse Technology	
	Huawei Technologies [Mtius] Co Ltd	
	SA Multikon Solutions Ltd	
	Globalcom Ltd	
	Le Warehouse Ltd	
	Logima Ltee	
	Scomat Ltee	
	Audiovisiual & Communication Ltd	
	Modafone Ltd	
	<ul> <li>Jacey Computer Systems Ltd</li> </ul>	
	Power Zone Co Itd	
	Bricomax Ltd	
	Grace Computer Enterprise	
	J.Kalachand & Co Ltd	
	Redline Marketing	
	Viaspace Ltd	
	Sixth Ocean Ltd	
	Best Telecommunications Ltd	
	Special Security Guards Ltd	54
PSTN License	• Emtel Ltd	1
Value Added Services License	W. Media International	
	Egallys Ltd	
	Bharat Telecom Ltd	3
Alexen Menitering	Clineker Consulting Ltd	
Alarm Monitoring	Drogword Ltd	1
Service Internet Service Provider Licence	Proguard Ltd     Angle African Tolecommunications Ltd	1
	<ul> <li>Anglo African Telecommunications Ltd</li> <li>Bharat Telecom Ltd</li> </ul>	2
. Application for Telemetry,		2
Command and Ranging (TCR)		
Satellite Earth Station		
License (RA17)	Indian Space Research Org	1
. Networking Services Provider	mulan opace nesearch org	
Licence (National) (B.01)	Bharat Telecom Ltd	1

Table 6.1 : Licences granted and/or renewed for the following licencees (continued)

#### **Directives and Decisions**

In exercise of the powers conferred upon it and pursuant to section 17[3] combined with sections 16[c] and 18[1] [a] under the ICT Act 2001 [as amended], the Authority issued two Directives and one Decision during Financial Year 2011.

#### The Telecommunication Directive 1 of 2011

This Directive came into effect on 19<sup>th</sup> January 2011. The scope of this Directive is to provide for the additional obligations on licensees holding a PSTN, a PLMN and an ILD licence for the purpose of Fraud tracking.

Fraud tracking means the provisions put in place by the Authority to track fraud on incoming international traffic from ILD operators in accordance with sections 18 (1) (b) and 18 (1) (c) of the Information and Communication Technologies Act 2001 (as amended).

As explained in the said Directive, the objective is to define the technical requirements for the installation of fraud tracking equipment at the premises of the PSTN, PLMN and ILD licensees and for the collection of data related to fraud tracking.

In this respect, licensees shall give full access to their premises to the ICT Authority or its Agent for the installation of fraud tracking equipment and for the connection of the said equipment to the telecommunication system which is operated by the licensee for the purpose of terminating international calls into Mauritius. Fraud tracking equipment means equipment such as billing servers, owned by the ICT Authority.

This Directive also provides for the fraud tracking process and access to Call Detail Records.

The Telecommunication Directive 2 of 2011

This Directive came into operation on the 1st July 2011. The purpose is to determine the rates for interconnection for mobile access networks in Mauritius. Such interconnection is referred to in this Directive as Interconnection Usage Charges or IUC.

Section 2 of this Directive provides for the charging principles. In this regard, where an IUC has been determined in respect of a service by way of a Telecommunication Order/Directive, no other additional charges may be levied on the consumers, by the network licensee or public operator receiving IUC for the supply of interconnection, in respect of such service. The net IUC payable shall comprise origination and termination of calls, as applicable, in accordance with this Directive.

#### Decision ICTA/OCT/01/2011: Review of the Promotional Policy Framework on Telecommunication Services

This Decision came into effect on 1st November 2011 and repealed the ICT Authority's decision of 23rd October 2008 on "Promotional Policy Framework on Telecommunication Services".

The new refinements and conditions under the new promotional policy framework are summarized as follows:

- Conditions shall apply only to those services falling under the Service Category identified as "Basic Services" in terms of the eligibility of promotional offers.
- (ii) Promotional offers associated with existing services within the International Telephony

Service market shall continue benefiting from the presently defined allowances in terms of discount or equivalent discount, and campaign duration.

- (iii) Promotional offers associated with all the remaining service markets shall be subject to improved conditions in terms of discount or equivalent, as well in terms of campaign duration.
- (iv) For those promotional offers, which may not directly fit under the general framework being advocated, the Authority shall resort to a case consideration, in order to establish the reasonableness of the application and issue a determination based on a systematic and objective analysis, which shall be consistent with the principles being advocated with regards to the promotional policy framework.



## REPORT OF THE DIRECTOR OF AUDIT

On the Financial Statements of the Information and Communication Technologies Authority for the year ended 31 December 2011

NATIONAL AUDIT OFFICE .

## REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE INFORMATION AND COMMUNICATION TECHNOLOGIES AUTHORITY

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Information and Communication Technologies Authority which comprise the statement of financial position as of 31 December 2011, the statement of financial performance and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the financial statement.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for any audit opinion.

#### Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Information and Communication Technologies Authority as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

#### Emphasis of Matter

I draw attention to the fact that the Authority adopted only the conditions of service prevailing in the civil service, recommended by the PRB report 2008. However, cases of departures from the recommendations of the Report were noted such as interest on car loan, eligibility to travel grant, refund of subscription fees which were provided at more favourable terms.

My opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements.

#### Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

#### Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Opinion

Statutory Bodies (Accounts and Audit) Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

#### The Financial Reporting Act

The Board is responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). My responsibility is to report on these disclosures.

#### Public Procurement Act

The Information and Communication Technologies Authority is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examinations of the relevant records.



(Dr R. JUGURNATH) Direct of Audit National Audit Office Level 14, Air Mauritius Centre Port Louis

16 November 2012

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

		31 December 2011	31 December 2010
	Note	Rs	Rs
ASSETS			
Non-current assets			
Plant and equipment	6	14,570,128	9,223,895
Other receivables	10	3,712,707	3,098,013
		18,282,835	12,321,908
Current assets			
Trade receivables	9	8,099,378	13,546,528
Other receivables	10	83,238,815	28,659,994
Cash and bank balances	11	306,258,485	274,912,426
		397,596,678	317,118,948
TOTAL ASSETS		415,879,513	329,440,856
EQUITY AND LIABILITIES			
Capital & Reserve			
Equity	12	265,697,444	271,875,985
Revaluation Reserve	13	3,399,002	1,678,302
		269,096,446	273,554,287
Non-current liabilities			
Retirement benefit obligations	14	1,801,473	2,079,196
Long term employee benefits	15	7,436,365	6,571,531
		9,237,838	8,650,727
Current liabilities			
Creditors and payables	16	135,282,145	45,438,111
Short term employee benefits	15	2,259,084	1,797,731
		137,545,229	47,235,842
TOTAL EQUITY AND LIABILITIES		415,879,513	329,440,856

These Financial Statements were approved by the Board of the ICT Authority on 01 November 2012 Signed on their behalf:

Mr Trilock Dwarka (Chairman)

Dr M. K. Oolun (Executive Director)

The notes on pages 56 to 71 form an integral part of these financial statements.

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	Note	Year ended 31 December 2011 Rs	18 months ended 31 December 2010 Rs
Revenue	17	131,743,496	189,013,697
Other income	18	108,179,691	49,202,193
		239,923,187	238,215,890
Administrative expenses	19	(77,122,150)	(102,531,734)
Other expenses	20	(128,979,578)	(83,138,323)
	20		
NET SURPLUS		33,821,459	52,545,833
Exceptional Items:			
Contribution - Board of Investment	12		(10,000,000)
Non Operating Income	16	-	2,785,736
		33,821,459	45,331,569
Other Comprehensive Income:			
Gain on Plant & Equipment Revaluation	13	1,720,699	
Total Comprehensive Income for the Period		35,542,158	45,331,569

## STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2011

The notes on pages 56 to 71 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2011

	Accumulated Fund	Revaluation Reserve	TOTAL
	Rs	Rs	Rs
Balance as at 1 July 2009	276,544,416	1,678,302	278,222,718
Surplus for the 18 months ended 31 December 2010	45,331,569	-	45,331,569
Revaluation Reserve	-	-	-
Contribution to the Consolidated Fund	(50,000,000)	-	(50,000,000)
Balance as at 31 December 2010	271,875,985	1,678,302	273,554,287
Surplus for the year ended 31 December 2011	33,821,459	-	33,821,459
Revaluation Reserve		1,720,699	1,720,699
Contribution to the Consolidated Fund	(40,000,000)	-	(40,000,000)
Balance as at 31 December 2011	265,697,444	3,399,001	269,096,445

The notes on pages 56 to 71 form an integral part of these financial statements.

## CASH FLOW STATEMENT AS AT 31 DECEMBER 2011

	Year ended 31 December 2011	18 months ended 31 December 2010
	Rs	Rs
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	33,821,459	45,331,569
Adjustments for:		
Depreciation	7,063,044	7,996,958
Loss on disposal	16,773	12,060
Profit on disposal	-	(1,352,000)
Decrease in retirement benefit obligations	(277,723)	(740,803)
	6,802,094	5,916,215
Operating Surplus before working capital changes	40,623,553	51,247,784
Decrease/(Increase) in trade receivables	5,447,150	(2,208,941)
Increase in other receivables	(55,193,514)	(23,821,534)
(Decrease) in special deposits	-	(22,907,769)
Increase in employee benefits	1,326,188	1,464,292
Increase/(Decrease) in creditors & payables	89,848,034	(2,146,286)
Net change in working capital	41,427,858	(49,620,238)
Net cash flows from operating activities	82,051,411	1,627,546
INVESTMENT ACTIVITIES		
Purchase of plant & equipment	(10,705,351)	(7,355,699)
Proceeds from disposal	-	1,352,000
	(10,705,351)	(6,003,699)
FINANCING ACTIVITIES		
Transfer to consolidated fund	(40,000,000)	(50,000,000)
INCREASE IN CASH AND CASH EQUIVALENTS	31,346,060	(54,376,153)
CASH AND CASH EQUIVALENTS AT 01 JANUARY 2011	274,912,425	329,288,579
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2011	206 250 405	074 010 400
CAOL VIND CAOL ERNIATENTS AT 31 DECEMBER 2011	306,258,485	274,912,426

The notes on pages 56 to 71 form an integral part of these financial statements.

#### 1. MAIN ACTIVITY OF THE AUTHORITY

The ICT Authority was established under the Information and Communication Technologies Act 2001 in order to regulate and democratise information and communication technologies and related matters.

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- Amendments to IAS 1: Amendments relating to Disclosure of Puttable Instruments and Obligations arising on Liquidation
- IAS 12: Income Taxes Recovery of Underlying Assets
- IAS 19: Employee Benefits (Amendment)
- IAS 27: Consolidated and Separate Financial Statements Consequential Amendments Arising from Amendments to IFRS 3
- IAS 28: Investments in Associates Consequential Amendments Arising from Amendments to IFRS 3
- IFRS 7: Financial Instruments: disclosures Enhanced Derecognition Disclosure Requirements
- IFRS 9: Financial Instruments: Classification and Measurement
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Involvement with other Entities
- IFRS 13: Fair Value Measurement

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Authority.

#### 3. CHANGE IN ACCOUNTING DATE

Pursuant to amendments brought to the Statutory Bodies (Accounts and Audit) Act 2009 providing for inter-alia, the alignment of the financial year to the calendar year and the financial statements for the previous period was based on 18 months ending 31 December 2010. The financial statements of the Authority for the current financial year have been prepared accordingly covering the period starting 1 January 2011 to 31 December 2011.

#### 4. ACCOUNTING POLICIES

The principal accounting policies adopted by the Authority are as follows:

#### (a) Basis of accounting

The Financial Statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB).

#### (b) Revenue Recognition

Revenue, which represents licence fees receivable, has been accounted on an accrual basis, and is recognized upon issue of claims to licensees.

#### (c) Expenditure

All expenses have been accounted on accrual basis.

#### (d) Plant and equipment – depreciation and revaluation

Plant and equipment are stated at cost less accumulated depreciation. However, computer equipment and technical equipment have been revalued by management based upon the Fair Value Model.

(i) Depreciation is calculated to write off the cost of plant and equipment on a straight line basis over the expected useful lives of such assets. The annual depreciation rates used for the purpose are as follows:-

Item	(%)
Furniture & Fittings	10
Office Equipment	20 - 33 1/3
Computer Equipment & Software	33 1/3
Motor Vehicles	20
Technical Equipment	20

- (ii) Full depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.
- (iii) Fully depreciated assets still in use are revalued and depreciated over their estimated future useful lives.

#### (e) Impairment of Tangible Assets

At each date of Statement of Financial Position, the Authority reviews the carrying amounts of its tangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation Decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (f) Financial instruments

Financial assets and liabilities are recognized on the Statement of Financial Position when the Authority has become party to the contractual provisions of the financial instruments. Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to the initial recognition, these instruments are measured as set out below:

#### (i) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### (ii) Other receivables

Other receivables are stated at their nominal value.

#### (iii) Investments in deposits

Investments in deposits comprise term deposits in local commercial bank accounts. The Investments in deposits are stated at amortised cost.

#### (iv) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and investments in deposits.

#### (v) Creditors and payables

Creditors and payables are stated at their nominal value.

#### (g) Retirement Benefit Obligations

The Authority contributes to a pension scheme, which is a 'Defined Benefit' plan. The assets of the fund are held independently and administered by the State Insurance Company of Mauritius Ltd (SICOM).

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each date of Statement of Financial Position. A Corridor Method was adopted for the recognition of actual gains and losses with respect to the defined benefit plan. Actuarial gains and losses which exceed ten per cent of the greater of the present value of the pension obligations and the fair value of plan assets are recognised in the financial year following their recurrence.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

A portion of actuarial gains or losses will be recognised as income or expense if the net cumulative unrecognised actuarial gains or losses at the end of the previous accounting period exceeded the greater of:

- 10% of the present value of the defined benefit obligations at that date; and
- 10% of the fare value of the plan asset at that date.

#### (h) Provisions

Provisions are recognized when the Authority has a present obligation as a result of past event, which it is probable, will result in an outflow of economic benefits that can reasonably be estimated.

#### **Provision for Allowances for Doubtful Debts**

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts, and comprise claims for licence fees due at year end. The claims are issued to all licensees of the Authority based upon the applicable licence fees as per regulations. A certain number of claims are expected to be irrecoverable owing to the fact that firstly, the licensees have closed down, and secondly, the equipment to which the claims pertained have either broken down or are no longer being used.

Appropriate amounts, based upon past experience and facts submitted by licensees, have been earmarked in the provision for allowances for doubtful debts. In assessing the recoverability of trade receivables, Management considers the ageing of the claims due. During the year, additional provision of Rs 3,417,201 was made.

#### (i) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

#### (j) Related Parties

For the purposes of these Financial Statements, parties are considered to be related to the Authority if they have the ability, directly or indirectly, to control the Authority or exercise significant influence over the Authority in making financial and operating decisions, or where the Authority is subject to common control or common significant influence. Related parties may be individuals or other entities.

#### 5. RISK MANAGEMENT POLICIES

#### (i) Credit Risk

Credit risk relates to the possibility of default by licencees in settling their claims obligations to the Authority.

For major commercial licences, the Act provides for the obligation of the licensee to furnish a Bank Guarantee, which the Authority can enforce to should the claims for licence fees are not honoured. This mitigates the credit risk exposure of the Authority with regard to the recoverability of the licence fees and the possibility of material loss arising.

#### (ii) Liquidity Risk

This refers to the possibility of default by the Authority to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared periodically to identify any shortage of funds. The expenditure of the Authority is also matched against budget estimates to be within targeted limits.

The single major outflow of the Authority comprises the contribution to the Consolidated Fund. The amount payable is based on budget estimates, as may be adjusted for any actual non-budgeted recurrent and/or capital expenditure, to arrive at the surplus transferable funds.

	Furniture & Fittings	Office Equipment	Computer Equipment & Software	Motor Vehicles	Technical Equipment	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs
COST						
Balance as at 01 Jan 2011	2,472,449	2,318,716	8,504,845	10,699,500	2,987,078	26,982,588
Additions	543,087	144,642	3,872,851	5,708,500	436,271	10,705,351
Revaluation		933,094	787,605			1,720,699
Original Cost of Assets Revalued		(1,555,157)	(1,312,676)			(2,867,833)
Disposal/Scrapped		(76,872)	(1,545,507)			(1,622,379)
Balance as at 31 December 2011	3,015,536	1,764,423	10,307,118	16,408,000	3,423,349	34,918,426
DEPRECIATION						
Balance as at 31 December 2010	1,252,200	2,005,204	5,772,376	7,459,750	1,269,163	17,758,693
Charge for the year						
	301,554	247,359	3,127,739	2,706,600	679,792	7,063,044
Adjustment (see note below)		(1,555,157)	(1,312,676)			(2,867,833)
Disposal/Scrapped		(52,386)	(1,545,507)		(7,713)	(1,605,606)
Balance as at 31 December 2011	1,553,754	645,020	6,041,932	10,166,350	1,941,242	20,348,298
NBV - 31 December 2011	1,461,782	1,119,403	4,265,186	6,241,650	1,482,107	14,570,128
NBV - 31 December 2010	1,220,249	313,512	2,732,469	3,239,750	1,717,915	9,223,895

The above adjustments to cost and depreciation pertain to correction regarding the original cost of assets revalued and the related accumulated depreciation, now being removed from assets block total.

#### 7. SURPLUS FROM OPERATIONS

Surplus for the year is arrived at after charging the following items:

	rear	18 monuns
	ended	ended
	31 December 2011	31 December 2010
	Rs	Rs
Staff Costs	40,086,370	54,781,497
Depreciation	7,063,044	7,996,958
	Number	Number
Employees at end of year	75	59

10 months

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## 8. FINANCIAL INSTRUMENTS

In its ordinary operations, the Authority is exposed to financial risk, more precisely to credit risk.

#### Fair values

The carrying amounts of the Authority's financial assets and financial liabilities reflect their nominal values.

#### Credit risk

The Authority's credit risk is attributable to its Trade Receivable and Other Receivables. The amounts stated in the Statement of Financial Position are net of allowances for impairment of debts, estimated on prior experience.

#### Interest rate risk

The Authority does not have significant concentration of interest risk.

#### 9. TRADE RECEIVABLES

Trade Receivables represent licence fees due at year end (31 December 2011: Rs 8,099,378 ; 31 December 2010: Rs 13,546,528), and are stated net of provision for impairment of debts.

#### Movement in allowances for doubtful debts account:

	Rs
Balance as at 1 January 2011	3,552,037
Additional provision during the period	3,417,201
Balance as at 31 December 2011	6,969,238

#### 10. OTHER RECEIVABLES

	Year	18 months
	ended	ended
	31 December 2011	31 December 2010
	Rs	Rs
Interest on deposits	7,300,685	-
Loans	4,785,546	4,210,225
Prepayments	2,023,682	3,242,103
Universal Service Fund (see note 1 below)	-	2,058,700
Amount receivable from ITU re WTIM	1,536,746	-
Fraud Tracking Contributions Due (see note 2 below)	71,304,863	22,246,979
TOTAL	86,951,522	31,758,007
Receivable within 1 year	83,238,815	28,659,994
Receivable after 1 year	3,712,707	3,098,013
	96 051 522	21 759 007
	86,951,522	31,758,007

#### Note 1: USF

An amount of Rs 2,058,700 was paid out of the general fund to meet the cost of acquisition of an equipment which should have normally been disbursed from the USF. However sufficient funds were not available in the USF at that material time. The said amount will be refunded to the general fund and has accordingly been accrued under other receivables in financial period ending 31 December 2010.

Note 2: Fraud Tracking Contributions Due

The information and Communication Technologies (Fraud Tracking Account Charge) Regulations 2010 provides that International Long Distance (ILD) operators contribute an amount of USD 0.02 per minute of terminating calls into the Fraud Tracking Account. Contributions as at 31 December 2011 are Rs. 71,304,863; (2010: Rs22,246,979) from ILD Operators.

#### 11. CASH AND BANK BALANCES

	Year	18 months
	ended	ended
	31 December 2011	31 December 2010
	Rs	Rs
Cash at Bank	296,203,427	274,673,579
Cash at Bank - Fraud Tracking Account	10,043,250	221,401
Cash in Hand	11,808	17,446
TOTAL	306,258,485	274,912,426

#### 12. TRANSFER TO CONSOLIDATED FUND

The Authority contributes a sum to the Consolidated Fund (formerly Capital Fund) of the Government of Mauritius from the General Fund in terms of the provisions of the Information and Communication Technologies Act 2001 based on income and expenditure estimates, and as determined by the Board of the Authority. An amount of Rs 40,000,000 has been earmarked to be transferred into the Consolidated Fund. (2010: Rs 50,000,000).

The transfer of Rs 40,000,000 has been treated as a movement (decrease) in equity.

#### 13. REVALUATION RESERVE

The revaluation reserve consists of fair value reserve arising on revaluation of fixed assets. The following assets were revalued:-

Date of Revaluation	Class of Assets	Increase in Carrying Amount Rs
31.12.2011 31.12.2011	Office Equipment Computer Equipment	933,094 787,605
Amount recognised in revaluation reserve		1,720,699

#### **Basis of Revaluation**

No independent valuer was involved. Office Equipment and Computer equipment were revalued based upon best Management estimate benchmarked upon prevailing market prices for items concerned.

Management is of the opinion that the above assets still carry the above stated amounts.

#### 14. RETIREMENT BENEFIT OBLIGATIONS

In conformity with the provisions of the IAS 19 – Employee Benefits, the Authority has included its retirement benefit obligations in the financial statements. The pension scheme of the Authority is a defined benefit plan, and the assets of the funded plan are held independently and administered by SICOM Ltd.

	Year ended	18 months ending	
	31 December	31 December	
	2011	2010	
Amounts recognised in balance sheet at end of year:	Rs	Rs	
Present value of funded obligation (Fair value of plan assets)	28,258,478 (19,572,285)	26,759,482 (16,490,893)	
(	8,686,193	10,268,589	
Present value of unfunded obligation	2,017,704	2,071,431	
Unrecognised actuarial gain/(loss)	(8,902,424)	(10,260,824)	
Unrecognised transition amount	(0,302,424)	(10,200,024)	
Liability recognised in	Ŭ	U	
balance sheet at end of year	1,801,473	2,079,196	
Amounts recognised in income statement:			
Current service cost	1 001 104	2 510 706	
(Employee Contributions)	1,981,194	2,518,706	
Fund expenses	(1,443,424) 72,172	(1,758,652) 117,933	
Interest cost	3,027,246	3,061,091	
(Expected return on plan assets)	(1,868,701)	(2,029,642)	
Actuarial loss/(gain) recognised	291,726	126,105	
Past service cost recognised	291,720	120,105	
Transition effect of adopting IAS 19	0	0	
Settlement in respect of Past Service	0	0	
Settlement in respect of rast Service		0	
Total, included in staff costs	2,060,213	2,035,541	
Movements in liability recognised in balance sheet:			
At start of year	2,079,196	2,820,833	
Total staff cost as above	2,060,213	2,035,541	
(ICTA share of Pension)	(172,800)	(139,200)	
(Contributions paid by employer)	(2,165,136)	(2,637,978)	
(contributions paid by employer)	(2,105,150)	(2,037,370)	
At end of year	1,801,473	2,079,196	
Actual return on plan assets:	468,883	2,110,038	
Main actuarial assumptions at end of year:			
Discount rate	10.50%	10.50%	
Expected rate of return on plan assets	10.50%	10.50%	
Expected rate of return on plan assets Future salary increases Future pension increases		10.50% 7.50% 5.50%	

	Year ended 31 December 2011	18 months ending 31 December 2010
Reconciliation of the present value of defined benefit obligation	Rs	Rs
Present value of obligation at start of period Current service cost Interest cost (Benefits paid)	26,759,482 1,981,194 3,027,246 (1,096,679)	19,435,498 2,518,706 3,061,091 (1,429,419)
Liability (gain)/loss	(2,466,492)	5,245,037
Present value of obligation at end of period	28,204,751	28,830,913
Reconciliation of fair value of plan assets Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid + other outgoings)	16,490,893 1,868,701 2,165,136 1,443,424 (996,050)	11,392,377 2,029,642 2,637,978 1,758,652 (1,408,152)
Asset gain/(loss)	(1,399,818)	80,396
Fair value of plan assets at end of period	19,572,285	16,490,893
Distribution of plan assets at end of period Percentage of assets at end of year Government securities and cash	50.6%	52.20%
Loans	7.8%	7.80%
Local equities Overseas bonds and equities	23.2% 17.5%	25.20% 14.00%
Property	0.9%	0.80%
Total	100.00%	100.00%
Additional disclosure on assets issued or used by the reporting entity Percentage of assets at end of year Assets held in the entity's own financial instruments Property occupied by the entity Other assets used by the entity	(%) 0 0 0	(%) 0 0 0

History of obligations, assets and experience adjustments

Year	2011	2010
Currency	Rs	Rs
Fair value of plan assets	19,572,285	16,490,893
(Present value of defined benefit obligation)	(28,258,478)	(26,759,482)
Surplus/(deficit)	(8,686,193)	(10,268,589)
Asset experience gain/(loss) during the period	(1,399,818)	80,396
Liability experience gain/(loss) during the period	2,466,492	(5,245,037)
Year	2012	
	Rs	
Expected employer contributions	2,209,650	

#### 15. EMPLOYEE BENEFITS

Employee benefits comprise the total balance of leaves and accumulated passage benefits not yet availed by employees of the Authority as at respective year ends.

	Year ended 31 December 2011 Rs	18 months ending 31 December 2010 Rs	
Balance at start of year Amount accrued during the year	8,369,262 1,326,187	6,904,970 1,464,292	
Balance at end of year	9,695,449	8,369,262	
Payable within 1 year Payable after 1 year	2,259,084 7,436,365	1,797,731 6,571,531	
Total	9,695,449	8,369,262	

#### 16. CREDITORS AND PAYABLES

	Year ended	18 months ending
	31 December	31 December
	2011	2010
	Rs	Rs
Sundry Creditors	7,799,048	4,301,830
Expenses Accrued	127,487,097	41,136,281
TOTAL	135,286,145	45,438,111

#### 17. REVENUE

Income represents licence fees receivable from operators licenced by the Authority on an accrual basis. (Year ended 31 December 2011: Rs 131,743,496; 18 months ended 31 December 2010: Rs 189,013,697)

#### 18. OTHER INCOME

	Year ended 31 December	18 months ending 31 December
	2011	2010
	Rs	Rs
Bank interest	12,214,153	24,741,026
Interest on Loans	239,664	368,701
Receipt from Fraud Tracking	95,570,874	22,468,466
Sundry Income	155,000	1,624,000
TOTAL	108,179,691	49,202,193

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### 19. ADMINISTRATIVE EXPENSES

	Year ended	18 months ending
	31 December	31 December
	2011	2010
	Rs	Rs
Staff Costs	39,943,870	54,781,497
Fees to Chairman and Board Members	5,406,500	10,085,300
Rent	6,650,950	9,822,968
Electricity	1,542,127	1,862,249
Telephone	1,704,776	3,116,733
Uniforms	65,000	138,960
Printing, Stationery and Correspondences	835,579	925,556
Incidentals and Office Expenses	1,081,461	1,472,944
Motor Vehicle Running Expenses	433,215	733,132
Loss on Disposal	16,773	12,060
Loss on exchange	-	3,787
Increase in Provision for Impairment Loss	5,903,312	1,586,156
Maintenance of Equipment & Software	498,757	291,266
Technical Library and Publications	124,089	691,517
Press Advertisements	720,360	1,227,199
Insurance	637,568	765,860
Training & Workshops	1,901,019	1,898,041
Professional Fees	2,593,750	5,119,552
Depreciation	7,063,044	7,996,958
	77,122,150	102,531,734
## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

### 20. OTHER EXPENSES

	Year ended	18 months ending
	31 December	31 December
	2011	2010
	Rs	Rs
Contribution to International Organizations	1,988,785	3,981,959
Consultancy	1,691,731	,188,068
Overseas Mission	4,896,359	6,618,712
Donation	6,087,984	5,963,756
Project Recurrent Costs	106,947,377	61,986,993
Conference	7,367,342	2,398,835
	128,979,578	83,138,323

### 21. RELATED PARTY TRANSACTIONS

#### 21.1 Remuneration to management

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the Authority, as per IAS 24 - Related Party Disclosures. During the year, the total remuneration of the key management was as follows:

	Year ended	18 months ending
	31 December	31 December
	2011	2010
	Rs	Rs
Allowances paid to Chairman and Board Members	5,223,000	8,708,500
Directors	8,869,058	13,592,992
	14,092,058	22,301,492

#### 21.2 Staff Loans

Staff loans include auto cycle and car loans which are refundable in 60 and 84 equal monthly instalments respectively, and bear interest at the rate of 6.5% per annum. The above also include educational loans to staff members refundable in 60 equal monthly instalments with annual interest rate of 5%.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

	Year ended 31 December 2011	18 months ending 31 December 2010
	Rs	Rs
Opening Balance		
Loans : receivable within 1 year	1,112,214	1,017,884
: receivable after 1 year	3,098,012	3,530,652
Loans granted during the year	2,081,000	2,023,700
Loan Installments Received	(1,505,680)	(2,362,010)
Closing Balance	4,785,546	4,210,226
Receivable within 1 year	1,072,839	1,112,214
Receivable after 1 year	3,712,707	3,098,012
	4,785,546	4,210,226

## 22. FINANCIAL SUMMARY

	July 06 - June 07 Rs	July 07- June 08 Rs	June 08- June 09 Rs	Period July 09 09 -Dec 10 Rs	Jan 11- Dec 11 Rs
Revenue	99,603,405	121,725,690	129,126,748	189,013,697	131,743,496
Surplus	37,950,100	85,023,209	72,230,194	45,331,569	33,821,459
Equity	204,150,840	245,992,524	276,544,416	271,875,985	265,697,444
Transfer to Consolidated Fund	(40,000,000)	(40,000,000)	(40,000,000)	(50,000,000)	(40,000,000)

## 23. CURRENCY

All figures are shown to the nearest Mauritian Rupee.



# PORT OF THE DIRECTOR OF AUDIT

On the Financial Statements of the Postal Authority for the year ended 31 December 2011

NATIONAL AUDIT OFFICE

## REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE POSTAL AUTHORITY

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Postal Authority which comprise the statement of financial position as of 31 December 2011, the statement financial performance and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility For the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for any audit opinion.

### Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Postal Authority as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

### **Emphasis of Matter**

I draw attention to the fact that total expenditure of the Postal Authority for the year ended 31 December 2011 amounted to Rs 2,671,317 including a sum of Rs 1,536,649 representing allowances paid to more than 30 officers of the Information and Communication Technologies Authority. During the year, the major transactions of the Postal Authority involved mainly renewal of some eight registered licencees. In other words, it can be said that more than 30 officers have been paid Rs 1,536,649, that is more than 50 per cent of the total expenditure of the Authority for the registration of just eight licencees. This is very much excessive.

My opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements.

#### Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

#### Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Opinion

#### Postal Services Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Postal Services Act.



(Dr R. JUGURNATH) Direct of Audit National Audit Office Level 14, Air Mauritius Centre Port Louis

21 December 2012

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

A 00570	Note	31 December 2011 Rs	31 December 2010 Rs
ASSETS			
Current assets			
Cash and bank balances		22,460,541	20,913,591
Accounts receivable		13 300,000	300,000
TOTAL ASSETS		22,760,541	21,213,591
LIABILITIES			
Current liabilities			
Accounts payable		14 431,253	259,592
TOTAL LIABILITIES		431,253	259,592
NET ASSETS		22,329,288	20,953,999
NET ASSETS/EQUITY			
Retained Earnings		22,329,288	20,953,999
		22,329,288	20,953,999

These Financial Statements were approved by the Board of the Postal Authority on 05 December 2012.

Signed on their behalf:

Mr Trilock Dwarka (Chairman)

Dr M. K. Oolun (Executive Director)

		Year ended 31 December 2011	18 months ended 31 December 2010
	Note	Rs	Rs
REVENUE	15	3,200,000	5,900,000
OTHER INCOME	16	846,606	1,271,516
		4,046,606	7,171,516
ADMINISTRATIVE EXPENSES	17	2,671,317	3,722,909
NET SURPLUS		1,375,289	3,448,607

## STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2011

## STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2011

	Retained Earnings	TOTAL
	<u>Rs</u>	<u> </u>
Balance as at 30 June 2008 (Restated)	14,414,828	14,414,828
Surplus for the year ended 30.06.2009	3,090,564	3,090,564
Balance as at 30 June 2009	17,505,392	17,505,392
Surplus for the period ended 31.12.2010	3,448,607	3,448,607
Balance as at 31 December 2010	20,953,999	20,953,999
Surplus for the year ended 31.12.2011	1,375,289	1,375,289
Balance as at 31 December 2011	22,329,288	22,329,288

The notes on pages 81 to 88 form an integral part of these financial statements.

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## STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2011

Note	Year ended 31 December 2011 Rs	18 months ended 31 December 2010 Rs
CASH FLOW FROM OPERATING ACTIVITIES	113	113
Surplus for the year	1,375,289	3,448,607
Non Cash Movements		
Increase in accounts receivable	-	(100,000)
Increase in accounts payable	171,662	(190,409)
Net Cash Flows from operating activities	1,546,951	3,158,198
INCREASE IN CASH AND CASH EQUIVALENTS	1,546,951	3,158,198
CASH AND CASH EQUIVALENTS AT 01 JANUARY 2011	20,913,590	17,755,392
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2011	22,460,541	20,913,590

## NOTES TO THE CASH FLOW STATEMENT

a)

Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash balances with the bank. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	Year ended	18 months ending	
	31 December	31 December	
	2011	2010	
	Rs	Rs	
Cash at Bank	22,460,541	20,913,590	
TOTAL	22,460,541	20,913,590	

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

	•	d Amounts ed 31.12.11	Actual Amounts on Comparable Basis	Variance Original Actual	Original/ Revised/
	Rs	Rs	Rs	Rs	Rs
Revenue	3,200,000	3,200,000	3,200,000	-	-
Other Income	846,000	846,000	846,606	-	606
	4,046,000	4,046,000	4,046,606	-	606
Administrative expenses	(2,646,000)	(2,646,000)	(2,671,317)	-	(25,317)
	1,400,000	1,400,000	1,375,289	-	(24,711)

*Note : The Budget and the accounting basis is the same. The Statement of Comparison of budget and Actual Amounts is prepared on the accrual basis.* 

### 1. LEGAL FORM AND MAIN ACTIVITY OF THE AUTHORITY

The Postal Authority was established as a regulatory body under the Postal Services Act 2002 for the postal, courier and ancillary services. As per section 4 of the Postal Services Act 2002, the members of the Board of the ICT Authority shall be deemed to be and constitute the members of the Board of the Postal Authority.

#### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants (IFAC) under the historical cost convention. The Authority has for the first time adopted IPSAS as required by the Statutory Bodies (Accounts and Audit) Act as amended in 2010. The financial statements were formerly prepared under International Financial Reporting Standards (IFRS). There is no impact on opening balances resulting from the adoption of IPSAS.

### 3. CHANGE IN ACCOUNTING DATE

Pursuant to amendments brought to the Statutory Bodies (Accounts and Audit) Act 2009 providing for inter-alia, the alignment of the financial year to the calendar year and the financial statements for the previous period was based on 18 months ending 31 December 2010. The financial statements of the Authority for the current financial year have been prepared accordingly covering the period starting 1 January 2011 to 31 December 2011. The two periods reported pertain to 12 and 18 months respectively and as such may not be comparable due to difference in periods reported.

#### 4. GOING CONCERN

The financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied throughout the period.

#### 5. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimation involves judgments based on the latest available, reliable information and may need revision if changes occur in the circumstances on which the estimates were based or as a result of new information.

A change in an accounting estimate is recognized in the period of change if the change affects the period only or the period of change and future periods, if the change affects both. To the extent that a change gives rise to assets and liabilities or relates to an item of net assets/equity, it is recognized by adjusting the carrying amount of the related asset, liability, or net assets/equity in the period of the change.

#### 6. MEASUREMENT BASE

In preparing the financial statements, the Authority has adopted the accounting principles recognized as appropriate for the measurement and reporting of the financial position, financial performance, and cash flows on an accrual basis.

#### 7. AMENDMENTS TO IPSAS ISSUED BUT NOT YET EFFECTIVE

 (i) Improvements to IPSAS 1 – Presentation of financial statements - as a result of amendments to IPSAS 28 – Financial instruments: Presentation (Effective 1st July, 2013)

The amendments concerns:

(a) Disclosures about the reporting entity concerning its domicile, legal status, domicile and nature and relevant legislation governing its operations.

(b) Classification of a puttable financial instrument and an instrument that imposes an obligation to deliver to another party a pro rata share of the net assets in a liquidation as an equity instruments and their consequential disclosure requirements.

These amendments are either not relevant to the Authority's operations or are not expected to have a material effect on the accounting policies and disclosures.

(ii) Improvements to IPSAS 1 – Presentation of financial statements - as a result of amendments to IPSAS 30 – Financial instruments: Disclosures
(Effective 1st January, 2013)

These amendments require an entity to disclose information concerning its objectives, policies and processes for managing capital and how to comply with this requirement.

These amendments are unlikely to have any material effect on the Authority's operations and disclosures. (iii) Amendments to IPSAS 1 – Presentation of financial statements - as a result of improvements to IPSASs (Effective 1st January, 2013)

These amendments lay down the criteria to be satisfied for a liability to be classified as current liability.

There is no impact in the opening balance resulting from early adoption of this amendment as it is already being brought to account.

 (iv) Amendments to IPSAS 2 - Cash flow statements - as a result of improvements to IPSASs (Effective 1st January, 2012)

The amendments require entities to separately disclose cash flows arising from investing activities. This amendment was brought to account in the last financial statements and has no impact on the opening balance.

#### (v) IPSAS 28 – Financial instruments: Presentation (Effective January 2013)

IPSAS 28 replaces IPSAS 15. It establishes the principles for presenting financial instruments as liabilities or net assets/equity and for offsetting financial assets and financial liabilities and equity instruments and applies to the classification of the financial instruments from the point of view of the issuer.

The IPSAS is not expected to have any material effect on the Authority's operations or financial statements.

### (vi) IPSAS 29 – Financial instruments: Recognition and measurement (Effective January 2013)

IPSAS 29 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items

The IPSAS is not expected to have any impact on the Authority's operations or financial statements.

### (vii) IPSAS 30 – Financial instruments: Disclosures (Effective January 2013)

IPSAS 30 requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of the financial instruments for the entity's financial position and performance and the nature and extent of risks arising from them and their management.

These amendments are not expected to have any effect on the Authority's financial statements and disclosures thereto.

### 8. CHANGE IN REPORTING DATE

The Authority's reporting year ends on the 31st December. The preceding financial statements were prepared for a period of 18 months ending on the 31st December, 2010 as a transitional arrangement in compliance with Section 5 (b) 2A of the Additional Stimulus Package (Miscellaneous Provisions) Act 2009.

### 9. STATEMENT OF FINANCIAL PERFORMANCE AND CASH FLOW STATEMENTS

The statement of financial performance classifies expenses on the basis of their nature. The cash flow statement has been prepared using the indirect method.

#### **10. SIGNIFICANT ACCOUNTING POLICIES**

#### (a) Revenue Recognition

Revenue, which represents licence fees receivable, has been accounted on an accrual basis, and is recognized upon issue of claims to licensees.

#### (b) Expenditure

All expenses have been accounted on accrual basis.

#### (c) Financial instruments

Financial assets and liabilities are recognized on the Statement of Financial Position when the Authority has become party to the contractual provisions of the financial instruments. Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to the initial recognition, these instruments are measured as set out below:

#### (i) Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### (ii) Other receivables

Other receivables are stated at their nominal value.

#### (iii) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and investments in deposits.

#### (iv) Creditors and payables

Creditors and payables are stated at their nominal value.

#### (d) Retirement Benefit Obligations

The Authority does not employ any officers on a permanent basis and therefore no provision for retirement benefit obligations has been made.

#### (e) Provisions

Provisions are recognized when the Authority has a present obligation as a result of past event, which it is probable, will result in an outflow of economic benefits that can reasonably be estimated.

#### **Allowances for Doubtful Debts**

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts, and comprise claims for licence fees due at year end. The claims are issued to all licensees of the Authority based upon the applicable licence fees as per regulations. A certain number of claims are expected to be irrecoverable owing to the fact that firstly, the licensees have closed down, and secondly, the equipment to which the claims pertained have either broken down or are no longer being used.

#### (f) Use of estimates

The preparation of financial statements in accordance with IPSAS and generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

#### (g) Related Parties

For the purposes of these Financial Statements, parties are considered to be related to the Authority if they have the ability, directly or indirectly, to control the Authority or exercise significant influence over the Authority in making financial and operating decisions, or where the Authority is subject to common control or common significant influence. Related parties may be individuals or other entities.

#### 11. RISK MANAGEMENT POLICIES

#### (i) Credit Risk

Credit risk relates to the possibility of default by licencees in settling their claims obligations to the Authority.

For major commercial licences, the Act provides for the obligation of the licensee to furnish a Bank Guarantee, which the Authority can enforce to should the claims for licence fees are not honoured. This mitigates the credit risk exposure of the Authority with regard to the recoverability of the licence fees and the possibility of material loss arising.

#### (ii) Liquidity Risk

This refers to the possibility of default by the Authority to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared periodically to identify any shortage of funds. The expenditure of the Authority is also matched against budget estimates to be within targeted limits.

The single major outflow of the Authority comprises the contribution to the Consolidated Fund. The amount payable is based on budget estimates, as may be adjusted for any actual non-budgeted recurrent and/or capital expenditure, to arrive at the surplus transferable funds.

## 12. SURPLUS FROM OPERATIONS

Surplus for the year is arrived at after charging the following item:

	2011 Rs	December 2010 Rs
Auditor's remuneration	75,000	50,000

### 13. ACCOUNTS RECEIVABLE

Accounts Receivable represent licence fees due at year end (31 December 2011: Rs 300,000; 31 December 2010: Rs 300,000).

### 14. ACCOUNTS PAYABLE

	Year ended 31 December 2011 Rs	18 months ended 31 December 2010 Rs
Licence fees received in advance Expense accrued	300,000 131,253	200,000 59,592
TOTAL	431,253	259,592

#### 15. REVENUE

Income represents licence fees receivable from operators licenced by the Authority. (31 December 2011: Rs 3,200,000; 31 December 2010: Rs5,900,000)

#### 16. OTHER INCOME

	Year ended 31 December 2011 Rs	18 months ended 31 December 2010 Rs
Bank interest Sundry income	838,606 8,000	1,252,516 19,000
TOTAL	846,606	1,271,516

### 17. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2011 Rs	18 months ended 31 December 2010 Rs
Allowance to chairman & board members	864,000	1,296,000
Other allowances	1,536,649	2,305,479
Office expenses & incidentals Press advertisements	37,518	1,495
Overseas mission	11,507 136,443	54,585 -
Professional Fees	75,000	55,750
Donation	10,200	9,600
TOTAL	2,671,317	3,722,909

### 18. RELATED PARTY TRANSACTIONS

#### Note on operations

In terms of the Postal Services Act 2002, the members of the Board of the ICT Authority shall be deemed to be and constitute the members of the Board of the Postal Authority. Moreover, the officers of the ICT Authority ensure the smooth running and the whole conduct of the operations of the Postal Authority.

#### Remuneration to management

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the Authority, as per IAS 24 - Related Party Disclosures. During the year, the total remuneration of the key management was as follows:

	Year ended 31 December 2011	18 months ended 31 December 2010
	Rs	Rs
Allowances paid to: Board Members	864,000	1,296,000
Directors	216,000	298,163
	1,080,000	1,594,163

### 19. BUDGET NOTES

The Postal Authority presents its budget and the financial statements on accrual basis. The approved budget covers the fiscal period from 01 January 2011 to 31 December 2011. The budget was approved by the Postal Board.

#### **Revised budget/Actual budget**

The excess of the actual administrative expenses over the revised budget pertains to allowances paid to officers of the ICT Authority for the performance of duties for the Postal Authority.

#### 20. CURRENCY

All figures are shown to the nearest Mauritian Rupee.





**Information & Communication Technologies Authority** Level 12, The Celicourt, 6, Sir Celicourt Antelme Street, Port Louis, Republic of Mauritius Tel: (+230) 211 5333/4 - Fax : (+230) 211 9444 E-Mail : icta@intnet.mu - Website: www.icta.mu