



# **Office of the Regulator**

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# **ANNUAL REPORT**

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*For the Financial Year Ended 30<sup>th</sup> June 2015*

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## **1. EXECUTIVE SUMMARY**

This Annual Report for the Office of the Regulator ("OOTR") for the period ending June 2015 reflects continuous initiatives and growing work plan and programmes to improve the regulation of the Telecommunication, Broadcasting, Electricity and Postal Services sectors.

OOTR continues to prioritise the importance of capacity building to help fulfil its functions for monitoring and reviewing the performance of all the service providers in the sectors given the rapid changes in technologies. The Annual Report is based on the activities which were implemented within each division of OOTR.

### **Corporate Services Division**

During this financial year, Mr Donnie De Freitas, long serving Regulator for Samoa resigned from his position to take up a new post at the Pacific Islands Regulators Resource Centre in Fiji. Donnie has been instrumental in driving the OOTR in the last six years and OOTR wishes him all the best in his new post.

Unutoa Auelua-Fonoti has since been appointed by Cabinet as the Interim Regulator and five other new appointments were made as part of the OOTR restructure.

The Corporate Services Division continues to coordinate and oversee the establishment of internal policies in an effort to improve working environment. One of the achievements was the finalization and endorsement by Cabinet of the OOTR's Corporate Plan and associated Implementation Plan in January 2015. This year also saw them focus on the collection of outstanding debts and coordination of Awareness Programs for the Office.

### **Electricity Division**

The Electricity Division continues to develop policies, licences and relevant standards for the regulation of the cost of electricity. In addition they worked on setting and reviewing energy charges for electricity tariffs.

This process is an ongoing function of OOTR pursuant to Part IV Section 20 of the Act.

The Electricity Division has also been working on the finalisation of the Multi Year tariff and has since sent out approval and the corresponding Order of the Regulator 2015/E29 on the same.

### **Legal Division**

The Legal Division continues to provide appropriate legal advice to the Regulator and OOTR. As indicated in the last financial year's Annual Report, the OOTR is still anticipating receipt of the Telecommunications Tribunal decision on the Order of the Regulator 2010/03 which was appealed by Digicel Samoa Limited.

The Legal Division also continue to compile the Orders of the Regulator issued to the respective service providers in the relevant sectors, mostly in relation to the improvement of service(s). The Division also reviewed policies, license applications, procedures, rules and regulations; and is in the process of conducting Legislative reviews on the respective Acts that concerns the Regulator.

The Legal Division is also working on the finalisation of the Utilities Bill, Electricity Fees Regulations, Electricity Rules, Radio Spectrum Rules and reviewing the Telecommunications Fees Regulations and Radio Spectrum Fees Regulations.

### **Regulatory & Consumer Affairs Division**

The Regulatory & Consumer Affairs Division undertakes regulatory supervision duties, market analysis and consumer affairs functions in telecommunications, broadcasting, electricity and postal. The responsibilities of the division include overseeing licensee compliance, market monitoring, managing issues arising from anti-competitive behaviour, price regulation, access and interconnection, consumer complaint resolution, quality of service and universal access. The focus for this financial year was on Consumer protection in telecommunications, broadcasting and electricity sectors including: addressing consumer complaints and provider disputes and the establishment of procedures and processes for handling of complaints. The need to ensure availability of and access to services result in the Division's continuous monitoring of services by providers. It has also been coordinating and facilitating the evaluation process of applications for services licenses for Industry Development.

The Regulatory Division is also working on preparations for the review of Mobile Broadband Tariffs which is scheduled to be finalised in the next financial year.

### **Spectrum & Technical Division**

The Spectrum and Technical Division's roles and responsibilities continue to increase due to the rapid changes of technology in the telecommunications and broadcasting market in Samoa and Worldwide.

The Technical Division has been working on the formulation of various documentations as part of the Spectrum Management Plan. This plan sets out relevant policies and guidelines that relates to the efficient and effective use of the radio spectrum. Consultations on the same have been conducted and Technical Division is now finalising these documents. In addition to those are the formulation of the Numbering Plan and Guidelines for International Roaming.

The Spectrum and Technical Division commenced preparations for Digital transition and started consultations with television service providers and the public in both Upolu and Savaii. In addition Licences for various services continue to be issued by the OOTR in accordance with the Act and the conditions of their licences.

### **Financial Review**

The Financial Review of the OOTR continues to show healthy performance in the current financial year despite recording a net loss in the financial year. The Government approved a budget of \$1,568,323 for the Office for the period July 2014 to June 2015. As at the end of the financial year, the Office had recorded revenue in the amount of \$4,795,537 and had incurred expenses of \$4,964,037 and recorded a net loss of (\$168,500). However, it should be highlighted that this was a record year for the OOTR in terms of revenue collection and debt recovery. The Office was able to collect and transfer \$5,103,745 to the Ministry of Finance in the current financial year.

## **2. CORPORATE SERVICES**

The Corporate Services in the Office of the Regulator combines and consolidates all support activities that are required within the organization. These include finance, administration, human resource management and development activities.

### **2.1. Staffing**

The staff of the Office of the Regulator comprised of the following sixteen (16) personnel as at 30<sup>th</sup> of June 2015:

Interim Regulator & Manager Spectrum & Technical Services: Unutoa Auelua-Fonoti

Manager Corporate Services: Faalelei Sua

Manager Regulatory & Consumer Services: Ipiniu Filipino

Manager-Electricity Sector Supervision: Afoa Ueese Vaai

Legal Counsel: Cecily Faasau

Principal Spectrum & Technical Analyst: Tuuaga Aviata

Principal Spectrum & Technical Officer: Eteuati Eteuati

Principal Consumer Affairs Analyst: Vanessa Tanuvasa-Pelenato

Principal Regulatory Specialist-Electricity: Faleula Akaimo

Principal Legal Officer-Electricity Sector: Sosefina Faamausili

Principal Legal Officer: Sioa Sioa

Principal Electricity Sector Specialist: Su'a Aulaga Faumuina

Principal Power Economic & Financial Officer-Electricity: Perelini Lameko

Accounts Clerk: Etenauga Tanielu

Receptionist/Office Assistant: Leleiga Karene

Driver: Pio Bell

### **2.2. Resignations**

Mr Donnie De Freitas resigned from the position of Regulator effective from 22<sup>nd</sup> May 2015 to take up his new duties as the Head of the Pacific ICT Regulatory Resource Centre in Suva, Fiji. Ms. Elisa Kohlhase resigned as the Legal Counsel of the Office of the Regulator effective from 16<sup>th</sup> September 2014.

The OOTR is appreciative of all the works carried out by Mr. De Freitas and Ms. Kohlhase during their tenure at the Office of the Regulator.

### 2.3. New Appointments

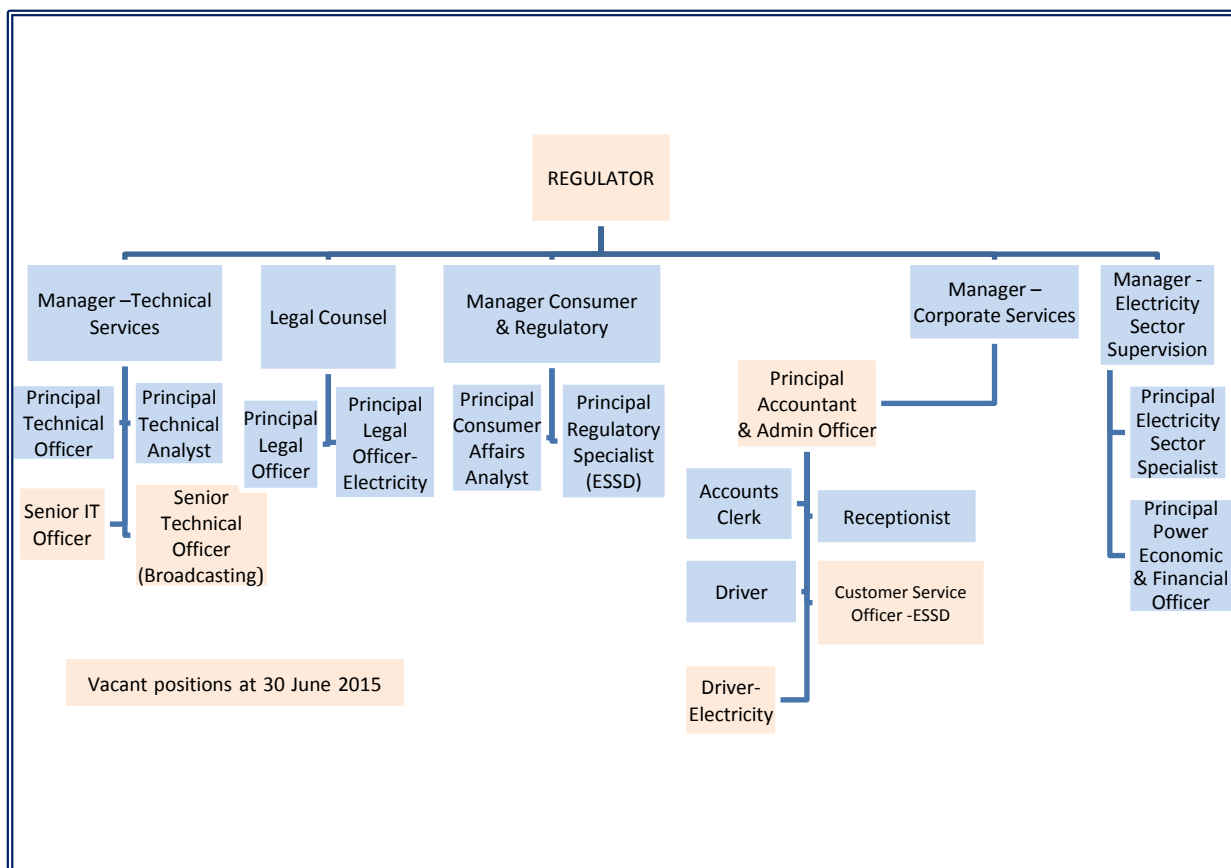
Ms. Unutoa Auelua-Fonoti, Manager-Spectrum & Technical Services was appointed as Interim Regulator effective from 25<sup>th</sup> May 2015 until such a time as the position of Regulator is filled.

One new Manager was appointed for three years contractual term. Ms. Cecily Faasau was appointed as Legal Counsel effective from 18<sup>th</sup> February 2015.

Mr. Su'a Aulaga Faumuina was appointed/promoted to the position of Principal Electricity Sector Specialist as at 20<sup>th</sup> April 2015. Furthermore, three officers joined the Office of the Regulator in this financial year. Ms. Perelini Lameko was appointed as the Principal Power Economic and Financial Officer effective 17<sup>th</sup> November 2014; Ms. Faleula Akaimo was appointed as the Principal Regulatory Specialist-Electricity effective from 3<sup>rd</sup> June 2015 and Ms. Sosefina Faamausili was appointed as Principal Legal Officer-Electricity Sector effective 15<sup>th</sup> June 2015.

### 2.4. Organisational Structure

The approved Organisational Structure is reflected in **Fig 2.1** below and has been updated to reflect all current positions as at 30 June 2015. The vacant positions are expected to be filled within the next 2015/2016 financial year.



**Fig 2.1 Organisational Structure of the Office of the Regulator at 30 June 2015**

## **2.5. Restructure**

A proposal was submitted to the Public Service Commission in January 2015 to consider a review of duties for the Corporate Services and the Spectrum & Technical Divisions to consider additional staff due to additional responsibilities of the Office. As of 30<sup>th</sup> June 2015, the Commission has not made a decision in relation to OOTR's proposal.

## **2.6. Corporate Plan**

The Corporate Plan for the Office of the Regulator was finalised and officially endorsed by Cabinet in January 2015. The Corporate Plan and its associated Implementation Plan covers the five financial years from 1 July 2014 to 30 June 2019.

## **2.7. Non Taxation Revenue**

The Office of the Regulator has completed its review of Non-Taxation Revenue and Cabinet has endorsed the new fees. The Legal Division is working with the Office of the Attorney General in drafting the Broadcasting Licence Fees Regulations and amending the Telecommunications License Fees Regulations 2007 and Radio Spectrum Licence Fees Regulations 2007 to reflect the new fees.

## **2.8. Institutional Strengthening and Capacity Building**

The Public Sector Improvement Facility ("PSIF") of the Ministry of Prime Minister and Cabinet continued to provide assistance by way of funds for Institutional Support to the Office of the Regulator. Total funds earmarked for this project was \$1,150,605, including funds already received in the prior financial year. The OOTR used the assistance to strengthen the Regulatory Framework for the Electricity Sector. The Project was to be completed by December 2013 but has been extended to December 2015.

In terms of specialised overseas training, staff members continue to attend appropriate training programs to ensure that all employees are adequately equipped to carry out their duties.

Training for the Divisional Managers remained a priority to ensure continuity of the Office.

Training opportunities were provided through the International Telecommunications Union ("ITU"), the Secretariat of the Pacific Community ("SPC"), the Asia Pacific Telecommunity ("APT") as well as the PSIF Project.

The following list summarises overseas training that different staff attended during the current financial year:

<b>OOTR Staff Member(s)</b>	<b>Course Attended</b>	<b>Venue</b>	<b>Period</b>
<b>Unutoa Auelua-Fonoti</b>	ITU-ACMA Asia Pacific Regulators' Roundtable & ITU-ACMA International Training Program	Sydney, Australia	21 – 25 July 2014
<b>Afoa Uelese Vaai</b>	SPC-IRENA Joint Training on Energy Data and Policy Mechanisms to Support Implementation of Renewable Energy Targets	Suva, Fiji	11 – 15 August 2014
<b>Tuuaga Aviata</b>	ITU Training Workshop on Spectrum Management System for Developing Countries (SMS4DC)	Dili, Timor Leste	11 – 21 August 2014



<b>Vanessa Tanuvasa-Pelenato</b>	ITU-IDA Executive Training Program: "Enabling Frameworks for ICT Development – The Singapore Experience"	Singapore	25 – 29 August 2014
<b>Afoa Uelese Vaai &amp; Ipinu Filipo</b>	Asia-Pacific Regulatory Forum	Auckland, New Zealand	26 – 29 August 2014
<b>Cecily Faasau</b>	Workshop on Child Online Protection and Commonwealth National Cybersecurity Framework Regional Workshop	Port Vila, Vanuatu	22 - 26 September 2014
<b>Vanessa Tanuvasa-Pelenato</b>	Training Program for Young Leaders for Pacific Island Countries on "Policy on Information and Communications Technology Course"	Okinawa, Japan	27 October – 18 November 2014
<b>Tuuaga Aviata</b>	ITU/Rohde & Schwarz Workshop on "Implementation of radio monitoring systems according to ITU-R recommendations"	Munich, Germany	3 - 7 November 2014
<b>Faalelei Sua</b>	ITU Women with the Wave High Level Forum Series: Turning the Tide for the Pacific, Women's Economic Empowerment through ICT and Media	Nadi, Fiji	17 November 2014
<b>Afoa Uelese Vaai &amp; Sioa Sioa</b>	Power Purchase Agreement Training	Singapore	16 – 19 November 2014
<b>Unutoa Auelua-Fonoti</b>	ITU World Radiocommunication Seminar	Geneva, Switzerland	8 – 12 December 2014
<b>Tuuaga Aviata &amp; Su'a Aulaga Faumuina</b>	APT Phase 2 (Face to Face) Training on Broadband Wireless Network Integration and Transition to 5G	Nonthaburi, Thailand	8 – 12 December 2014
<b>Vanessa Tanuvasa-Pelenato</b>	36 <sup>th</sup> PURC/World Bank International Training Program on Utility Regulation and Strategy	Florida, USA	12 – 23 January 2015
<b>Unutoa Auelua-Fonoti</b>	ABU Digital Broadcasting Symposium 2015	Kuala Lumpur	2 – 6 March 2015

In addition, the OOTR and the Telecommunications & Radio-Communication Regulator ("TRR"), Vanuatu conducted its first secondment exchange from November – December 2014. The Legal Division was responsible for coordination and facilitating programs and training for the participant; TRR Legal Officer – Ms. Jessica Palo. The aim of the program was to exchange experiences and share challenges to effectively provide the legal support required within the respective operations of OOTR and TRR (Vanuatu).

## ***2.9.Public Interaction & Awareness***

The Office continues to focus on upgrading interaction with the public through an improved website and making its process of public consultation and internal processes more interactive and consumer friendly.

## 3. ELECTRICITY DIVISION

### 3.1. Tariff Setting and Review

Pursuant to Part IV Sections 19, 20 and 21 of the Electricity Act 2010 ('Act'), the Regulator is responsible for setting, changing and reviewing all tariffs charged by electricity licensees in Samoa.

#### 3.1.1. Energy Charge Adjustment

During the period under review, from 1st July 2014 until 28 February 2015 the Regulator continued using the provisional one year tariff that set Energy charge fixed at 55sene which became effective on the 24 April 2014, ORDER No. 2014/E23. However the OOTR reviewed and approved monthly 'energy charge adjustments' in the remaining months of the reporting period from 1 March until the 30 June 2015. These monthly adjustments of the electricity tariffs reflect fluctuations on cost of fuel used by EPC for electricity generation and the cost of electricity purchased from renewable IPPs. The review of energy charges and approved adjustments are based on monthly submissions from EPC.

This process is an ongoing function of OOTR pursuant to Part IV Section 20 of the Act.

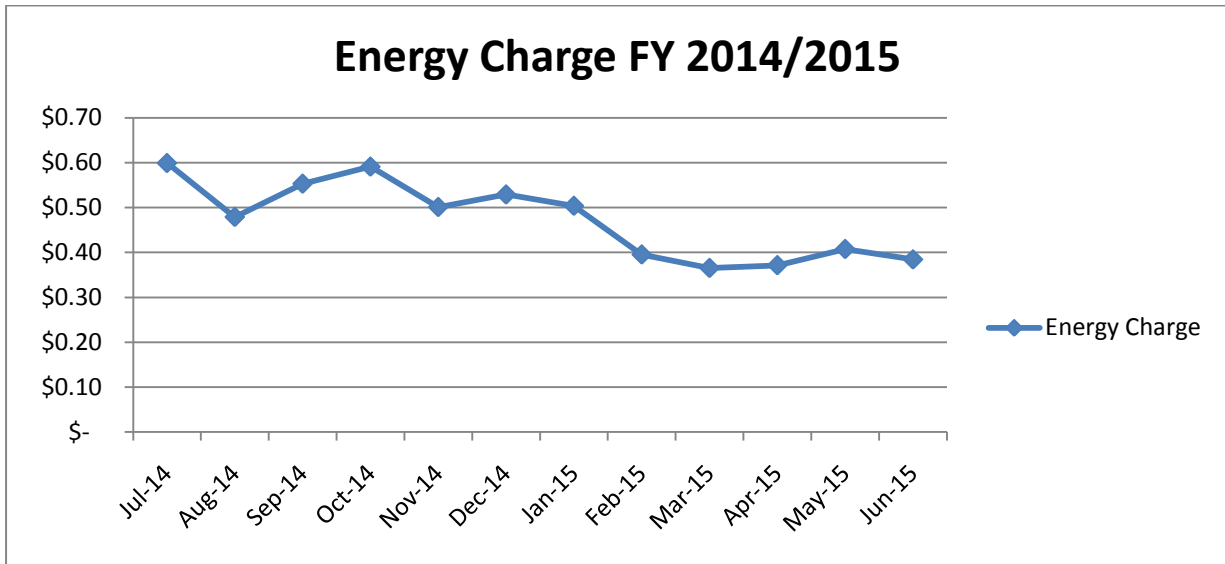
The following table shows energy charge adjustments approved through Orders of the Regulator during the Financial Year 2014/2015.

**Table 3.1: Approved Monthly Energy Charge FY2014/2015**

Order	Order No. 2014/E23	Order No. 2015/E24	Order No. 2015/E25	Order No. 2015/E26	Order No. 2015/E27
Effective Date	24 <sup>th</sup> April 2014-28 <sup>th</sup> February 2015	1 <sup>st</sup> March 2015	1 <sup>st</sup> April 2015	1 <sup>st</sup> May 2015	5 <sup>th</sup> June 2015
Energy Charge	0.55	0.50	0.40	0.36	0.37

The following diagram depicts monthly energy charges which EPC continues to present to OOTR on based on fluctuations of fuel prices, cost of electricity purchased from renewable energy IPPs and the financial impact on EPC's cash flow.

**Diagram 3.1: Monthly energy charges submitted by EPC FY2014/2015**



### 3.1.2. New Base Tariff and Rate Structure

The Electric Power Corporation (“EPC”) submitted a Multi-Year Tariff proposal to the Office of the Regulator on the 27th March 2015 with proposed changes to electricity tariffs for the three regulated financial years 2015/2016, 2016/2017 and 2017/2018. Overall, the proposal requested continuous reductions on end-use customer tariffs for the three regulated financial years. As per EPC’s proposal, total reductions on end-use customer tariffs by the third regulated financial year 2017/2018 are as follows:

- 21% for low use domestic customers,
- 17% for moderate use domestic customers,
- 16% for high use domestic customers, and
- 16% for non-domestic customers.

After review and consideration of Stakeholders input from public consultations, the Regulator determines total reduction on end-use customer tariffs by the third regulated financial year 2017/2018 as follow:

- 24% for low use domestic customers,
- 18% for moderate use domestic customers,
- 17% for high use domestic customers, and
- 17% for non-domestic customers.

The Regulator also determined the continuation of the 2% discount for Cash Power customers. In recognition of the request by EPC for annual reviews of electricity tariffs instead of three-yearly, the Regulator determines Provisional Tariffs for the regulated three financial years 2015/2016, 2016/2017 and 2017/2018 and will be subject to review at the end of each financial year of the three year regulated period. The tariff is inclusive of a full monthly energy charge that may vary on a monthly basis depending on diesel price fluctuations and feed in power capacities of Independent Power Producers (‘IPPs’), and will be subject to review and approval of the Regulator on monthly basis.

#### **Total Reductions on ‘end-use’ customer Tariffs over the regulated 3 year period; 1 July 2015 to 30 June 2018:**

- Total reduction of \$0.22 sene per unit or 24% for low use domestic customers (1 to 50 kWh)
- Total reduction of \$0.19 sene per unit or 18% for moderate use domestic customers (51 to 100 kWh)

- Total reduction of \$0.19 sene or 17% for high use domestic customers (101 and above kWh), and
- Total reduction of \$0.19 sene or 17% for all non-domestic customers.
- The Regulator also determines continuation of the 2% discount for Cash Power customers.

The Regulator issued Order No.2015/E29 to EPC on the 30<sup>th</sup> June 2015 which became effective 15<sup>th</sup> July 2015.

The following table summarises the end-use tariffs determined by the Regulator:

**Table 3. 2: End-Use Customer Tariffs for 3 year period: 2015-2016; 2016-2017; 2017-2018**

<b>DOMESTIC CUSTOMERS</b>	<b>Current 2014</b>	<b>1 July 2015 to 30 June 2016</b>	<b>1 July 2015 to 30 June 2016</b>	<b>1 July 2015 to 30 June 2016</b>	<b>Total Decrease</b>	<b>Total Decrease</b>
<b>Induction Meters</b>	<b>sene/unit</b>	<b>sene/unit</b>	<b>sene/unit</b>	<b>sene/unit</b>	<b>sene/unit</b>	<b>%/unit</b>
1 to 50 kwh	0.92	0.72	0.72	0.70	<b>0.22</b>	<b>24%</b>
51 to 100 kwh	1.06	0.87	0.88	0.87	<b>0.19</b>	<b>18%</b>
101 kwh and over	1.11	0.92	0.93	0.92	<b>0.19</b>	<b>17%</b>
<b>Cash Power Meters (2% Discount)</b>						
1 to 50 kwh	0.91	0.71	0.71	0.69	<b>0.22</b>	<b>24%</b>
51 to 100 kwh	1.05	0.86	0.87	0.86	<b>0.19</b>	<b>18%</b>
101 kwh and over	1.10	0.91	0.92	0.91	<b>0.19</b>	<b>17%</b>
<b>NON-DOMESTIC CUSTOMERS</b>	<b>Current 2014</b>	<b>1 July 2015 to 30 June 2016</b>	<b>1 July 2015 to 30 June 2016</b>	<b>1 July 2015 to 30 June 2016</b>	<b>Total Decrease</b>	<b>Total Decrease</b>
<b>Induction Meters</b>						
All Units	1.11	0.92	0.93	0.92	<b>0.19</b>	<b>17%</b>
<b>Cash Power Meters (2% Discount)</b>						
All Units	1.10	0.91	0.92	0.91	<b>0.19</b>	<b>17%</b>

### **3.2.Licensing**

Pursuant to Part III of the Act, the Regulator is responsible for issuance of generation licences for companies wishing to generate electricity and sell back to EPC, also known as Independent Power Producers ("IPPs"). The approval process for licensing include an evaluation of the applicant's proof of service in a sustainable manner by first obtaining a valid business licence to confirm that the applicant is legally allowed to do business in Samoa. Second is the analysis of the applicant's business plan and audited or forecasted financial statements to ensure that the applicant possesses relevant experience in providing electricity services and to ensure reasonable sustainability of the applicant's business should the licence be granted.

OOTR also continues to work together with EPC to address issues raised with regards to the Power Purchase Agreements with IPPs to ensure that these projects comply with their set milestones in implementation.

The table below presents the number of generation licenses issued during the financial year:

**Table 3.3: Licensees**

<b>Licensee / Company</b>	<b>Licence Approval</b>	<b>Power Purchase Agreement (PPA) Approval</b>
1.Greenpower Samoa Ltd	Authorisation granted and issued by OOTR	OOTR yet to approve the PPA between Greenpower and EPC
2. Sun Pacific Energy Ltd	Authorisation granted and issued by OOTR	OOTR yet to approve the PPA between Sun Pacific Energy Ltd and EPC
3. What Power Crisis Ltd	Authorisation granted and issued by OOTR	OOTR the PPA between What Power Crisis and EPC
4. Samoa Tyre Recycle Ltd	Authorisation granted and issued by OOTR	OOTR yet to approve the PPA between Samoa Tyre Recycle and EPC

## 4. LEGAL FRAMEWORK

This part of the Annual Report provides an overview of the Legal Division's work for the period 1 July 2014 – 30 June 2015.

During this period, the Legal Division provided various types of legal advices, prepared and reviewed legal instruments (including but not limited to legislation, orders and licences).

### **4.1. Advices**

Legal provided various legal advices and the following contains major advices for this financial year:

- Advice on Internet Paper Costs;
- Advice on Submarine Cable Requirements;
- Advice on Samoa Tyre Recycle ("STR");
- Advice on Manager of TV2 (EFKS TV) email with allegations of copyright infringement by TV3;
- Advice on process for evaluation of Generation Licence;
- Advice on lodging complaints by Service Providers for OOTR investigation and Regulator's decision;
- Advice on process for approving Power Purchase Agreements ("PPA").
- Advice on Alava link license;
- Advice on Fiji TV Non Disclosure Agreement;
- Advice on Consumer protection requirements for Regulatory;
- Advices on queries in relation to Regulator's Orders and Determination;
- Advice on the exemption from tax of equipment from overseas for OOTR type approval;
- Review of comments and finalization of Internet Policy for the Office of the Regulator;
- Advice on Legal Basis for Debt Recovery;
- Advice on Government Proceedings Act 1974;
- Advice on the nature of the OOTR whether it is a Ministry, Public Body/ what type of entity it is;
- Advice on Digicel DTH Services requirements for license;
- Advice on complaints regarding Locked phones by service providers.
- Advice on EPC compensation for Fuel losses claim;
- Advice on Bluesky and SkyPacific Distribution Agreement.

### **4.2. Legal Evaluation of Applications**

#### ***Electricity Sector***

- GreenPower Solar company Generation Licence;
- SunPacific Solar Company Generation Licence.

#### ***ICT Sector***

- NETVO Internet Service provider Licence and International Gateway Licence;
- Digicel Television Network Broadcasting Licence.

#### **4.3. Power Purchase Agreement Review**

- Whatpower Crisis (Village Life) Solar Company;
- Sun Pacific Solar Company PPA;
- GreenPower Solar Company PPA.

#### **4.4. Bills, Regulations, Rules, Orders and agreements**

- **Broadcasting Amendment Bill**

The Broadcasting Amendment Bill was submitted to Cabinet for approval, Cabinet issued its approval on 7 May 2015. The Bill will proceed to the legislative Assembly for the normal legislative process.

- **Broadcasting Licence Fees Regulations 2015**

These new Regulations was drafted to introduce new Fees under the Broadcasting Act 2010. These fees were proposed by the OOTR and approved by the National Revenue Board. The Regulator is awaiting final approval from the Attorney General's Office before proceeding to finalise the Regulations.

- **Radio Spectrum Licence Fees Amendment Regulations 2015**

These Regulations were drafted to amend the licence fees for the Radio Spectrum Fees Regulations 2005. These fees were proposed by the OOTR and approved by the National Revenue Board. The Regulator is awaiting final approval from the Attorney General's Office before proceeding to finalise the Regulations.

- **Telecommunication Licence Fees Amendment Regulations 2015**

These Regulations were drafted to amend the licence fees for the Telecommunications Licence Fees Regulations 2005. These fees were proposed by the OOTR and approved by the National Revenue Board. The Regulator is awaiting final approval from the Attorney General's Office before proceeding to finalise the Regulations.

- **Utilities Bill**

Legal continues to work on the further refinement of the Utilities Bill to align all other Acts regulating the specific sectors (broadcasting, postal services, electricity and telecommunications), resolve identity crisis and other administrative issues.

- **Orders**

The following Orders were issued in the current financial year in relation to the regulation of all the sectors under the jurisdiction of the Regulator:

- No. 2015/T02 - Order of Regulator on complaint lodged by Digicel Samoa Ltd against Bluesky Samoa Ltd's anti Competitive Behaviour with respect to the access of Submarine Cable at a Reasonable Cost;
- No. 2015/T03 Order of the Regulator Customers' Complaints against Unsolicited Text Messages;
- No.2015/E24 - Approval of fuel charge adjustment;
- No.2015/E25 - Approval of fuel charge adjustment;
- No.2015/E26 - Approval of fuel charge adjustment;

- No.2015/E27 - Approval of fuel charge adjustment;
- No.2015/E28 - Approval of fuel charge adjustment;
- No.2015/E29 – Order of the Regulator Electric Power Corporation ("EPC") Multi Year Tariff proposal 2015/2016, 2016/2017, 2017/2018;
- No.2015/E30 - Approval of Energy charge adjustment.

#### ***4.5. Confidentiality Agreements***

To ensure confidentiality in all office matters, legal developed Confidentiality Agreements for the OOTR.



## 5. REGULATORY & CONSUMER SERVICES

The responsibilities of the Division include overseeing licensee compliance, market monitoring, managing issues arising from anti-competitive behaviour, price regulation, access and interconnection, consumer complaints and provider disputes resolution, quality of service and universal access.

During the reported period, the Division continued its regulatory support for the Office of the Regulator (OOTR) mainly on the following activities:

- Consumer protection in telecommunications, broadcasting and electricity sectors including: addressing consumer complaints and provider disputes;
- Availability of and Access to services – continues to monitor Digicel Samoa Cellular Radio Services and Bluesky Samoa Fixed Line services;
- Industry Development - to coordinate and facilitate evaluation process of applications for services license;
- Effective Competition in relation to managing issues arising from anti competitive behaviour.

### **5.1. Consumer and Provider Complaints**

During the period under review, OOTR resolved a number of complaints received from consumers against service providers including: mobile prepaid service, fixed line incorrect billing charges, service providers' promotions and electricity prepaid service (cash power). The regulatory process was premised on the functions and powers of the Regulator, the objectives of the Telecommunication Act 2005 and Electricity Act 2010 ("the Act"), and took into consideration the principles of natural justice particularly audi alteram partem. The complaints were ultimately investigated by the Regulator in accordance with the Acts.

The Regulator received a number of concerns raised by Bluesky and Digicel respective customers regarding frequent unsolicited text and spam messages. The Regulator issued Order No.2015/T03 to resolve this issue.

In the course of the period under review, OOTR investigated and resolved a complaint lodged by Digicel Samoa Limited against Bluesky Samoa Limited's anti competitive behaviour with respect to the access to submarine cable at a reasonable cost. The Regulator issued Order No. 2015/T02 to both parties pursuant to sub-section 8(r) and 77(a) of the Act in this regard.

### **5.2. Retail Tariffs and Pricing**

The OOTR continues to monitor Digicel's Cellular Radio Services the dominant service provider in the cellular radio services market after having acquired TSCL's mobile (TDMA) network and all of TSCL's cellular customers as well as Bluesky's Fixed Line Services the dominant service provider in the public fixed line telephone market and interconnection consistent with the Regulator's functions and duties under section 25 and section 40 of the Act.

The OOTR intended to ensure during the exercise that pursuant to the provisions of the Act, all tariffs and rates for services provided by a dominant service provider for the services for which they have been determined or deemed dominant must first be approved by the Regulator; the approved tariffs will apply to those services for which the provider has been deemed dominant.

### ***5.3.Applications for Services License***

The OOTR received a number of applications for ICT and Electricity services during the reported period; ICT applications include:

- 1) NetVO applications for Retail Internet Service Provider License and International Gateway License;
- 2) Samoa FM Radio Requests for Issuance of FM Frequencies to Operate a Commercial FM and Internet Radio Service;
- 3) BYU Television application for non commercial broadcasting License;
- 4) GoldTick application for Voice Over Internet Protocol (VOIP) license;
- 5) Digicel Samoa Limited application for Subscription Television Services License;
- 6) Samoa National Broadband Highway application for Private Network License.

The Independent Power Producer Applications include Green Power Application for IPP License to establish a 4MW solar PV power generation plant and Sun Pacific Energy Limited (Harelec Services) for IPP license to establish a 2MW solar PV power generation plant.

Most of the Applications have been approved by the Regulator whilst some of the applications remain incomplete due to some outstanding information required by OOTR to complete its full analysis.

### ***5.4.Broadband Tariffs***

Regulatory has commenced formal process for the definition of the Broadband internet access market. The purpose is to determine dominance and clarify the rules to be applied to the dominant player(s) in this particular market. As stipulated under the Telecommunications Act 2005 Section 40 (1) dominant player(s) must file with and obtain the approval of the Regulator for all tariffs, rates and charges for telecommunications services in the markets the Regulator has designated them as dominant.

Position paper was prepared and presented to Cabinet outlining the efforts and measures that are already underway to reduce internet costs, including several other options that the Office of the Regulator is also exploring for improving internet accessibility, connectivity and affordability for all consumers in Samoa.

The development of new cost model for broadband pricing will be deferred until new regulatory framework is developed. The development of new regulatory framework requires specialized consultancy and this is being sourced.

## 6. SPECTRUM & TECHNICAL SERVICES

This part of the Annual Report consists of the works carried out by the Spectrum and Technical Services Division for the financial year 2014/2015.

The Spectrum & Technical Division's core functions are:

- Process and assess new applications and new services if they comply with the set standards before any new licence is issued;
- Administer the National Numbering Plan;
- Develop standards and guidelines for existing and new technologies;
- Sustain and monitor the operation of the radio frequency spectrum to ensure quality of service at all times is delivered by all relevant service providers;
- To identify who may be using the spectrum in an illegal way;
- To identify and solve any issues regarding harmful interferences;
- Mediate any disputes between the service providers or user of the spectrum;
- Inspection of service providers' sites registered with the OOTR;
- Issue type approval for any new equipment or device that may enter the market.

These functions were conducted during the period under review to ensure the reliability and availability of telecommunication and broadcasting services in Samoa.

### **6.1. Spectrum Management Plan**

The management of the spectrum has become a challenging and complex issue. The challenge is to manage this finite resource in the most efficient manner so as to fulfil the people of Samoa's technological needs.

The OOTR has recognised the rapid growth in demand for various uses of radio spectrum, especially for wireless and mobile broadband services. This increase in demand for radio spectrum use is not limited to commercial users but also to non-commercial users.

To ensure cautious management of the radio spectrum OOTR has developed documents listed below containing relevant policies and guidelines that relates to the efficient and effective management of radio spectrum for Samoa:

- Spectrum Management Policy & Guidelines
- Radio Spectrum Rules
- National Frequency Allocation Table
- National Spectrum Allocation Chart
- Broadcasting Frequency Assignment Band Plan
- Mobile Broadband Band Plan
- Wireless Broadband Service
- 700MHz Band Plan
- VHF and UHF Land Mobile Services Band Plan
- Fixed Microwave Band Plan
- Amateur Band Plan
- International Mobile Roaming

The Spectrum & Technical Division continuously provide spectrum consultations with stakeholders before finalising any spectrum related document for implementation.

The Technical team also upgraded their spectrum equipment monitoring capability, with a portable spectrum analyser to assist with the monitoring of the spectrum.

### **6.2. Radio Spectrum Licences**

Radio Spectrum licences are issued upon submission of applications whereby information provided is relevant and comply with standards and guidelines set forth by the Office of the Regulator. During the financial year ending June 2015 there were 68 licenses issued as shown in table below.

<b>Jul 2014 to Jun 2015</b>	
<b>Type of License</b>	<b>Quantity</b>
Amateur	13
Land Mobile	16
Fixed Link	11
Broadcasting FM	5
Broadcasting TV	4
Ship Station	4
Aeronautical Station	2
Satellite Earth Station (RX/TX)	5
SES Rx only	2
WiMAX Broadband	1
WiFi Broadband	2
GSM 900	1
LTE	2

**Table 6.1: Number of licence issued in the financial year 2014/2015**

### **6.3. Radio Spectrum Fees**

The Radio Spectrum Fees Regulations 2007 and the Telecommunications Licence Fee Regulations 2007 have been used for both telecommunication and broadcasting. The Office is currently reviewing these fees taking into consideration new technologies available and a directive from the Ministry of Finance.

### **6.4. Numbering Plan**

During this financial year the Numbering Plan was reviewed and is now completed. Consultation meetings were conducted with the relevant stakeholders and Cabinet has approved for the Plan to be implemented.

### **6.5. Digital TV and IXP Project**

The OOTR explored initiatives in Public Private Partnership (PPP) to advance the ICT sector in Samoa. The OOTR engaged in discussions to explore possibilities and options for moving the Digital TV project forward using a PPP approach and initiation of the IXP Project.

For the Digital TV project, awareness programmes and workshops were conducted in both Upolu and Savaii to ensure the people of Samoa are fully informed of any expected changes that will take place during the digital switch over. The technical team also prepared TOR for a Technical Expert to review its technical documents already prepared for Digital TV Transition.

### 6.5.1. Digital Television Broadcast Platform:

- Samoa will be required to change over to digital broadcasting and the cut-off date would be in October 2017;
- The proposal is to develop a common digital platform that would be shared by all broadcasters;
- The Private Sector, specifically Broadcasters and the ICT providers would be willing to share costs for the common infrastructure.

### 6.5.2. An Internet Exchange Point (IXP) for Samoa:

- The internet exchange point ("IXP") would be the physical infrastructure through which local internet service providers ("ISPs") would exchange internet traffic between their networks without the need for them to route to the nearest exchange point (in the USA) and back to Samoa;
- IXP reduce the portion of ISPs traffic which must be delivered via the US providers thereby reducing the cost service;
- The existence of such an infrastructure would also facilitate the development of local content;
- The Private sector would be interested in the project due to reduced cost of service provision along with improved service quality;
- The Public sector would be interested due to improved service provision at reduced costs and could provide access to expertise and funding.

### 6.6.Plans for Change from Analog Television to Digital Television

The Office of the Regulator together with its stakeholders are currently working on consultations for the Digital TV project. Documentation needed for the switch has been prepared by the Office of the Regulator. Some of these documentations including Technical Specifications and Frequency Allocations will be finalised and consulted on in the next Financial Year.

### 6.7. Telecommunication Equipment Type Approvals

The OOTR continues to issue Type Approval Codes for equipments and devices intended for the market of Samoa. For an equipment/device to be type approved OOTR assesses all submitted equipment/device for compliance to international standards to ensure they are safe for Samoa.

**Table 6.2: Equipment and Devices approved for use in Samoa**

Company Name	Product Name	Product Detail	SMO Approval No.	Date
Research IN Motion	Blackberry Z3 Smartphone W/less	STJ100-1	T-360/14	24-Jul-14
Product Compliance	iPhone 6	A1586	T-361/14	23-Sep-14
	iPhone 6 Pus	A1524	T-362/14	
Bluesky Limited	Samsung S4 Active	I9295	T-363/14	23-Sep-14
Product Compliance Specialists	Apple iPad Air 2	A1566	T-364/14	27-Oct-14
	Apple iPad Air 2	A1567	T-365/14	
	Apple iPad Mini 3	A1599	T-366/14	
	Apple iPad Mini 3	A1600	T-367/14	
Research IN Motion	Black Berry	SQC100-1	T-368/14	12-Nov-14
	KIA CAR AV System	LAD2AC0ENKH	T-369/14	
Product Compliance Specialists	Apple Beats Solo2 Wireless	B0534	T-376/14	20-Nov-14
Bluesky Samoa	Amgoo	AM208	T-377/14	28-Nov-14
Nokia Australia Pty Limited	Nokia Lumia 635	RM - 974	T-378/14	15-Dec-14

ALPS Electric Co, Ltd	Keyless Transmitter	1G0084	T-379/15	12-Jan-15
Product Compliance Specialists	Broadcom	BCM94360CS2	T-380/15	27-Feb-15
Wireless Approval Consultants	Automotive Distance Control Systems GmbH	SRR3-B	T-381/15	19-Mar-15
Nokia Australia Pty Limited	Nokia Lumia 830	RM-1049	T-382/15	19-Mar-15
Prodcut Compliance Specialists	Apple MacBook	A1534	T-383/15	23-Mar-15
	Apple Watch	A1553	T-384/15	
	Apple Watch	A1554	T-385/15	
Research In Motion	Blackberry	STR100-1 RHD131LW	T-386/15	24-Mar-15
Schrader Electronics Ltd	Tyre Pressure Monitoring Sensor	AG5SP4	T-387/15	24-Mar-15
Wireless Approval Consultants	Remote Keyless Entry/Tire Pressure Monitoring	FO3-AM433RX	T-388/15	26-Mar-15
	Keyless Entry System	A08TB	T-389/15	
	ULC Medialess Radio/Bluetooth	VE-BT001	T-400/15	
	Omron	OUC11545917	T-401/15	31-Mar-15
Product Compliances Specialists	Broadcom 802.11a/g/n/ac WLAN	BCM943602CS	T-402/15	31-Mar-15
Samoa Stationery And Books	HP Tablet	HSTNH-I408C	T-403/15	13-Apr-15
	HB Notebook Computer-Probook 4530S	HSTNN-I98C-5	T-404/15	
	TP-Link Wireless Router	TL-WR841N	T-405/15	
	TP-Link Wireless Router	TL-WR841ND	T-406/15	
	TP-Link Wireless Lite-N Router	TL-WR741ND	T-407/15	
	TP-Link Wireless Lite N ADSI 2+ Modem Router	TD-W8950ND	T-408/15	
	TP-Link Ultimate Wireless N Gigabit Router	TL-WR1043ND	T-409/15	
	TP-Link Wireless N USB Adapter	TL-WN821N	T-410/15	
	TP-Link Wireless N PCI Express Adapter	TL-WN781ND	T-411/15	
	TP-Link Wireless N PCI Adapter	TL-WN751ND	T-412/15	
	TP-Link 300 Mbps Wireless N ADSL 2+ Modem Router	TL-W8960N	T-413/15	
	TP-Link 54 Mbps Wireless ADSL2+ Modem Router	TD-W8910G	T-414/15	
	HP 1000 Notebook Series	1000-1200~1000-1299	T-415/15	
	HP Compaq Presario CQ45 Notebook Series	CQ45-200~CQ25-299	T-416/15	
	HP 450 Notebook		T-417/15	
	Digicel Samoa Limited	Huawei HSPA+ USB Stick	E3531s-2	
E3531s-3			T-419/15	
E3531s-6			T-420/15	
Alcatel		OT-1046G Tiger L Plus	T-421/15	
Alcatel		OT-1041X Tiger L EU	T-422/15	
Alcatel		OT-5020 X Megane	T-423/15	
Alcatel		OT-4015X Yaris 3.5	T-424/15	
Alcatel		OT-5036X Yaris 4.5	T-425/15	
Huawei		Y530-U00	T-426/15	
Samsung Trend	GT-S7390	T-427/15		
Nokia Australia Pty Limited	Nokia Lumia 530	RM-1018	T-428/15	16-Apr-15
Research IN Motion	Hyundai Mobis (Digital Car Audio System	AC110F2GG	T-429/15	22-Apr-15
		AM110F2GG	T-430/15	
		AM210F2GG	T-431/15	
Bluesky Samoa	SINOTEC	S3502L	T-432/15	27-Apr-15

Product Compliances Specialists	Apple Ipod Nano	A1446	T-433/15	27-Apr-15
	Apple Watch	A1623	T-434/15	22-May-15
		A1638	T-435/15	
	Hitachi	HPRO-100	T-436/15	28-May-15
Panasonic Corporations	Car Audio / Display Audio	BX1501	T-437/15	9-Jun-15
Approve It (RIM)	Broadcom 802.11a/g/n/ac WLAN	BCM943602CDP	T-438/15	19-Jun-15
	plus Bluetooth PCI-E			

## 7. FINANCIAL REVIEW

The financial presentation for the Office of the Regulator was changed in this financial year based on recommendations from the Audit Office and with the assistance of the Organisation's external auditors, Isitolo Leota Public Accountants. The change was to properly reflect the financial operations of the Office whereby it is acting as the "middle-man" in collecting revenue and forwarding the same to government whilst operating using budget approved by Parliament. The changes in the financial presentation resulted in the 2014 figures being restated.

The Government approved a budget of \$1,568,323 for the Office for the period July 2014 to June 2015.

As at June 2015, OOTR recorded total revenue in the amount of \$4,795,537 and had incurred expenses of \$4,964,037. It therefore realised a net loss of (\$168,500). The loss is from expenses incurred using savings from prior financial year.

It should also be highlighted that this was a record year for the Office of the Regulator in terms of revenue and debt collection as a total amount of \$5,103,745 relating to funds collected during the current financial year was transferred to the Government of Samoa's accounts (Ministry of Finance).

### **7.1. Revenue**

The key sources of revenue for the OOTR are telecommunications licence and radio spectrum fees, accounting for 46% and 19% respectively. This is in addition to government grants received during the year amounting to 32% of its revenue. The OOTR also received grants from PSIF for the amount of \$144,693 in this financial year. The balance is represented by application fees and broadcasting license fees.

#### **7.1.1. Telecommunications Licence Fees**

The Office issued invoices for telecommunications licence fees of \$2,192,827 for the year ended June 2015. Telecommunications licence fees comprise of fees payable to OOTR by licensed telecommunications services providers, in accordance with the Telecommunications Licence Fee Regulations 2007.

#### **7.1.2. Radio Spectrum Fees**

The total amount invoiced as radio spectrum fees for the year was \$907,120. It comprises the fees payable by licensed radio spectrum users to OOTR in accordance with the Radio Spectrum Fee Regulations 2007. There was an increase in spectrum invoices issued compared to the prior financial year of about 71% corresponding to the increase in spectrum usage.

### **7.2. Expenditure**

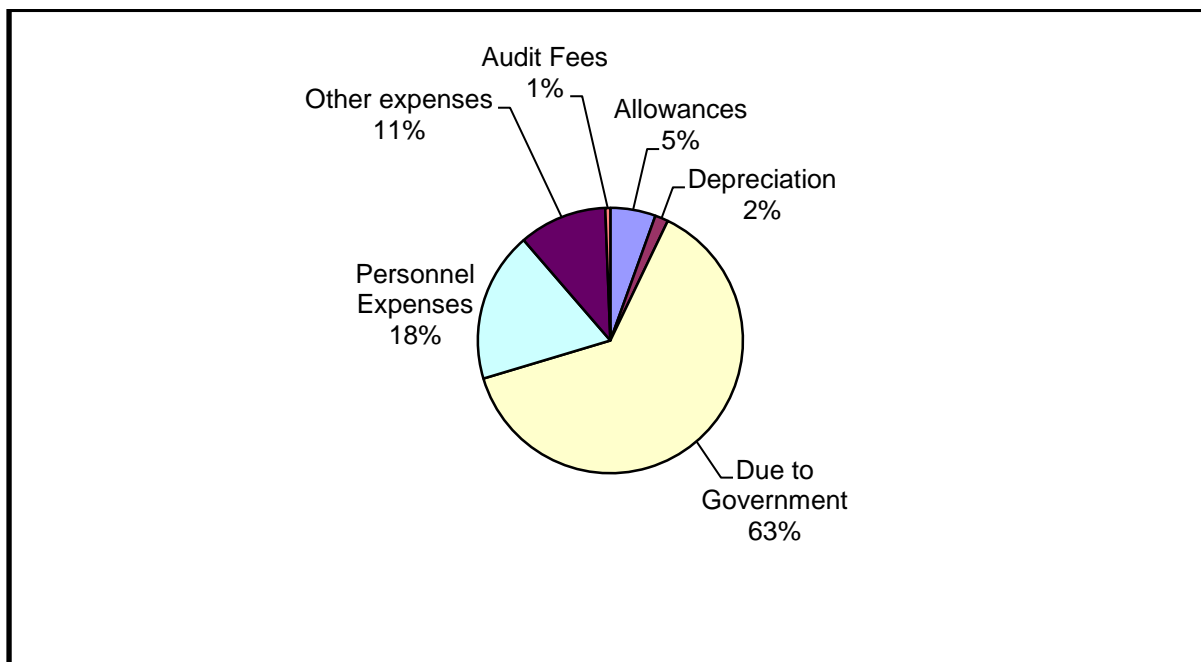
In the 2014/2015 financial year, the usage of the Office's spending was primarily limited to operating expenses.

As reflected in **Figure 7.1**, most of the Organisation's expenses for the year, equivalent to 63% is represented by revenue due to the government of Samoa. This is the sum of all invoices issued by the Office during the current financial year and should be transferred to the Ministry of Finance.

Approximately 25% of the organisation's expenses for the year comprised salaries, wages and allowance for staff members, and depreciation of assets.



The segment labelled "Other", which accounted for approximately 11% of the total expenditure; include payments towards advertising, electricity charges, internet costs, loss on disposal of fixed assets, bank charges, subscription to publications, travel fares and allowances, training and course fees, office renovations and other miscellaneous operating expenses.



**Figure 7.1: Distribution of expenses for the year ended 30 June 2015**

### **7.3. Audited Financial Statements**

The report of the Audit Office, Government of Samoa, is attached as Appendix C of this report. Note should be made that as at 30 June 2015 the audit exercise did not include examination of financial statements and accounts in respect of the Universal Access Fund, as the fund has not yet been established.

# **APPENDICES**

# APPENDIX A

## **Register of Telecommunications Licensees** for the year ended 30 June 2015

### Fixed Licence

- SamoaTel Limited

### GSM Licences

- Bluesky SamoaTel Limited
- Digicel (Samoa) Limited

### Retail Internet Service Provision Licences

- Computer Services Limited
- Lesa's Telephone Services Limited
- Bluesky SamoaTel Limited
- Digicel Samoa Limited
- NetVO Samoa Ltd

### International Gateway Licences

- Digicel Samoa Limited
- SamoaTel Limited
- WiMax Samoa Limited
- NetVO Samoa Ltd

### Submarine Cable Licence

- Samoa American Samoa (SAS) Cable Limited

# APPENDIX B

## **Register of Radio Spectrum Licensees for the year ended 30 June 2015**

### Register of Licensees for Television Broadcast

- Apia Broadcast Ltd (TV3)
- Catholic TV
- BYU TV
- Good News Trust (TV7)

### Register Spectrum Licensees for Maritime Radio (Ship Station)

- Samoa Shipping Corporation
- Leckie McDonald
- Aiga Folau
- Apia Export Fishpackers

### Register of Spectrum Licensees for Land Mobile Radio

- Airport City Cab
- Vailima Taxi Stand
- Apaau o le Talalelei Taxi
- ProCom System
- DB Taxi Stand
- Rays Taxi Stand
- Freddy's Taxi Service
- Samoa Island Taxi
- KL Security Service
- Sivamua Taxi Stand
- Maalaauli Taxi Service
- Wong Chui Taxi Stand
- Ministry of Commerce, Industry & Labour
- Tropicana Taxi Stand
- Office of the Attorney General
- Lady Elizabeth Taxi Stand

### Register of Spectrum Licensees for FM Radio Broadcast

- Power FM Radio
- Youth For Christ (Laufou o le Talalelei)
- R & M Meredith Family Trust
- Good News Trust
- Catholic Radio (Aiga Fesilafai)
- Radio Polynesia Limited

### Register of Spectrum Licensees for Fixed Link

- Apia Broadcasting Ltd (TV3)
- Good News Trust (TV7)
- Power FM Radio
- Ministry of Communications (SNBH)
- Digicel (Samoa) Limited
- Radio Polynesia Limited
- Catholic Radio FM (Aiga Fesilafai)
- Catholic TV (Upumana)
- BYU TV
- NetVO
- Electric Power Corporation

#### Register of Spectrum Licensees for Aeronautical Radio (Aircraft Station)

- Polynesian Airlines of Samoa
- Samoa Air

#### Register of Amateur Radio Licensees

- Atsuo Sakuma
- Dr. Hranislav Milosevic
- Clifford Edwin Hauser
- John P. Kennon
- Shigeo Matsui
- Hans Peter
- Philip McGill
- Kunio Saito
- Kaoru Tachibana
- John Martin
- John Shenstone
- Hisashi Nakayam
- Paul Marion Playford

#### Register of Licensees for Satellite Earth Stations (transmit and receive)

- Digicel Samoa Limited
- NetVO
- The Church of Jesus Christ of Latter Day Saints
- ANZ Bank Samoa
- Samoa Quality Broadcasting (TV1)

#### Register of Licensees for Satellite Earth Stations Receive Only

- Apia Broadcasting Limited (TV3)
- Samoa Quality Broadcasting Limited (TV1)

#### Registered of WiMax Spectrum

- Computers Services Limited (Samoa WiMax)

#### Registered of WiFi Spectrum

- Ipasifika Samoa Ltd
- Computer Services Limited

#### Register of Mobile Broadband Spectrum (GSM900) Licensees

- Digicel Samoa Limited

#### Register of Licensees for Mobile Broadband Spectrum LTE

- Samoa National Broadband High Way (1800)
- NetVO (700)

# APPENDIX C

## **AUDITED FINANCIAL STATEMENTS 30 JUNE 2015**

# **APPENDIX D**

## **COVERAGE MAPS (BROADCASTING TV) AT 30 JUNE 2015**

# **APPENDIX E**

## **COVERAGE MAPS (BROADCASTING FM) AT 30 JUNE 2015**