

Highlights of the Year 2001-2002

The Year 2001-2002 has great significance for Pakistan Telecommunication Authority (PTA). This annual report covers all the achievements of the year as well as the performance of the Authority, its impact on the telecommunication sector of Pakistan. During the year, some major achievements made by the Authority.

- The high royalty on the telecom services was hampering the growth of the sector. The Authority decided to reduce the royalty on internet services providers from 4.0 to 0.66 percent of the gross revenue. For card pay phone services the royalty was reduced from 4 percent to 2 percent and for cellular mobile services it was reduced from 4 percent to 1.5 percent of gross revenues.
- In case of tariff rebalancing of PTCL for this year, it resulted in a downward shift; the installation charges were reduced from Rs 3690/- to Rs 1850/-, long distance call charges were reduced to 12 percent for international call, the percentage change was of 10.5 percent. However, no increase in local call charges was allowed as per PTCL's request.
- The cellular mobile industry saw tremendous growth of about 300 percent this year mainly due to the introduction of CPP regime and also in over all reduction of 15 percent in mobile tariff.
- Under the Authority's directive there was 20 percent reduction in cable TV tariff and 7.5 percent reduction in card pay phone tariff.
- This year 75 licenses were issued for value added telecommunication services and 546 licenses for radio-based services. The GMPCS second license was approved to be given to M/S Arfeen International (Pvt.) Ltd.
- Eighty (80) Non Objection Certificates (NOC) were issues this year for type approval of imported telecom equipment. The policy of obtaining formal NOC for type approval in case of imported cellular mobile phones discontinued.
- In order to promote the local telecom equipment manufacturers, the Authority asked the basic telephony service providers to install locally manufactured telephone sets at the time of giving new connections.
- Internet over cable now allowed subject to observance of required conditions by the licensee.
- To put an end to negative and nefarious propaganda on Indian channels against Pakistan, PTA enforced the CTV operators to stop transmission of all Indian channels on their networks.

- All matters relating to cable TV services were transferred to new regulatory body, Pakistan Electronic Media Regulatory Authority (PEMRA).
- This year PTA approved its logo and following Vision Statement:

“Create a fair regulatory regime to promote investment, encourage competition, protect consumer interest and ensure high quality of ICT services.”

- PTA entertained almost 3000 complaints this year from the consumers of telecommunication services and most of them were redressed.
 - PTA established a Complaint Cell this year to redress complaints of the consumers on day to day basis. Total complaints handled by the cell were 1839.
- PTA strengthened and automated its library by updating application of ISIS software.
- Keeping in view the deregulation challenges, PTA has been working on capacity building by hiring highly qualified officials and local/international consultants through open competition (41 new personnel were inducted).
- To facilitate the deregulation environment one window operation system equipped with first-hand information on deregulation process of different organizations had been established. A data room was also formed during the year.
- Deregulation Cell comprising dedicated and highly qualified officials has been established to deal with the issues related to deregulation of telecommunication sector of Pakistan.
- Number of in-house studies were conducted this year including interconnection and investment guidelines, quality of service parameters and right of way etc.
- Following studies were awarded to local consultant firms which are now under evaluation at PTA:
 - IP Telephony
 - Quality of Service parameters & watchdog arrangements for telecom services
- Following series of books on deregulation have been published by PTA during the year:
 - The Emerging Vision of Pakistan Towards Telecom Sector Deregulation
 - Frequently Asked Questions

- Towards a Rational Basis for License Fees of Telecom Services
- Number of public forums were organized this year in order to get public opinion on matters relating to tariffs of PTCL, cable TV and quality of mobile phone service in Pakistan.
- First ever seminar on deregulation and an exhibition of telecom equipment was organized by PTA in Islamabad. President of the Islamic Republic of Pakistan graced the occasion. Key players, business community and people from telecom and IT industry participated in the seminar.
- To check the quality of service of card pay phone operators, mobile phone operators, internet service providers and PTCL, survey was conducted by PTA. The results and ratings accordingly were published in the national press. Service providers whose services were not up to the mark, were given deadlines to improve their performance.

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Our Vision

Create a fair regulatory regime to promote investment, encourage competition, protect consumer interest and ensure high quality ICT services

About the PTA

AUTHORITY'S OBJECTIVES

- ◆ Universal access to telephone and other modern telecommunication services.
- ◆ Ensuring transparency and non-discrimination in licensing.
- ◆ Liberalized environment for telecommunication equipment and services.
- ◆ Open licensing policy.
- ◆ Cost-based tariffs – capped versus rate of return.
- ◆ Regulation to protect interests of end users.
- ◆ Provision of level playing field for all, specially the new small operators, with the ultimate objective of unbundling of services.
- ◆ Introduction of modern terrestrial, cellular and satellite services.
- ◆ Development of indigenous know-how and industry.
- ◆ Creation of backbone for reliable connectivity.
- ◆ Maximization of economic impact of value-added services.
- ◆ Facilitation of correct impact of telecommunication in social and economic development.
- ◆ Monitor compliance with consumer safeguards and service guarantee.
- ◆ Report on telecommunications industry performance.
- ◆ Provide information about telecommunication regulations for industry and consumers.
- ◆ Represent Pakistan's telecommunications interest internationally.
- ◆ Promote competition in deregulated environment.

About the PTA

Authority's Function

The Pakistan Telecommunication Authority was established in January 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996. It consists of a chairman and two members, Member (Technical) and Member (Finance). The PTA's functions include:

FUNCTIONS

- ◆ To regulate the establishment, operation and maintenance of telecommunication systems and provision of telecommunication services in Pakistan.
- ◆ To receive and expeditiously dispose of applications for the use of radio-frequency spectrum.
- ◆ To promote and protect the interests of users of telecommunication services in Pakistan.
- ◆ To promote the availability of a wide range of high quality, efficient, cost effective and competitive telecommunication services throughout Pakistan.
- ◆ To promote rapid modernization of telecommunication systems and telecommunication services.
- ◆ To investigate and adjudicate on complaints and other claims made against licensees arising out of alleged contraventions of the provisions of this Act, the rules made and licenses issued there under and take action accordingly.
- ◆ To make recommendations to the Federal Government on policies with respect to international telecommunications, provision of support for participation in international meetings and agreements to be executed in relation to the routing of international traffic and accounting settlements.

Organization Chart

Authority

Authority consists of a Chairman, Member (Technical) and Member (Finance).

Maj. General (Retd) Shahzada Alam Since February'2002	Photograph
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Chairman

Commissioned in Pakistan Army (Corps of Signals) in 1966, Shahzada Alam rose to the prestigious but rarely attainable rank of Major General both because of his soldiering skills and owing to his technical know how in the field of telecom and multimedia. For being an extraordinary soldier he was awarded Hilal-e-Imtiaz (Military) whereas his expertise in the field of telecommunication made him an obvious choice for the esteemed office of Chairman Pakistan Telecommunication Authority (PTA).

He was promoted as Major General in 1993 and appointed as Signal Officer in Chief. There he revolutionized communication system for Pakistan Army. As head of Special Communication Organization (SCO) he ushered in a new digital communication system in entire Azad Jammu and Kashmir. He also held the position of member Board of Directors of PTCL for nearly five years. As a member PTCL board of directors, he was closely associated and worked with the team in formulation of Telecom Reorganization Act (1996). He was also actively involved in privatization process of PTCL. He has served as Additional Secretary in the Defence Ministry for three years. This experience allowed him to closely observe the working of country's top civilian bureaucracy. In 2001 he was appointed as Member (Technical) PTA and since February 2002 he is holding the portfolio of Chairman of the same Authority.

Muhammad Akram Khan
1st July 2001 to 30th June 2002

Photograph

Member (Finance)

Mr. Muhammad Akram Khan, is an officer of the Accounts Group. He did his B. Com (Hons) and M. Com. from Hailey College of Commerce, Lahore, University of the Punjab in 1966 and 1967 respectively. He did M.Sc. (Industrial Management) from the University of Aston in Birmingham, UK in 1970. The same year he joined the Department of the Auditor General of Pakistan after qualifying Central Superior Services examination. He has held various positions in the Auditor General's Department, including the post of Deputy Auditor General. He was Additional Secretary to the Ministry of Finance (Economic Affairs Division), before joining PTA as a Member (Finance) in March 2000. Mr. Akram Khan is widely known for his significant contribution in the field of government accounting, financial and performance auditing, economics, finance and management. His books and papers have been published both within Pakistan and abroad.

Corporate Structure

Updating of PTA organizational chart and making it in consonance with modern trends and changes is an on going process. The requirement is further necessitated, as we have to remain in line with latest developments and cater for post monopoly scenario. In this respect, the Authority approved a new organizational chart as shown on page-3 after lot of deliberations and in house discussions. Consequently, in view of approved changes and adjustments made in the overall organization, charter of duties for each officer of PTA was also prescribed. A brief description of charter of duties of each directorate is given as under: -

Law & Regulation

The Directorate is responsible for giving legal advice on all matters to the Authority. Other responsibilities include managing of court cases e.g. briefing, appointing of lawyers, maintaining database relating to court cases, and follow up of cases etc. Law directorate is also responsible for hearing the complaints, dealing with show-cause notices, drafting and vetting of determinations, rules, regulations and licenses.

Licensing

The Directorate is responsible for granting and renewing licenses for any telecommunication system and service. Duties also include processing applications for the use of radio frequency spectrum, promoting high quality, efficient, and competitive telecommunication services throughout Pakistan. The directorate is responsible for promoting modernization of telecommunication systems and services, issuing regulations for licensing of different basic and value added telecom services. In addition recovery of spectrum charges levied on the licensees is also one of the responsibilities of licensing directorate

Technical

The responsibility of Technical Directorate includes framing standards for telecommunication equipment, arranging type approval of terminal equipment and analyzing networks and framing of network standards. The directorate also prepares terms of reference for technical studies, manages numbering plan for Pakistan, study new telecommunication approaches worldwide and evaluate standards of all telecommunication systems. The directorate deals with technical matters related to interconnect.

License Enforcement

Responsibility of License Enforcement directorate includes collecting/verifying and analyzing performance data from operators. It undertakes inspections of licensee

facilities for Quality of Service (QoS) and telecom equipments, enforces license conditions, handles and resolves consumer complaints. The directorate keeps follow up of court cases and implements Authority and court decisions. The directorate is also responsible to arrange Central Advisory Committee meetings as and when required.

Policy & Research

Directorate of Policy and Research has the main responsibility of making recommendations to the Authority on policies with respect to telecom and IT sector in Pakistan and studying and analyzing latest trends in telecom sector around the globe. The directorate conducts research for promoting fair competition and modernizing of telecommunication systems in Pakistan. Outsourcing studies on technical issues and dealing with Ministry of Science & Technology and international bodies are few other duties assigned to the directorate.

Finance

The Finance Directorate manages finances of PTA including receivables, employee pension and GP funds. It performs budgeting functions, maintains accounts of PTA and arranges audit of accounts by Government auditors/chartered accountants. It also deals with financial evaluation of license applications.

Business & Economic Affairs

The Directorate manages and ensures efficient handling of matters including tariff of telecommunication services. It also deals with issues relating to interconnection and other agreements between licensees, unbundling and international accounting rate settlement. Preparation of PTA annual report and status report is also the duty of this directorate. It carries out economic analysis of telecom services & sector as a whole and maintains statistics relating to telecommunication and allied matters. The directorate deals with issues relating to CBR, BOI and Ministries on economic matters.

De-Regulation Group

The Advisory Group is responsible for analyzing experience of other countries in deregulation of basic telephony. It also coordinates with Ministry and telecommunication policy/deregulation consultants on deregulation. The group out sources studies on deregulation of basic telephony, write papers and articles on deregulation. It represents the Authority in vigilance committee and vigilance cell and updates on continual basis organizational chart of PTA in line with modern trends to cater for the requirements of post-monopoly scenario.

Internal Audit

The Department carries out internal audit on cyclical basis and coordinates replies to audit observations/paras and maintains liaison with DG Audit (PT&T) Lahore regarding audit observations and settling of audit paras. Maintains liaison with Auditor General (AG) of Pakistan regarding audit reports and deals with audit reports to be discussed in the Public Accounts Committee (PAC) meetings.

International Liaison/Training

This Department processes proposals and comments on matters related to ITU/Asia Pacific Telecommunity (APT) including conferences meetings, preparatory courses, joint co-operation, seminars, and workshops to maintains liaison on international related issues with WTO, World Intellectual Property Organization (WIPO), Commonwealth Telecommunication Organization (CTO), South Asian Association for Regional Cooperation (SAARC), Organization of Islamic Countries (OIC) and Economic Cooperation Organization (ECO). Initiates proposals for foreign visits/training with approval of the Chairman and coordinates with other public sector bodies whenever required. It organizes and conducts meetings of foreign delegations with the Authority and other telecommunication and government organizations.

Coordination

The Coordination Department of PTA acts as secretariat to the Authority meetings, issues the decisions of the Authority and takes follow up action. It also issues and implements directives of the Government and the Authority. Dealing with the Ministry on all matters in consultation with the concerned offices, keeping record of inspections and issuing directives and follow-up on implementation are also responsibilities of the coordination department. The department ensures maintenance of Authority's schedule, PTA's web site and managing of PTA archives/old record. It also manages conference room activated and maintains liaison with all concerned agencies regarding Authority's protocol duties/visits abroad. The department prepares and issues reports prescribed by the Authority and arranges hosting of reports on web as well.

Administration

The Administration Department manages human resources of PTA and deals with such matters including recruitment, transfer/posting, career planning, promotions, housing and welfare, disciplinary cases, appeals and termination. It also deals with personal documentation and confidential records, inter-office co-ordination matters relating to administration, fire fighting and security matters. The department manages PTA assets, movable and immovable property, equipment and transport. Framing and processing of service structure for PTA employees, provision of logistic support for all meetings, seminars, conferences and official functions are also the responsibilities of Administration department. The department is also responsible for purchase of goods and hiring of services of contractors as and when required.

Public Relations

The Public Relations department keeps the Authority aware of relevant published reports and news items in the media, issues press releases on decisions of the Authority for properly projecting Authority's point of view and also issues clarifications to dispel any misleading or negative reports about the Authority. It arranges interviews of the Chairman and other officers with print and electronic media composes articles by obtaining material from different offices for projecting specific aspects of the Authority and handles advertisements of the Authority. It scrutinizes advertisement bills for making payment to the advertising agency, maintains liaison with the PTA Regional Offices with a view to responding to any matter pertaining to the media. Maintaining cordial relations with members of the press by visiting offices of the newspapers and meeting editors/other staff, arranging publication of special reports and supplements for projecting achievements of the Authority and improving its image, distribution of PTA publications and management of PTA library are also the responsibilities of Public Relations department.

Help Line / Complaint Cell

The cell handles complaints against telecom service providers through maintaining database of complaints for accurate and expeditious action. The cell is responsible for monitoring action on all complaints and obtaining progress from the concerned official till completion or disposal of the case. Its duties also include responding to complainants about progress in redressal of complaints, preparing complaints profile and recording all developments thereon. Furthermore, the cell is responsible to maintain close liaison with telecom service providers to ensure efficient complaint handling mechanism.

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Deregulation of Telecom

Key Objectives

- Establishment of Telecom Deregulation Cell
- Analysis of Different Draft Telecom Policies
- Deregulation Related Activities at PTA
- De-Regulation Tasks Covered in World Bank Consultancy under MoST
- Local Studies / Consultancies
- What is Numbering Plan
- What is Interconnection

Seminar on Deregulation of Pakistan Telecommunication Sector 20th July 2002 Marriot, Islamabad

Since the beginning of twenty-first century, the global telecom market has been moulding itself with changing times, in terms of market structure, technological advancement, ownership and regulatory practices. Period of transition, from exclusivity of incumbent operator to competition, has been spurred by multi divisional socio-economic forces influencing the telecom markets of many countries.

Pakistan telecommunication sector is also going through a phase of transition, that is, from monopoly to a comparatively competitive environment. The sector has adopted competition model for most of the value added telecom services and has achieved some degree of liberalization. However, basic services still need to be pushed for competition. To achieve the desired competition in telecom industry, complete deregulation or minimal and flexible intervention is required on the part of state machinery.

For the materialization of desired goal, PTA has taken the initiative to arrange a service of interactive and consultative forums and informative seminars on deregulation. In this regard first

Photograph

ever national seminar on deregulation was organized by PTA on 20th July 2002 along with exhibition of telecom equipment and system with the active cooperation of telecom service providers of Pakistan. President of the Islamic Republic of Pakistan, General Pervez Musharraf graced the occasion. A large number of foreign delegates and national dignities were also invited on the occasion. Besides, the seminar was well attended by the telecom community. Almost all the stakeholders of the telecom industry along with potential investors participated in the seminar. Telecom businessmen, small entrepreneur, students from IT universities and people from all walks of life attended the seminar.

Chairman Pakistan Telecommunication Authority, gave the present scenario of telecom sector of Pakistan. He highlighted the initiatives taken by PTA for deregulation and also enlightened the audience about the incentives provided by the Authority to the private investors. The Minister for Science & Technology, Prof. Dr. Atta-Ur-Rehman in his speech presented his views regarding growth of IT and telecom sector in the country. Mr. Sultan-ul-Arfeen of Arfeen Group and Mr. Javed Saifullah of Saifullah Group also expressed their views about the industry. President of Pakistan, General Pervez Musharraf in his inaugural address appreciated the efforts of the Ministry of Science & Technology and PTA in promoting IT and telecom services in the country. He, however, urged the need for adoption a strategy to give further boost to this industry to bring Pakistan at par with the developed nations. He showed full confidence and trust in PTA and the Ministry in achieving the goals set by the Government.

The second session of the seminar was technical session which was attended by large number of IT and telecom professionals, students and business community. The speakers included Mr. Noor-ud-Din Baqai Memeber (Technical) PTCL, Mr. Jamal Nair, General Manager, Supernet, Mr. Iain Williams, Executive Director, Pakcom Ltd., Dr. Muhammad Abbas and Dr, Syed M Zaidi of NUST. It was an interactive session and the floor was open to questions after each presentation. Informative and healthy discussion was a positive sign towards public private participation on issues of interest.

In view of significance of the session the President, General Pervez Musharraf, Minister for Science & Technology Prof. Dr. Atta-ur-Rahman, Secretary IT & Telecom Division Mr. Ishfaq Mahmood and Chairman PTA Major General (Retd.) Sahazada Alam Malik gave their messages which are reported below:

Message Of General Pervez Musharraf, President Of Pakistan



I am pleased to note that Pakistan Telecommunication Authority (PTA) is organizing a seminar on ‘Deregulation of Telecom Sector’ to effectively transform Pakistan telecom services structure into a complete deregulated regime at the expiry of PTCL’s monopoly. It is, indeed, a daunting challenge that requires a proper policy framework on the part of regulators and also underlines the need for a broad vision and strong political will on the part of the government.

This unique challenge, however, holds for us immense advantages as it would greatly contribute to boost business, creating investment opportunities in competitive environment and providing access to modern technologies. The present government, since its inception, had accorded high priority to telecommunication and IT sector. Being alive to the significance of this vital source of economy, the present government declared IT as one of the areas of focus for the economic revival of the country. The policies we are pursuing amply substantiate our earnest desire to use telecommunication as a vibrant tool of socio-economic welfare of the common man.

The explosive growth of telecommunication sector, country wide access to internet facility, shift to Calling Party Pays (CPP) regime, and more recently the launching of Virtual IT University and VSAT are just a few examples to show Pakistan’s keen desire and determination to develop this sector.

Pakistan is, of course, a robust IT and telecommunication market for investors, as this sector is overflowing with opportunities. Teledensity in Pakistan is only 2.5 percent, which is quite low compared with 10 percent in Asia and 17 percent the world over. In order to enhance information communication network in Pakistan, the investors would find vast opportunities to expand telecom services and systems.

On this occasion, let PTA's efforts not go unacknowledged. Whatever we have achieved so far in this sector is owing to dedicated and unflinching efforts of Pakistan Telecommunication Authority. The Authority as a regulatory body had all along been playing a pivotal role to cater to the needs of all the stakeholders with a particular emphasis on the protection of consumers' right.

Let me also emphasize that far more responsibilities will devolve on the Authority in the ensuing years as it will have to shoulder even greater responsibilities after 31st December 2002 when the post monopoly era sets in and a large number of investors enter into the field. The Authority, as such, will be required to remain more vigilant and will have to work harder to provide a conducive and enabling atmosphere to all the market players. What we make of this promising situation depends heavily on how PTA discharges its responsibilities.

The government on its part will extend full cooperation to the Authority to transfer maximum benefits to all the parties in a deregulated telecom environment.

Message of Prof. Dr. Atta-ur-Rehman, Federal Minister for Science and Technology and Education

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It is gratifying to learn that Pakistan Telecommunication Authority (PTA) is organizing a seminar on 'Deregulation of Telecom Sector' and is also holding an exhibition of telecom products and systems. This is a historic occasion for the telecom sector as PTCL's monopoly over basic telephony is coming to an end by the expiry of this year.

Now that Pakistan telecommunication industry is passing through a transitional phase and is fast pacing from a state owned monopoly to a deregulated competitive structure, it is imperative that PTA should carefully take stock of the whole situation as liberalization and deregulation business will bring about new challenges that the Authority is going to face in the post monopoly environment.

In order to confront the emerging challenges, PTA will not only have to keep pace with the new developments and latest technologies in the field of IT and Telecommunication to meet the demands of all market players but also offer the customers high quality services at competitive and cheaper rates. It does not need to be emphasized that in the present era of IT revolution, competition and deregulation play a pivotal role in the growth of telecom services and system as well as expansion of its infrastructure. Over the past few years, the sector has seen tremendous growth particularly with the introduction of Internet access and cellular telephony all over the world.

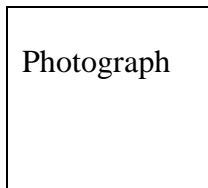
Being very much part of the same trend, the Government of Pakistan has also given top priority to the promotion of IT and Telecom sector and special incentives have been given to the industry. Optical fibre infrastructure has been provided to 240 cities as compared to 53 cities in August 2000. The Internet access has been extended to 1000

locations covering about 97% of the population from just 29 cities over the period of two years.. The bandwidth is now available from 32MB to 65MB and the cost has been drastically reduced from \$ 90,000 to \$ 6,000 over the last two years. The number of Internet users has jumped from 130,000 in June 2000 to 880,000 in March 2002. By the introduction of CPP regime, the cellular subscription has increased by 400 per cent to a level of one million in just one year.

Another landmark of the present government is the launching of Virtual University that would provide high quality education in the field of IT and Telecommunication. Besides, 60 public and private sector universities would be established on fiber and micro link technology on government expenses.

The seminar on deregulation of telecom sector will provide an opportunity to PTA to benefit from the experiences and expertise of IT and telecom professionals and experts to promote IT culture in the country. I hope that PTA would evolve strategies in the light of deliberations of the participants of the seminar to combat the challenges that may crop up in a deregulated environment.

Message of Mr. Ashfaq Mehmood, Secretary IT & T Division



Today's seminar on 'Deregulation of Telecom Sector' being organized by Pakistan Telecommunication Authority (PTA) is a landmark in the field of info technology as PTCL's exclusivity over basic telephony will cease to exist by the end of 2002 and many new players are expected to enter the telecom market in a deregulated scenario.

The basic and prime aim of deregulation of this sector is to create an environment of competition in the telecom industry, as it would result in the provision of modernization and innovation in the telecommunication industry. Moreover, the competitive environment will provide better quality of service at lower rates to the common man.

The telecom sector is being deregulated throughout the world and more than half of the countries of the globe have liberalized their telecom services and systems. Introduction of competition and opening up this sector to the private entrepreneurs in Pakistan would attract foreign as well as local investment that will contribute to the growth of natural economy in terms of employment opportunities and technological advancement.

Being the sole Regulatory body of telecom sector in Pakistan, Pakistan Telecommunication Authority will have to gear up its resources and mobilize all its energies to face the new challenges. The process will pave way for the investors to enter the field as this vital sector has a significant impact on the uplift of our national economy.

The present government has taken a number of initiatives for the promotion of IT and Telecom sector as a result of which the sector has shown tremendous growth and expansion especially in internet access, cellular mobile phone and card pay phone services.

In the new era of deregulation, PTA's role would be immensely increased, as it will have to confront the new challenges. As more investors would come into the market, PTA will have to make consistent efforts for providing a transparent and an enabling atmosphere and a level playing field to all the market players.

It is expected that the seminar will prove very productive and conducive for PTA as this would provide it an opportunity to have interaction with telecom professionals and experts. By sharing views and ideas, PTA would be able to formulate a better strategy to tackle the challenges in an effective manner in the forthcoming post monopoly telecommunication era.

I am sure that private sector's participation will make a positive contribution to the growth of telecom industry and better functioning of the Authority in the new situation. Pakistan having the biggest growth potential in the South Asia is expected to emerge as a big telecom market in the coming years.

Message of Major General (R) Shahzada Alam Malik, Chairman PTA

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Today's seminar on 'Deregulation of Telecom Sector' is a derive occasion for Pakistan Telecommunication Authority as the telecom industry would be undergoing a rapid change from a regulated state-owned monopoly to a completely deregulated and competitive service structure by the end of this year when PTCL's monopoly over telephony will cease to exist.

We consider this event very significant because it has provided us an opportunity for making a critically and objective analysis of the past performance of the telecom sector as well as sharing the experiences and has interacting with IT and telecom professionals for evolving future strategy to cope with the requirements of a liberalized and deregulated telecom market. We are also conscious of the fact that the incorrect policy shift would entail heavy responsibilities for PTA as new service providers and players would start flocking in the market and the Authority would have to provide them a congenial atmosphere and a level playing field.

Despite all these challenges, I am confident that the Authority with its dedicated team of officers would play its new role very effectively by mobilizing all the energies in providing friendly ambience and promoting and protecting interests of all the stake holders.

In the present even of IT revolution, telecom sector plays significant role in the socio-economic development and welfare of the common man. But unfortunately, this

vital source of our economy has not so far been fully exploited. In a country with 140 million population where teledensity is only 2.5 %, there a great scope for expansion of telecom services and systems. The entrepreneurs to invest in this sector which is overlining with opportunities with total liberalization of this sector, the investors would find ample opportunitie sto invest in this virgin market.

Ever since its establishment, the Authority has been making consistent efforts to keep abreast of the latest developments in the field of IT and Telecom Sector, acquire up-to-date knowledge and expertise, and provide suitable infrastructure to the prospective investors and is also following a liberal policy in issuing licenses to IT and telecom service providers at competitive and cheaper rates. We also offer lucrative incentives for private-public sector partnership, paving the way for fruitful convergence and proliferation of technologies.

Quick issuance of license, reduction of royalty on EIS-ISPs and payphones, waiver of royalty, simplification of Type Approval procedure, switching over to CPP regime, curtailment of EIS license fee in Balochistan, NOC exemption for mobile phones and license fee exemption for Satellite Service Providers are just a few proud initiatives we took in the past.

PTA is fully conscious of its new role and responsibilities and would spare no efforts in framing a long-term strategy to face the emerging post-monopoly challenges. While we continue to work hard on future policies, input from any of the stakeholders would be highly appreciated as a source as it would not be only a source of inspiration but also contribute to sharing of expertise and experience to make this venture a success.

Deregulation Initiatives by PTA

With the promulgation of Telecommunication (Re-Organization) Act 1996, Pakistan Telecommunication Authority was established as the Telecom Regulatory body. Following the open licensing policy in accordance with instructions from the Government of Pakistan and in exercise of powers conferred by Pakistan Telecommunication (Re-Organization) Act 1996, the Authority issued number of licenses to operate value added telecommunication services to encourage the private sector. However, as per Act, basic telephony was put under exclusivity & PTCL was given a seven years monopoly over basic telephony which is going to end by December 31, 2002. Being a signatory of WTO, the Government of Pakistan has to honor the commitment and deregulate the telecommunication sector in Pakistan. For this deregulation a comprehensive policy is to be framed. In this regard, the Government of Pakistan has hired services of International consultants (Messrs. McCarthy Tetrault and Analysis UK) for arriving at some useful model for Pakistan, which is going to be finalized in near future.

Deregulation Related Activities

Deregulation policy framing work has been under consideration by MoST & PTA as detailed below followed by a comparison of different draft policies / recommendations.

Task Force on Deregulation Policy

Since the Telecommunications Policy is to be announced by the Government of Pakistan, Ministry of Science & Technology is working tenaciously for preparing a detailed telecommunications policy for achieving sustainable growth in the telecommunications sector. In this regard, as a first step, a Task Force was established in January 2001 to give recommendations for a comprehensive telecommunications policy. This Task Force finalized its job and submitted its recommendations in September 2001. Main recommendations are placed at Table – 7.

PTA Initiatives

Although preparation of Policy & Rules are the purview of MoST and tasks of PTA start after announcement of Telecom Policy. However, being regulatory body, PTA had also been continuously persuading the Ministry for timely finalization / announcement of Telecom Policy so that new operators could be licensed for starting operations on 1st January 2003. As soon as policy is announced, the implementation of deregulation of basic telephony will start e.g. advertisement, framing of license, evaluation (technical as well as financial), license fees, bid opening process / procedures, criteria for award of license etc.

1. Study by M/s TEACH

For carrying out detailed study and to give best recommendations for the future policy, PTA engaged a highly reputed consulting firm i.e. M/s TEACH. The

Consultancy was finalized in October 2001 & its recommendations were submitted to the Ministry.

2. Establishment of Deregulation Cell at PTA

On assumption of assignment, the present Chairman Major General (Retd) Shahzada Alam Malik accorded top priority to the deregulation project and established a Deregulation Cell comprising dedicated officers of PTA to dealing with the issues on whole time basis, out sourcing pertinent studies. The Chairman held meetings with prominent players of the telecom industry in Pakistan. The cell was directed to arrange a special briefing for the Minister for Science & Technology along with his staff & submit recommendations as such. Following are the full-time members of the cell.

i	Brig (R) M. Kabeer Naveed,	Officer-In-Charge
ii.	Mr. Fayyaz Mehmood Awan	Director
ii.	Mr. M. Ahmed Kamal	Deputy Director
iii.	Mr. Ahmed Shamim	Deputy Director

Other officials assist the team as and when required.

Presentation to Minister S&T by PTA

Minister S&T was requested by the Chairman PTA to visit PTA headquarters. Minister S&T agreed and visited PTA headquarters in March 2002. During the visit of Minister, Chairman PTA made a presentation to Minister S&T along with Secretary (Telecom), Advisor to Minister and other concerned staff. Major portion of the presentation was related to deregulation policy & to elaborate this, a comparison of different draft policies / studies along with PTA policy recommendations quoting other countries deregulation models analysis was presented. Presentation also addressed other issues like cellular mobile, PTCL's post monopoly scenario, status of other organizations like Railways, NTC, SCO etc, amendment in Telecom (Re-organization) Act 1996 etc. However, it was assured that PTA will be ready for any model. As per directions of the Honorable Minister a comprehensive case on the aforesaid matters / issues were sent to MoST on 13th March 2002.

Daft Policy Document Version 2.0

In December 2001, Ministry of Science & Technology issued a draft Policy document version 2.0 that was totally different from the recommendations of Task Force. The salient features of this document are listed in Table-7 below.

Daft Policy Document Version 4.0

In April 2002, MoST issued another draft policy document version 4.0, in this document again a new line of action was proposed. The salient features of this document are listed in Table-7 below.

Comparison of Recommendations of Different De-regulation Draft Policies/Studies

Salient features of different studies/draft policies as described above is summarized in Table-7 below:

Table - 7
Salient Features of Different De-Regulation Policies/Studies

Year of Study	2001	2001	2002
<i>Telecom Policies (Items)</i>	<i>Task Force</i>	<i>INTERIM DRAFT VER 2.0</i>	<i>INTERIM DRAFT VER 4.0</i>
Final Policy	Recommendations finalized for approval	Subject to final review by the Consultant	Subject to final review by the Consultant
Vertical Segmentation	No	Yes	No
Horizontal Segmentation	No	Yes	No
Integrated National Level License	Yes	No	Yes
Licensing Format	Individual	Introduction of Class License	Individual + Class License
Basis of award of license	Open contest	-	-
Unbundling of Local loop	Study by Consultant under PTA	Study by Consultant under PTA	-
Tariff	Cost Based	Price cap based	Price cap based
USO	Establishment of Fund	-	USO Fund under PTA
Total number of licenses	2 more PTCL level licenses including cellular services	Multiple licenses with horizontal & vertical levels	Two facility based Integrated licenses + class licenses for facility based services
Interconnection	Study by Consultant under PTA	Study by Consultant under PTA	-
Policy targets	By 2007 Urban 7% Rural 2% Cellular 5.0M Internet 3.0M Pay Phones 0.2 M	-	-

After studying the table, it is observed that MoST and PTA has been looking for all possible options. Each segment/aspect of telecom sector has been considered in depth, which assures that final policy will be the best one.

Consultation with other Organizations/Experts

PTA also decided to consult officials of different telecom organizations / experts and to hold series of meetings with them. 1st meeting of the series was held with Advisor to Minister for (S&T). The 2nd meeting of the series was held with Mian Muhammad Javed, ex-Chairman PTA. Letters were also sent to WAPDA, Railways, SNGPL, SSGPL & NTC inspiring them to participate in Telecom deregulation. On 9th Feb 2002 a similar letter was also sent to Chairman PTCL. PTA deregulation team is also coordinating with PTCL for unbundling of local loop activities.

World Bank Consultancy

Recently (20th May 2002), World Bank consultants have started the study to finalize the policy. They started the job on 20th May 2002. Later they visited several organizations like PTA, PTCL, Railways, NTC, Privatization commission etc to get necessary input / data. This study is still in progress. Following are the critical Deregulation tasks:

- ◆ Licensing Framework based on Policy Recommendations
- ◆ Process of award of license
- ◆ Proper Advertisement
- ◆ Statement of Qualification for selection of qualified firms
- ◆ Letter to qualified firms for submission of bid documents
- ◆ Pre-bid documents
- ◆ Financial and Technical Criteria
- ◆ Bid Document by selected Firms
- ◆ Evaluation on the basis for the selection criteria

Studies by Consultants

a. Foreign Consultancies

- i Interconnect*
- ii Numbering Plan studies*

These are very critical deregulation related studies therefore MoST was requested to include Interconnect & Numbering Plan studies in the World Bank funded foreign consultancy. The request was agreed by MoST & included in the TOR of World Bank Consultants.

b. Local Consultancies

Meanwhile, it was also decided to offer important deregulation studies to local consultants. In this regard an advertisement was floated in the newspapers in January 2002. Out of these following studies have already been completed and are presently under evaluation of PTA's technical team:

1. IP Telephony
2. Quality of Service parameters & watchdog arrangements for telecom services

In-house Studies at PTA

Following deregulation activities / studies are being carried out by PTA. Most of them have been completed while others are in progress.

1. Preparation of Frequently Asked Questions (FoQs)
2. Draft Licenses including Class Licenses
3. Information Memorandum
4. Interconnection guidelines
5. Regulatory Framework
6. Tariff Rules/Formulae
7. Investment Guidelines
8. Licensing Criteria (Technical)
9. Licensing Criteria (Financial)
10. Setting up of Data & Information Room
11. Detailed description of Class Licensing
12. Complaint Handling Process
13. Universal Service Obligation (USO) Studies
14. Service Level Agreements
15. Quality of Service Parameters
16. License Enforcement
17. Complete documentation as per WTO commitments
18. Right of Way issues
19. Need for licensing of Prepaid calling cards

Unbundling of Local Loop

This is another highly critical deregulation related task but lies under PTCL domain & they have been already working on it. Previously some work was done by a consulting firm M/s OVUM which is being updated by PTCL.

Seminars on Deregulation

PTA has planned a series of seminars on deregulation. The main purpose is public awareness/investment attraction. The seminars have been planned as follows:

- | | | |
|-----|---|----------------|
| i. | Seminar on Deregulation - | July 2002 |
| ii. | Transparent Frequency Allocation Procedures | September 2002 |

- iii. Another Seminar on Deregulation to Attract Investors After Announcement of Policy

Media Campaign

PTA is working on comprehensive media campaign to attract investors. The campaign includes print (news papers, magazines, in-flight magazines etc.) as well as electronic media both at national as well as international levels. A comprehensive plan is under preparation focusing on:

1. Introduction of Pakistan
2. Salient Features of National Telecom Policy
3. Incentives for Foreign Investors
4. PTA's Role in Deregulation Scenario
5. Licensing Methodology

A three minutes documentary is also being prepared to attract the investors. It will be screened during important national/international events i.e. seminars, conferences and forums.

PTA Publications on Deregulation

PTA has planned to publish a series of books on Deregulation. Up till now following books have been published:

1. The Emerging Vision of Pakistan Towards Telecom Sector Deregulation
2. Frequently Asked Questions
3. Towards a Rational Basis for License Fees of Telecom Services

Studies on following topics are in pipeline. As soon as the drafts are approved by the Authority, these will be published:

1. Right of Way
2. Fair Trade Practices

Establishment of Data Room

To facilitate the strategic investors and private sector, PTA has established a Data Room at PTA Headquarters containing first hand information to support information requirements for the deregulation process by different organizations. The Data Room will provide / facilitate one-window operation to facilitate the new operators for the deregulation environment. This Data room will be a source of information for all matters e.g. licensing procedures / forms, financial / technical criteria to obtain a license, fee structures, right of way etc.

Capacity Building in PTA

Keeping in view deregulation scenario we are working to enhance the capacity of PTA to made the deregulation challenges. In this regard some new inductions of highly qualified officials have been made through open competition. We are also working to hire/engage consultants of good reputation/experience.

3

Licensing Telecommunications and Radio-based services

Key Objectives

- ⇒ The key responsibility of the Pakistan Telecommunication Authority (PTA) is to regulate the Telecommunications sector in such a way that it reaps maximum potential benefits to the whole society. Keeping this in view, Pakistan Telecommunication (Re-organization) Act premeditated in such a way that the Authority would lead to efficient and competitive telecommunication sector, which can come up to the expectations of the people of Pakistan.

- ⇒ Pakistan Telecommunication Authority has exclusive power to grant licenses if it is satisfied that the applicant:
 - *Possesses the technical and financial resources.*
 - *Would protect the public interest and provide benefits to users of telecommunication services.*

- ⇒ The licensees have to comply with standard license conditions, regulations, rules and provisions of the Telecommunications Act, 1996.

Value Added Services

Power of granting the license for telecom services is one of the major function of PTA. The licensees have to comply with the standard license conditions, regulations, rules and provision of the telecommunication Act, 1996. The license conditions relate to rights and obligations of the licensees, monitoring and inspection by the Authority of the telecommunication equipment ensuring minimum standards of quality of service and safety of public switched telephone networks (PSTN). In addition there are number of consumer and community obligations for promoting fare and free competition in the industry that the licensees are supposed to meet. The number of licenses issued during the year are given in Table – 1. Details of licenses issued are attached as Annex-1.

Table – 1
Number of Licenses for Value Added Services

S. No.	Name of Service	No of Licenses Granted
1.	Audio Text	3
2.	Card Payphone	38
3.	Non-Voice Communication Network Services	12
4.	Electronic Information Services	15
5.	Trunk Radio Service	1
6.	Vehicle Tracking System	1
7.	Store and Forward Fax Service	2
8.	Satellite	3
	Total	75

Radio Communications

Radio communication licensing cover Amateur, Aircraft, Ship & Coastal station Services, Private Land Mobile, Microwave, WLL, VSAT, and Wireless data networks. PTA receives application for frequency allocation and grant of wireless licenses, which is evaluated at the licensing directorate. After approval of the proposal, PTA forward the same to Frequency Allocation Board for allocation of frequency and site clearance of the radio based station. Frequency Allocation Board allocates frequency as per frequency allocation table of Pakistan and communicates its decision to PTA. PTA at the receipt of FAB decision take necessary action accordingly.

During the financial year 2001-2002, PTA has granted following new wireless licenses as given in Table–2:

Table – 2
Radio Communication Licenses

Name of Service	Number of License Issued
CMTS Base Transceiver Stations	345
Data links (SST & Narrow Band)	170
HF/VHF/UHF	31

Similarly, PTA has approved a second license for Global Mobile PCS (GMPCS) that will be issued to M/S Arfeen very soon. PTA has also liberalized its policy towards Satellite Operation License. The satellite operators are required to register their satellites with Pakistan Telecommunication Authority for marketing space segment in Pakistan. There is no license fee or annual renewal fee for the same. The purpose of this is to encourage more satellite operators to do business and increase competition in Pakistan.

Type Approval

Pakistan Telecommunication Authority has always been aiming at introducing latest state of the art technology in the telecommunication industry. In this regard the Authority requests the Ministry of Commerce and Central Board of Revenue (CBR) to simplify the procedures and give relief in taxes to telecom suppliers and manufacturers. In line with the Authority policy, type approval certificates/ NOC's of various terminal equipment are issued by the type approval department. The number of NOC's issued for telecommunication equipment during the year is given in Table-3.

Table – 3
NOCs issued for Type Approval

S.No	Equipment	NOC's Issued
1.	PABX	8
2.	Telephone Sets	1
3.	Cellular Mobile Phones	42
4.	Card Payphones	10
5.	Line Protection Unit	8
6.	Misc.	11
Total		80

Type Approval Guidelines

Under the Telecom Act 1996 (Section 29), no terminal equipment can be directly or indirectly connected with PSTN unless it has been type approved by PTA. In this respect, PTA Type Approval policy including type approval procedures and application format were issued in the past. However, these procedures were lengthy and cumbersome. Recently some non-standard products were dumped in Pakistan which assumed to cause interference in our communication systems and affected their quality as well. In this regard some useful client input was also received. The Authority therefore decided to simplify these procedures with revised fee structure. Consequently PTA Technical Directorate was tasked to undertake a study on the subject and put up its recommendations. This study has been completed and is presently under final evaluation. Application form previously on six pages has been simplified to single page. Moreover, renewal of Type Approval on yearly basis would be finished and now under new regime one time perpetual type approval would be granted. Furthermore, type approval fees would also be reduced. The newly prescribed type approval procedure and application form would be made available on PTA web site shortly.

Local Manufacturing of Telephone Sets

Availability of substandard and second-hand smuggled telephone sets in the market and deregulation policy affected the local manufacturers. Local manufacturers informed PTA that the situation has become alarming and the local industry might collapse. To encounter the problem, PTA issued instructions to PTCL, NTC and SCO that at the time of connection they would issue the locally manufactured set to the subscriber.

Need for Licensing of Prepaid Calling Card

The prepaid calling cards, facilitate the user to make National and International telephone calls from any digital telephone, which may be Non STD itself. It is a remote memory card having a card serial number and a scratchable Personal Identification Number (PIN) marked/hidden under a coating. To avoid any unauthorized usage, the holder of the card needs to keep secure his PIN only. The call routing, memory and billing functions are performed at a powerful switching platform inter faced with the PTCL PSTN and Gateway Exchange facilities. Necessary instructions are printed on the card to help the user to make a telephone call. The consumer is further assisted by an Interactive Voice Response (IVR) facility from the platform.

In the market for many types of value added services, opportunities for effective competition are high, assuming reasonable access to PTCL1 networks. The task of telecom regulator is to separate services where effective competition can be established from services and regulation is needed to protect the customer's interest.

A study on the subject cited above was recently completed by Type Approval Branch of PTA. The important conclusions of this study are reflected as under: -

- The characteristics and the functioning of prepaid calling is similar in nature to so that of payphones, when the payphones are licensed by PTA, prepaid calling cards should also be licensed to safeguard the interests of users.
- When "Kismat Card" failed, millions of cards rendered worthless and the telephone users were helpless as PTCL, having all assurances and safeguard for itself, did not come for the protection of the consumers. Thus leaving consumers unprotected and unsafe.
- SCO, NTC, Pakistan Railways and other TELCOS can enter into the market and may be considered as future prepaid calling operators. The number of players may increase further, thus necessitating the regulation and consumer's protection.
- Prepaid calling cards operators and PTCL should share the responsibilities and instead of O & M arrangement, there should be licensing arrangements for prepaid calling cards.
- To protect and safeguard the consumer's interest, PTA should license and regulate the prepaid calling cards system.



Determinations & Important Decisions by PTA

Key Objectives

One of the core objectives of the Authority is implementation of an appropriate regulatory framework in the sector, in a way, which neither hampers the growth nor augments the anti competitive practices in the local sector. This is visible in most of activities of PTA and we believe in:

- A regulatory framework that benefits the consumer and makes the sector efficient and competitive.
- Self-regulation in subtle way that safeguards national and user interest, without overburdening the industry with too much intervention.
- Deciding on issues/disputes in an open equitable, non-discriminatory, consistent and transparent manner.
- Efficiency in the planning, allocation and use of national resources such as radio frequency spectrum.

Important Determinations

Tariff regulation of telecommunication services is one of the major responsibilities that Pakistan Telecommunication Authority has to perform under Section 26 of the Pakistan Telecommunication (Re-organization) Act 1996, which provides general principles for tariff regulations.

The Telecommunication (Re-organization) Act 1996, under Section 26(e), does not allow cross subsidization of other telecommunication services with basic telephone service. According to this clause, the Act demands tariff of various services to be cost-based, keeping this in view it also calls for a reasonable rate of return to the operators. The need for tariff re-balancing has been required on yearly basis mainly because PTCL did not used to rationalize its tariff structure regularly. Number of determinations on tariff were issued during the year 2001-2002

Tariff Structure of Special Communication Organization

Special Communication Organization (SCO) has recently started telephone service in remote Northern Areas through Wireless Local Loop (WLL). Due to high cost of providing service in the remote areas, the tariff was much higher than the service under conventional

systems. However, PTA intervened and persuaded SCO to review the tariff to provide some relief to the users in the remote

Northern Areas and Gilgit. The SCO has reduced its tariff. It is expected that the service will pick up due to tariff reduction and the operator would be compensated through higher subscription and usage. The detail is given in table-4.

Table – 4

Special Communication Organization Tariffs

Services	Old Tariff		New Tariff	
Installation Charges	Rs. 10,000		Rs. 9,000	
To be paid Upfront	Rs. 4,000		Rs. 3,600	
Installments of balance Installation charges	12 installments @Rs. 500 per month		36 installments @ Rs. 150 per month	
Line Rent	0-8 Km	Rs. 280	0 – 25 Km Above 25 Km	Rs. 280 Rs. 300
	9-25 Km	Rs. 350		
	25 Km & above	Rs. 420		

PTCL Tariff Rebalancing 2001-02

The Pakistan Telecommunication Company Ltd. submitted its Tariff Rebalancing Proposal for 2001-02 to the Authority on 22nd November 2001. This proposal was submitted under the Telecommunication Rules 2000 notified by the Government of Pakistan. The company proposed new prices for basic telephony services as in table – 5.

Table - 5
The Proposed Prices

Service	Existing Consumer Price (Rs.)	Proposed Consumer Price (Rs.)	% Change
Installation	3,690	1,850	(49.9%)
Monthly Rental *	282	313	11%
Local Call (5 min.)*	2.31	2.49	7.8%
NWD Calls per min*			
25- 80 Km	3.50	4.50	28.6%
80-160 Km	7.00	7.00	0.0%
160-600 Km	13.08	12.00	(9.0%)
Over 600 Km	18.00	12.00	(33.3%)
NWD Reduction **			12.1%
Oversees Calls	50.56	45.25	(10.5%)

* Consumer price including GST @ 15% except Installation
** Weighted Average Reduction

The Authority analyzed the proposal in the light of relevant provision of the Telecom Act 1996 and the license conditions of the company. Public opinion was also solicited through a public forum held on 10th December 2001 at Islamabad. On the basis of consultation and evaluation, the Authority approved the tariff ceilings placed in table – 6.

Table – 6
Summary of Changes

Service	Existing Consumer Price Caps (Rs.)	New Ceiling Consumer Price Caps (Rs.)
Installation	3,690	2,000
Monthly Line Rent	282	300
Local Call (5 min. pulse)	2.31	2.31
NWD Calls (per min.)	The Company may rationalize distance zones subject to the condition that existing Zone-1 charges do not exceed Rs 4.00 per minute. For other zones, although the Authority generally agrees with the Company's proposal yet it allows the Company to adjust its tariff for these zones within the existing caps in an appropriate manner.	
Int'l outgoing Calls	The Authority endorses the proposal of the Company.	

Cellular Mobile Tariff

The Calling Party Pays regime for cellular mobile telephone service was introduced in Pakistan on 1st December 2000. This was a new experience in Pakistan and the tariff was determined on the basis of a number of assumptions and future projections, it was thus decided that the Authority would review the arrangements including the tariff after one year. The objective was to assess and ensure suitability of arrangements for all the

Tariff Component Old/ Revised		
Service	Old Ceilings Rs	New Ceiling Rs
Airtime Ceiling of Cellular mobile service	6.25	5.75
PTCL Share of Fixed-to-Mobile Calls	1.00	0.80
CMTS share of Fixed-to-Mobile Calls	2.20	2.00

stakeholders. To undertake the review after one year a consultation paper was written and floated in the industry for comments and opinion.

All fixed-line and cellular mobile operators submitted their response on PTA consultation paper. Thereafter the process of discussion and analysis was initiated. A number of meetings were held with the operators. Finally a brief discussion paper was circulated in the industry to focus the discussion on the important issues. As result of discussion and consultation tariff for the mobile service was agreed with the operators and are placed in table.

CTV Tariff

The Cable TV service was under the emblem of PTA before setting up of Pakistan Electronic and Media Regulatory Authority (PEMRA). PTA had issued Tariff regulations for CTV some time back. These regulations and the level of tariff were required to be reviewed by the Authority to make them suitable for the current dynamic nature of the market. To initiate the process of Tariff review for CTV service, a discussion paper was written and submitted to the Authority in December 2001. Later the operators were invited to discuss the issues involved before making final recommendations for the level of tariff. The proceedings were finalized and transferred to PEMRA for announcement of decision because PEMRA was already established.

Payphone Tariff

During first quarter of the year 2001-02, the payphone tariff was examined and reviewed to make them user-friendly. Normal review process was followed. A consultation paper was floated and a number of meetings were held with the operator. Finally in September 2001, PTA issued its determination on payphone tariff. The salient features of this determination were that the charges of this service were reduced. Although ceiling for local call was fixed for Rs. 4/- but local call at PCO's were charged at Rs. 5/- by majority of PCO's. PTA has taken stern action and fined a number of operators involved in overcharging. The ceiling for NWD and ISD call charges was reduced from Rs. 4.00 per unit to Rs. 3.47 per unit. In addition to the above-mentioned changes in the tariff ceilings, PTA also provided a formula based tariff calculation for payphone service, which provided a clear regulatory regime for this important service.

Dynamic Formula to Determine Card Payphone Tariff

There was a demand from card payphone industry to devise a formula to determine card payphone tariff ceiling automatically, whenever there is any change in the PTCL tariff ceiling. A formula was, therefore, devised by accommodating the views of the industry and issued through a determination of the Authority. The formula to determine the tariff ceiling for card payphone service is given at Annex-II:

Determination on Legality of Royalty

A very candid determination of the Authority pursuant to an extensive probe into the arguments based on legal, academic practice customs and usage of the sector and the judicial precedents was put forward by the lawyers of ISPs as well as the Authority. Besides arguing the legality of the impost the determination has endeavored to look into the option available to the Authority in the light of the practice of the industry. On the basis of the material available it has successfully enlightened the fact that the regulatory fee regime is an exception to the well-found principle "*quid pro quo*". Feeling aggrieved by the decision/determination ISPs, manufacturer of terminal equipment and Card pay phone operators filed appeals against the determination of the Authority. Law section defended the cases in the High Court and finally pursuant to settlement the appellants have withdrawn their appeals.

After settlement of royalty issue with ISPs and payphone operators, Authority issued determinations to reduce the royalty. Following concessions were allowed to the licenses:

Internet Service Providers

Royalty was reduced from 4 percent to 0.66 percent of gross revenue, and annual renewal fee was abolished from the date of award of the license.

Payphone Operators

Royalty was reduced from 4 percent to 2 percent of gross revenue, net of PTCL charges with effect from the date of award of license and annual renewal fee was abolished from 1st July 2001. On the intervention of PTA, PTCL agreed to give 25 percent discount to payphone operators on the long distance and international call charges. The discount was to compensate the reduction in the payphone tariff ceiling from Rs 4 to Rs 3.47.

Mobile Phone

Royalty was reduced from 4 percent to 1.5 percent of gross revenue, net of PTCL charges. Spectrum charges were levied @ Rs 120,000 per MHz per annum.

Determination to Stop Overcharging in Case of Payphone-To-Mobile Calls

The payphone systems are interconnected with PTCL networks. From switching point of view the payphones are equivalent to ordinary fixed-line connection of PTCL. The switch does not differentiate a payphone from an ordinary PTCL line. In case of

local payphone-to-fixed calls, charging is done through internal metering of the payphone system. The payphone operators define a call unit internally and the cards can drop units according to the defined pulse duration. This is achievable because all payphone sets can meet the memory requirements for local call charging mechanism. On the other hand the internal metering of payphone systems cannot be used for the NWD calls because of limited memory of the payphone sets, which cannot accommodate quite a large matrix of NWD destinations. The payphone operators, therefore, have to use 16 KHz pulse being generated by PTCL exchanges for NWD calls. The PTCL pulse is treated as a time unit for the NWD calls, which is multiplied with the payphone unit price to arrive at the call charges. In this manner, the payphone systems are slave to PTCL switch for charging NWD calls.

When CPP regime was implemented from 1st December 2000, the card payphone operators could not implement new tariff ceiling for payphone to mobile calls due to technical limitations. Due to technical limitations of payphone systems, the Determination of PTA regarding implementation of calling party pays regime could not be implemented by the payphone operators in letter and spirit. The PCO holders were overcharging and the Authority received numerous complaints on this account. In order to resolve the issue a committee was formed by Member (Finance) PTA comprising representation of PTA, PTCL and payphone operators. Several meetings of the committee were held to study the problem from all angles and they recommended an appropriate solution for consideration of the Authority. The committee proposed that PTCL should workout pulse durations matching call charges under CPP determination for fixed to mobile calls and make arrangements in their switches to generate required 16 KHz pulses. The proposed solution was tested on a PTCL pilot exchange and the results were found successful. On the basis of discussions held in different meetings conducted on the issue and recommendations of the participants, the Authority decided to implement the tested solution to eliminate over-charging in case of local payphone-to-mobile calls. PTCL was advised to work out pulse duration for payphone to local mobile calls in accordance with the tariff, ceiling fixed for such calls by the Authority. According to the prevailing tariff ceiling of Rs 4.14 per minute for payphone-to-mobile calls was fixed. Meter pulse shall be of 50.700 seconds ($3.50/4.14*60 = 50.724$ rounded to micro seconds). This decision was implemented w.e.f. 15th June 2002.

In all more than 50 determinations were issued by the Authority against Cable TV operators, Card Pay Phone operators, ISPs and PTCL under section 4(f) and 23 of the Act during this year

Litigation

There were 104 cases in three different regions against the Authority. Since every case requires focused attention because of its distinct facts therefore this has kept the law section extremely busy over the year.

Revision & Amendments in the Pakistan Telecommunication (Re-organization) Act, 1996

Revision of the Pakistan Telecommunication (Re-organization) Act, 1996: The Act was exhaustively reviewed to suggest amendment to consolidate and clarify the law on the subject. The amendment were first proposed by a committee and later presented to the Authority. The draft amendment was forwarded to the MOST for submission to the Ministry of Law.

Authority Meetings

Pakistan Telecommunication Authority for its smooth working and timely decisions on the issues related to the local telecom sector and internal matters of the authority meet once a week as the Authority meeting. The members include Chairman, Members Finance and Member Technical. Number of important decisions were taken in the Authority meetings in the year 2001-2002.

Important Decisions by the Authority

Internet over Cable

The Authority decided that Internet over cable is allowed subject to the conditions as follows:

- EIS conditions and fee structure will remain same.
- Existing cable and EIS regulations will be applicable on Internet over cable.
- For a combined operations licensed EIS and cable operator will have to sign an interconnect agreement, the authority will issue NOC to the applicant free of cost for starting a commercial operation.
- In case, cable operator wants to start the EIS or vice versa, he will have to obtain a license for the service, which he is planning to provide.
- Separate accounts will be maintained in case of combined operations to ensure non-cross subsidization.

Verification of Antecedents of Mobile Phone Subscriber

For documentation regarding verification of antecedents of mobile phone subscribers, a new format for application form had been prepared. In this regard Ministry of Science and Technology was requested to ask Ministry of Interior to direct provincial governments to contact PTA on telecom related issues.

Predatory Pricing

The problem of predatory pricing done by the large cable TV operators who sell their leads to people who as lead operator sell the cable connection on lowest charges thus hurting small operators. It was decided that licensees should be asked to stop illegal practices, abide by the regulation and remove illegal connections forthwith. It was also decided that details of subscribers should be obtained from licensees for each head end.

Cable TV Quality of Service Monitoring

Due to lack of effective monitoring equipment for Cable TV, lot of complaints were being received for poor quality of service. It was decided that quality of service parameters will be incorporated in the license and placed on the web for public use.

Transfer of CTV to PEMRA

With the inception of PEMRA all files, licenses and record of CTV was transferred to PEMRA on the 13th May 2002 for further action.

Type Approval of Fixed Wireless Terminal Equipment (FWT) “Tellular” offered by M/S Feeltex Karachi

It was decided that the Authority agrees in principle to issue NOC for type approval of wireless terminal equipment. In order to promote emerging technology business.

Right of Way in Pakistan

The study was conducted by Brig. Kabir Naveed (Consultant PTA), it was decided that all PTCL manuals on this subject should be studied for segregating and compiling regulatory and operator related aspects. Regulations to be formulated after getting the feed back from operators, and Ministry of Science & Technology.

Amendments in PTA Regulations

Director General Law presented the amendments in PTA regulation 35. The Authority approved these amendments and the changes were incorporated in the regulation.

Telecom (Reorganization) Act 1996

For the extension of Telecom Reorganization Act, The Wireless Telegraphy Act and the Telegraph Act to FATA & PATA the matter were forwarded to Ministry of Law and Justice who forwarded the case to Provincial Governor for further process.

Exercise of Regulatory Jurisdiction in AJ&K and Northern Areas

In order to exercise regulatory jurisdiction in AJ&K and Northern Areas the Authority decided to take up the case with Ministry of Law and Justice and Ministry of Kashmir Affairs and Northern Area.

License for Private Satellite Service Operator

Three more companies applied for the license for leasing out capabilities for establishing domestic data communication services and international telecommunication services and basic telephony services. They have requested for reduction in license fee. It was decided by the Authority that terms and conditions given in INTELSAT license should be taken as standard for all companies seeking license for the services. In the meanwhile during PTCL monopoly it was decided that all companies can work through PTCL if they so desire.

Gateway Exchanges

A presentation was made on numbering scheme being followed in Pakistan for PTCL exchanges for local and International dialing. It was decided that the country numbering plan be finalized, catering for numbers portability issues and in post monopoly scenario.

Approval of VOIP Technology/ TA for PTCL

Quality of voice of VoIP is inferior to fixed line telephone, it was therefore decided that Quality of service parameters have to be defined and tariff to be fixed accordingly. In this regard PTCL has been asked to comply with the requirements laid down by PTA.

Proposals and Implication of EIS City License

The issue was discussed in the meeting and it was decided that a formula should be worked out for various cities/towns giving rationale and process the same for the approval.

Request of Mian Shabeer , Cable TV operators

Request of Main Shabeer regarding transfer of head end from Lahore to Kasur was discussed, Authority approved the shifting and amount of Rs 1000/- be levied as fine for illegally operating CTV from Kasur on a license issued for Lahore.

List of FAQ's

A list of FAQs was prepared and finalized by DG (LE), who circulated the same among all the DGs for scrutiny in order to insure that no question answer is included in the list which is against the policy. Duly verified list of FAQs to be placed on PTA web site.

Modification of License conditions of GMPCS

M/S PTCL requested for amendments in the license conditions. It was decided that subscriber base line of 25000 to continue, however, will be reviewed after one year. Clause 3.11 (c), to stay and would be applicable only when FAB provides the frequency. Instead of 10 sets initially agreed, PTCL should provide 6 sets with a ceiling of 25 hours per month for all sets altogether free of charge for monitoring quality of service.

Preparation for Post Monopoly Era

Since the time for end of PTCL's monopoly is approaching fast, therefore need for identification of various issues related to post monopoly scenario is felt at the Authority. In this regard the Authority decided to get itself fully prepared by forming a project management team on post. The team will be responsible to deal with issues, including preparation of road map for post monopoly scenario, preparation of TOR for hiring consultants and responsibility of timely execution of all action related to post monopoly scenario.

System to Monitor Quality of Service

It was discussed in the meeting that there is no effective system available for check and monitor of quality of services to take corrective decision. It was hence decided to evolve suitable quality of service monitoring system for various services.

Shifting to the New Building

It was decided that PTA will be shifting to new building after Eid December 2002.

Establishment of the Complaint Cell

Need for establishment of the complaint cell in PTA for handling complaints against service providers was required. It was decided that a complaint cell for handling /disposing of complaints against service providers be formed at new PTA building and an officer will be deputed to supervise the work. The PTA web site will be further develop to handle E complaints.

Quality of Service

It was suggested that quality of service monitoring system is required, hence it was decided that a survey regarding Quality of service of each serves be carried out on quarterly basis. In this regard views of service providers should also be sought about proposed evaluating system.

Up keep of PTA Building

It was directed that to upkeep the PTA building the SOP for fire fighting arrangements be implemented , cafeteria be made functional, and cleanliness of the building ensured.

Library

To have all the material on telecom and IT sector besides regulatory issues, it was decided that PTA library should be well organized and DG technical be allowed to use his credit card for downloading important information from internet.

License Enforcement

It was asked that LE directorate must ensure strict measures regarding license enforcement and seek assistance from IB staff when needed.

Policy Regarding Issuing of License to Limited Companies/Registered Firms

The matter was discussed in the meeting and it was decided that, in order to protect customer rights licenses are issued to the limited companies only. This was also necessary to protect consumer interest and to ward against non serious and nonviable parties getting into business.

Request of ARY Traders for Change of Name/Transfer of License

Request was made by ARY traders to change the name to ARY communication. The authority did not accept the request and the company was ask to obtain the new license in its own name by following the prescribe formalities.

Type Approval

It was decided that the equipment once type approved by PTA should remain on the approved list and no renewal fee or royalty be charged.

Basic Telephony Numbering Scheme

Numbering plan with reference to forth coming deregulation of fixed line telephony was discussed. It was decided that the separate section be created to handle numbering scheme one deputy director and a grade 15 employee be deputed in the section and PTCL be informed.

Printing of Booklet on Licenses Procedures

It was decided that a set of documents be prepared for providing essential data regarding PTA to potential investor. The documents should be prepared on the following subjects:

- Deregulation policy
- FAQ
- Tariff
- Licensing policy
- Introduction to PTA

Recovery Cell

It was suggested that recovery cell should be well organized and re-enforced. In this regard a close monitoring is required.

De-regulation Issues

Draft licenses of various services for post monopoly scenario according to new proposed policy be prepared. Preparation of TOR of expatriate consultancy and contracts for local consultancy be finalized. The process of amendments in the act was expedited, financial parameters be prepared for issuance of license. Suitable literature be prepared on Pakistan telecom sector and prospects of investments in Pakistan for the potential investors.

Quality of Service of NTC System

The issue of quality of service of various service providers was discussed and it was observed that NTC systems have not yet been inspected. It was decided that NTC be visited for quality of services.

PTA Action Plan for the Post Monopoly Scenario

The need for preparing PTA action plan for post monopoly scenario, the Chairman directed that a comprehensive strategic plan be conceived for the year 2002-2003, with details of outline for the next two years.

[Regulation under section (5(2)0) of the Act] DG Law proposed the amendments in the regulation, he was asked to specify powers of enforcements officers grade wise in consultation with DG (LE).

License Fee for Card Pay Phone Service in Metropolitan Cities

The fee for metropolitan city was Rs 250000/ where as in files it was approved as Rs 200,000/. The license fee for card pay phone for metropolitan services hence approved by the Authority is Rs 200,000/-.

Technical Survey of CMTS

The Chairman highlighted the need to carry out technical survey of CMTS. It was decided that technical audit of CMTS be carried out in addition to gallop survey. Benchmark parameters be prepared for checking quality of service should also be prepared.

Establishment of PTA Information Desk

People applying for licenses our faced with many in convinces, therefore it was decided to establish an information desk to help these people out regarding licensing and other issues.

ITU WTD Conference 2002

The chairman briefed participants about the conference and said that in telecom sector Pakistan way behind the developed countries however, desired results can be achieved by providing incentives to the investors and simplifying procedures. It was further directed that licensing procedures should be simplified and investor friendly environments be created moreover exiting tariff for various services be rationalized keeping in view local environment.

Outsourcing of Survey

For outsourcing of survey on PTCL, ISPs CMTS and CPPS bids were called by companies and were graded according to evaluation criteria. It was decided that the contract be awarded to GALLUP as recommended by DG LE

Card Payphone License Fee

It was suggested that existing card payphone license fee needs to be renationalized for various kinds of licenses. It was decided that different rates should be fixed for four categories.

Following fees for CPP licenses were approved:

- a. Countrywide Rs. 500,000/-
- b. Province Rs. 300,000/-
- c. District Level Rs. 100,000/-
- d. Metropolitan Cities Rs. 200,000/-

Charter of Duties

Due to the need of listing and specifying the duties of each individual for the purpose of removing the ambiguity and avoiding duplication were highlighted. It was directed that detailed charter of duties should be prepared for each appointment up to assistant director level as per the organizational structure.

PTA Vision Statement

Following vision statement was approved for PTA

“Create a fair regulatory regime to promote investment, encourage competition, protect consumer interest and ensure high quality of ICT services.”

Policy Regarding Issue of License for Video Conference

It was discussed that the draft license for video conference service be prepared. The draft should be presented to the authority for approval.

Regulation for Satellite Service Provider for Pakistan

It was suggested that study should be conducted and recommendation to be put up for the authority approval.

Migration of M/S Paktel System from AMPS to GSM in the E-GSM band

The request of M/s Paktel for migration from AMPS to GSM in the E GSM band was presented. It was pointed out that GSM is a valuable band and should not be given free of cost to any operator. It was also highlighted that Paktel and Instaphone are legally two licensees although defecto they are own by one company. It was decided to allow the request migration from AMPS to GSM with fixed charges by the Authority.

Possession of Dealership License for Wireless Data Communication Equipment

The request of M/S Sarcorp Islamabad for grant of dealership license to import and market wireless land equipment was presented. The Authority decided that an open market policy should be adopted and no dealership license was therefore required for the import and marketing of such equipment. However a proper policy be prepared for this purpose , CBR be informed and the new policy advertised in the press for information.

PTA Logo

A proposal for having PTA's own logo was discussed. Various design for logo was distributed among all DG's for getting consensus for final selection.

Issuing of GMPCS License to M/S Arfeen International for Installing Gateway

The request regarding issuing of GMPCS license to M/S Arfeen International for installing gateway was considered and discussed. Approval was given for the issuance of GMPCS license to Ms/ Arfeen International (Pvt.) Ltd. Karachi. Internet services intelligence be informed that monitoring facility through dialup will be made available till the establishment of gateway.

5

Consumer Safeguards and Information

Key Objectives

PTA aims at safeguarding the consumers of telecom services. Objectives of our work are briefly summarized as follows:

- Effective consumer protection as required by legislation.
- Undertaking investigations of consumer issues to identify effective measures to address any problems identified.

The success of much of the PTA's formal regulatory responsibilities depends on a knowledgeable consumer base. In this way the PTA recognizes the two-way need of information provision and consultation, which assist the PTA in its work. Our broad objectives are as follows.

- A community that is well informed about telecommunications matters.
- Consultation with consumers to ensure that long-term interests of end-users are reflected in PTA decision-making.

It is the responsibility of the Authority to promote and protect interests of users of telecommunication services in the country. In order to keep the consumers informed about its activities PTA publishes the Annual Reports, hosts a web site, arranges public forum, issues press releases and manages media publicity

Consultation with Consumers

The consumers under Section 6(d) of the Act, 1996 are required to be heard in the matters that affect them in any case. Therefore, it is the responsibility of the Authority to adopt ways and means to consult the consumers of telecom services and keep them informed on the proposed changes in the tariffs and charges.

The Authority has developed a system of advisory committees consisting of eminent citizens and learned men from all walks of life. The Authority also consulted with these advisory committees on issues of public interest. A list of the advisory committees formed by PTA for this purpose is at Appendix–

PTA consults the consumers on other important issues before taking decision. For example, it heard the views of the general public in three public forums held in Islamabad, Karachi and Lahore regarding the complaints of the people on card payphone industry. Same was its procedure while deciding on CPP and cable TV tariff.

Advisory Committee

The Pakistan Telecommunication Authority was established with the main objective to regulate the telecommunication sector in Pakistan. In exercise of its powers under section 10 (2)(c), an advisory committee was established, with the main objective to advice, assist and guide PTA in carrying out its functions, disposing off its responsibilities and in the exercise of its powers within the ambit of the Act(section 4,5,6). Last meeting of advisory committee of PTA was held on 20th April 2002 in Islamabad under the chairmanship of Major General (Retd) Shahzada Alam Malik. Following are the highlights of the meeting.

- It was informed to the advisory committee that drastic reduction in the royalty charges from card pay phone companies and Internet service provider has created an environment of mutual trust between PTA and its licensee. The companies have withdrawn registered cases and agreed to pass benefits to the customers
- PTA is also trying to reduce costs to the operators, through revision of levies against them.


- Rationalization of frequency spectrum was also discussed and it was decided that those government organization, which are not currently using the spectrum, should be allocated to the companies for commercial use.
- Successful implementation of CTV regulation, by PTA was also appraised by the committee. The advisory committee was informed that new CTV draft policy and tariff structure has been transferred to the newly established Pakistan Electronic Media Regulatory Authority (PEMRA).
- Safeguarding the consumer interests by not allowing increase in PTCL tariff was also discussed. The advisory committee was informed that PTA has established a complaint cell which helps in getting feed back from the customers and to take appropriate steps in time.
- It was agreed and committed that a public notice will be issued to educate cellular mobile subscribers as to what amount will be charged in different packages.
- The committee was briefed about the de-regulation initiatives taken by PTA and challenges that a regulator can face in the post monopoly scenario. Moreover. It was agreed that nevertheless, India is very close to Pakistan but their model does not fit with our environment.
- It was suggested by the advisory committee that PTA should make policies that are futuristic as in case of Cable TV PTA have licensed for analog cable network that does not support Video on demand and Internet. The members criticized the enforcement of Indian channels on the cable. It was told by PTA that it is a government policy and the Authority is implementing it in this era of cyber war. Members also criticized the handing over of Cable TV to Pakistan Electronic Media Authority in the converging environment.
- It was discussed that PTCL's revenue has tremendously increased after the new tariff regime. It was also suggested that PTCL should publish advertisements in the press to educate the general public about their new tariffs. It was also pointed out that due to the introduction of the low cost technology, pre-paid calling cards services, and CPP regime has generated extra revenues for PTCL
- The problem of over loaded networks for cellular mobile service and the unavailability of services especially at night were also discussed. Solutions to this problem were also given: one of those was, premium charges from emergent call users and the other commercial and domestic users, to stagger the traffic in time domain
- Issuance of the number of licenses was also discussed. It was told that up till now PTA issued CAT-B licenses , now the regulations are revised and PEMRA will take over and proposals will be submitted to them.
- Emphases were made on clear criteria to be laid down for new licenses in various telecom sectors. It was also pointed that new operator should guarantee customer care and coverage in rural areas, such criteria should be a part of the license. Moreover, criteria should only allow committed companies to participate and at the same time local participation should be ensured

- It was agreed that the decrease in the band width and royalty rates have improved the service.
- Issues relating to internet cafes were also discussed. It was told that these cafes are not the PTA’s licensees, it was also added that it was only the obscenity of the cafes an issue but cyber crime is also a matter of grave concern these days.

Public Forums

Public Forum on PTCL Tariff


An open forum was organized in Islamabad on 10th December 2001 to discuss PTCL tariff proposal and to solicit public opinion on it. Major consumer interest groups of the country were invited to give their opinion.



Photograph -1

Public forum on Cable TV Tariff

The Authority conducted public forum on Cable TV tariff on 11th February 2002. The issue of tariff for the CTV service and tariff for different pay channels was also discussed. Over 18 CTV operators associations from all over the country and two channel distributors participated in the discussions and proceedings.



Photograph -2

Public Forum on Quality of Mobile Phone Service in Pakistan

Pakistan Telecommunication Authority Regional Office, Karachi organized an Open Forum on “Operation and Quality of Mobile Telephone service in Pakistan” on 9th January 2002 at Hotel Regent Plaza. Chairman PTA Major General (Retd) Shahzada Alam Malik chaired the Forum. In his opening remarks Chairman emphasized the need of soliciting public opinion on telecom regulatory issues. A number of complaints, observations, suggestions from the public were received during the forum.

Surveys

Provision of quality telecom services is the main objective of the Authority. To check the quality numbers of ways are used to ensure that customer is getting the best of quality. Surveys are also conducted in this regard to help evaluate the quality of services, operators are providing in different areas of the country.

Cellular Mobile Telephony

A quality of service survey for assessing the services being provided by all mobile telephone companies in and around Lahore was carried on 4-8 June 2002 under the directives of PTA Headquarters. Different test sites were selected based on scrutiny of data held and complaints received from the general public. The speech quality, connectivity, network accessibility, communication during move and SMS were checked at different intervals of time. A detailed report indicating the performance of various companies was submitted to the Authority

Integrated Services Digital Network

PTCL provides Integrated Services Digital Network (ISDN) facility. Some complaints were received from subscribers regarding quality of service by regional offices and PTA headquarters. A quality of services survey was therefore conducted on the directives of PTA headquarters. A questionnaire was designed at regional office Lahore and dispatched to subscribers for feedback. Only few subscribers responded. A field survey was conducted by regional office to plug the gap. The subscribers who did not respond were contacted and their opinion was sought.

Consumer Information

One of the core objectives of the Pakistan Telecommunication Authority is to create an informed community by providing them regular information about matters related to Authority. Under section (18) of the Telecommunication Act 1996, PTA is responsible to submit a yearly report on all activities of the PTA including actions taken for the protection of consumer's interests, at the end of each financial year. Against this milieu, PTA publish its Annual report to provide information about the performance of different telecommunication services, quality of service and consumer protection. PTA also publishes its Status Report yearly each quarter, which provides a comprehensive overview of the overall telecom industry of Pakistan and the global market. One of the key objectives of the Pakistan Telecommunication Authority was to create an informed community by providing them regular information about matters relating to the telecommunication industry.

License Enforcement

The License Enforcement (LE) wing of the Authority has a responsibility of enforcing license clauses and also to protect consumers from the exploitation by the telecom operators. To achieve its objectives the wing has regional offices by which it rectifies complaints, make raids, inspect the premises and issues show cause notices.

Table – 8
Action Taken by License Enforcement Wing

In the current year for all the telecom services, total number of complaints that reached the license enforcement wing and were rectified the raids made all over Pakistan in order to stop illegal operations by the telecom companies, number of inspection took place during the year and determinations were issued and other details are given in the table.

S.No.		Total
1	Inspections	1011
2	Complaints	3029
3	Show Cause Notices	182
4	Court Cases	10
5	Notice of Violation	153
6	Withdrawal of Licenses	35
7	Hearings	100
8	Public Hearing	1
9	Fine Imposed	97
10	Quality of Service Survey	15
11	Raids	22

Complaint Cell

In the present context of openness and transparency in the government functioning, accountability in relation to public satisfaction and responsive delivery of services to the citizens are very essential. Grievances are phenomenon which exist in all walks of life. Resolution of grievances and protection of consumers interest are important functions of PTA and adequately highlighted in the recently adopted PTA Vision.

On 1st January 2002, the present chairman PTA took the initiative in structuring the grievances redress machinery and established a Complaint Center at PTA Headquarters, Islamabad. Main objectives of complaint cell are protection of consumers interest, identify problem areas and take remedial measures. Complaint cell since its inception handled 1839 complaints related to various telecom services providers as per details given in Table –9.

Table – 9		
Inspections Handled by Complaint Cell		
Sr. No	Service	Number of Complaints
1	Telephony	1012
2	Mobile Phones	445
3	Internet Service Providers	325
4	Card Pay Phones	57
Total		1839

6

Streamlining PTA and its Human Resources

Key Objectives

To achieve success in the delivery of the PTA's planned outcomes, commitment and continuous development of the skills of our people are few basic requirements, keeping in view a cost efficient use of other financial and physical resources. Our priorities in doing this are summarized as follows:

- Attracting and retaining people with the right mix of skills to sustain organizational success in a dynamic industry environment.
- Facilitating the development and application of our people's skills in accordance with the PTA's operational needs.
- Strengthening staff commitment to the organization and achieving high standards of performance and ethical conduct at an organizational and individual level.
- Encouraging an environment of open communication, information sharing and teamwork.
- Reinforcing a workplace culture that encourages continuous improvement and innovation, and values and makes use of the contributions of people of different backgrounds, experience and perspective.
- Providing best of information technology services to meet the business needs of the PTA, its customers and the community.
- Providing high quality information services to customers, management and the community to meet their requirements.

Towards a Strengthened PTA

Pakistan Telecommunication Authority has come a long way from a comparatively new telecom regulatory body to a firm and effective regulator. The credit for developing so swiftly goes to the team members who have put in hard work, enthusiasm and best of their capabilities to make PTA an efficient regulator resulting in speedy growth of local telecom sector.

In order to strengthen the available human resource at PTA training programs, workshops, and seminars are arranged each year for its employees. These practices not only brush up the regulatory skills in the employees of the Authority but also provide them with the chance to interact internationally with their counterparts for a better understanding of successful policies around the world.

Key Performance Indicators

- Recruitment policies and practices meet our business needs.
- Staff consider that the PTA work environment and PTA terms and conditions of employment make the PTA a satisfying work environment
- Staffing issues are dealt with promptly and professionally
- Accurate, thorough, professional and prompt human resource services are provided and programs delivered.
- Range of arrangements are established to enable staff consultation.

Staffing

- The PTA staffing level was 143 on 30th June 2001 which increased to 182 by the end of June 2002.

Recruitment policy and organization setup were reviewed during 2001-2002. This review focused to ensure the best result for the organization in terms of its long-term and short terms business outcomes.

Photograph – 3

Staff Development

Staff development continued to be a focus for the PTA during 2001-2002. Officers have attended many training Programmes during 2001-2002. During the year ten

officers attended Asia Pacific Telecommunity (APT) meetings/programs, three officers attended International Telecommunication Union (ITU) Council's sessions and preparatory meeting for Plenipotentiary Conference and two officers attended training at Japan Institute (JICA). Seminar on IT, Human Resource Development Programme and Group Training Course on Satellite Communication Engineering Communication were also held during the year ending 30th June 2002.

Mid Year Review Workshop

A mid year workshop was arranged at Margala Motel, Islamabad on January 15th, 2002 to review the planned activities of PTA. The plan was prepared in June 2001 to organize PTA for the post monopoly scenario. The basic objectives of the workshops were;

- Role of different directorates of PTA in the post monopoly period.
- Activities of different departments/ groups and achievements.
- Estimated time line for completion of incomplete activities.
- Defined course of action for post monopoly period.
- Other activities through the year.
- Defining the mechanism for routine activities.

The workshop was divided into two parts. In the first part of the workshop DG's of all departments presented their activities according to their department's perspective. In the second part however, in house studies conducted at PTA were presented and discussed in detail.

The workshop was very useful due to enthusiastic participation and hardworking of all participants. Chairman PTA advised all officers to organize their work in order to achieve improvements in overall performance of PTA and directed that all the studies be improved/completed in view of the discussion during the presentations.

Policy for Training & International Meetings

PTA performs its regulatory role for the telecom sector. Basically its staff comprises trained work force and experts in professional areas. However, frequent developments in technologies leads to innovation in regulatory role. PTA therefore avails all relevant opportunities both within the country and abroad to keep its employees updated in order to have state of the art knowledge and competence. To achieve this objective a need to frame policy guidelines for attending international mandatory meetings, seminars, conferences, foreign courses and local training was being felt since long.

A paper on the subject policy was recently completed. The objective of this paper is to streamline policy for the following: -

- Pakistan's representation in international meetings, conferences, seminars and exhibitions.
- Continued professional education and training for PTA employees.

The aforesaid policy covers the following: -

- Representation of Pakistan on world forums and basis of selection for international meetings.
- Preparatory work for international meetings.
- Training of PTA employees, constitution of core groups, foreign and local training.
- Selection criteria and advance planning.
- Post attendance feed back and its utilization.

Hopefully, the policy guidelines recently prescribed would help convert PTA into a more vibrant and matured regulatory body at national level.

ITU Workshop on Price Cap and Interconnection

The Pakistan Telecommunication Authority organized a two-day workshop from 2nd – 4th August 2001 on "Price Cap & Interconnection". The workshop was held at Islamabad in collaboration with the International Telecommunication Union. Three world-renowned speakers delivered lectures in the workshop. They covered global

practices and examples of developed and developing economies. Participants from various segments of telecom industry attended the workshop. At the end of the workshop, groups were formed and different case studies were assigned to them. These groups interacted with the speakers and gave

Photograph – 5

presentations. The participants were asked to give their views about the workshop. The participants appreciated the Authority for its initiative of holding workshop on important subjects. They were of the view, that the Authority should keep on doing capacity building efforts in future as well and it should become a regular feature of PTA.

ITU Workshop on Interconnection

The Pakistan Telecommunication Authority organized a two-day workshop on 3rd – 4th June 2002 on “Interconnection in the Liberalized Environment”. The workshop was held in collaboration with the International Telecommunication Union. Participants of the workshop were drawn from fixed line, cellular mobile, and payphone and Internet

service providers. The Chairman PTA while inaugurating the workshop thanked the ITU administration for their support in conducting different seminars and workshop in Pakistan. He urged the participants to learn as much as possible from such events and come up with ideas and

suggestions for improvement of regulatory environment in the country. Mr. Christopher Zull, a world-renowned consultant appointed by ITU conducted the workshop. He delivered lectures on different aspects of interconnection. Global practices of interconnection were discussed. The participants appreciated the Authority for its initiative of holding workshop on one of the very important subjects. They were pleased for inviting the industry in this forum and proposed that such events should be conducted in future as well.

A report on the workshop was prepared and copies were sent to the Ministry for Science and Technology and to the Regional Advisor ITU.

Seminar on World Telecom Day

A seminar on World Telecom Day 2002 was organized at PTA Regional Offices, Karachi, Lahore, Peshawar and Quetta on 16th may 2002 in collaboration with local university. The Theme of the day was

Photograph – 6

Photograph – 7

- ICT (Information Communication Technology) for all: Empowering people to cross the digital divide.
- De-regulation and Liberalization of Telecom

Photograph – 8

Students, telecom experts and businessmen attended the seminars. The response to the event was positive and public in general appreciated the idea and efforts made by PTA.

Information Technology

Over the year, there were some significant developments and changes in the PTA's information technology and telecommunications systems. The most significant of these changes were:

- Introduction of the PTA's local area network with Internet service provision and local e-mail setup.
- Updating of more than one third of the PTA's desktop computers;
- Introduction of document tracking system (DTS)
- Further development of computing capabilities to enable the PTA to meet IT requirements.
- Establish a framework and strategy for effective document management encompassing both paper-based and electronic records.
- A comprehensive website development plan is under process and it would allow interface of PTA with its stake holders.
- The development of PTA website standards focused on an analysis of the broad standards and the options for different tools, policies and practices requirement to meet them.

Activity Based Accounting System

- Finance Directorate has designed activity based accounting system. The system shall be able to maintain revenue and expenditure details of different revenue generating activities of PTA viz licensing, type approval, frequency management, numbering etc. It will help to control the expenditure of activities and directorates of PTA against the allocated budget and to determine cost based regulatory fees.

Communications

PTA communications activities had the following key objectives:

- An informed Pakistani community that understands telecommunications and radio-communications issues and knows about consumer safeguards, their choice and responsibilities;
- Increased industry awareness of the PTA's regulatory requirements, including its consumer responsibilities; and
- An integrated and pro-active approach to communication within the PTA.

The PTA developed a public information campaign, launched through public forums and advertisements in the media. The PTA continued its positive interaction with the news media, through a program of activities including media releases. Many of these led to press, radio and television interviews.