

DATA IS KING

The Telecom Regulator's annual sectoral report shows big growth in a shifting landscape

By Dan McGarry

THE TELECOMMUNICATIONS, Radiocommunications and Broadcast Regulator, commonly known by the much more pronounceable TRBR, has released her second annual telecommunications sector report, and it's a doozy.

The report represents a glowing vindication of long-standing government policy. It validates the ambitious Universal Access Policy, which mandated nationwide access to broadband internet. It also provides evidence to back the TRBR's argument that an enabling environment is the best way to maximise the social and economic benefits of telecoms services.

Heaven knows we have a lot to complain about. But compared to other Pacific countries, we rate pretty well. Most importantly, we're getting better. Much better.

Mobile data subscriptions are up, data usage is skyrocketing, and telecom sector revenues are leaping ahead as well.

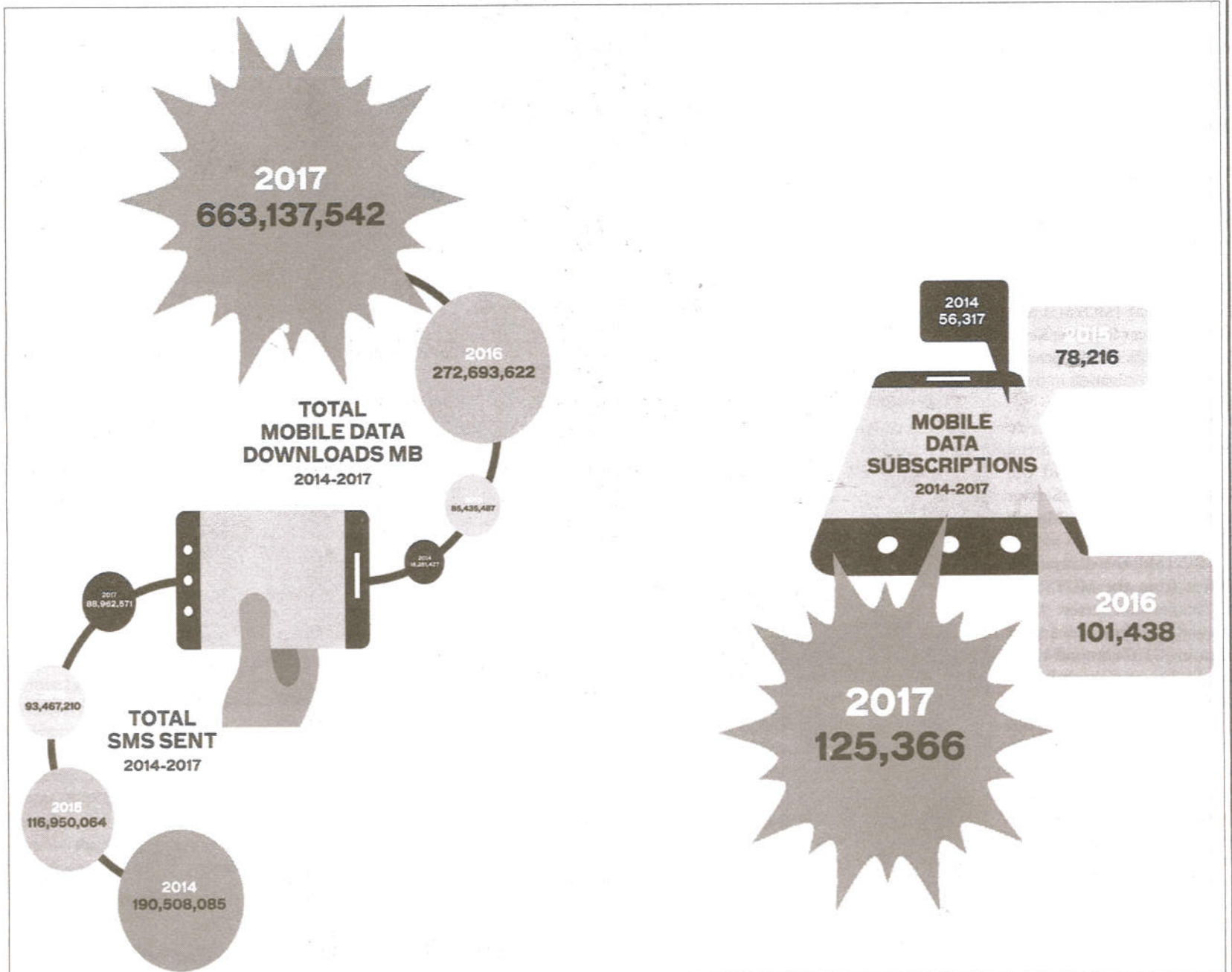
Overall the news is good. The report, which can be downloaded from the trbr.vu website, shows that mobile penetration had already reached 82% of the population by the end of 2017. This came before a concerted push by both telcos to upgrade and expand their networks in order to meet commitments made under the UAP.

This growth was accompanied by a few fundamental changes in the way people use their phones, and telecoms services in general.

In a nutshell, voice and text are receding like the tide, and data is king.

Revenues from voice calls fell by 16%. For over a century, voice calls were the bread and butter of the business. They drew the most revenue, and they were the most profitable aspect of the business too. In other countries, this led telcos to regressive—even repressive—measures as they tried to preserve this revenue stream.

Vanuatu was more forward-thinking. Despite many changes in government, consecutive administrations have maintained policy stability. Open markets, inclusive platforms, and regulatory policy designed to favour consumer uptake have resulted in one of the most aggressive telecoms markets in the Pacific.



They may not be cheap, but people in Vanuatu can access better services for a better price than most of their neighbours. Our market is far from perfect, but it's better than most.

In order remain competitive in this market, telcos have had to become more nimble in how they respond to market conditions. The recent 4G+ roll-out stretched them, and although the results have been spotty at times, these upgrades have helped drive a nearly 4,000% increase in mobile data usage between 2014 and the end of 2017.

That is not a typo. Data usage grew nearly 4,000% in four years. In 2017, we downloaded over 660 Terabytes of data. That's 660,000 Megabytes, give or take, or enough to line a wall of your office with high capacity hard drives.

2018 will likely represent another leap in data usage. Optimistically, we could reach a whole Petabyte—1,000 Terabytes—by the end of this year, or early in 2019.

In order to do this, we've had to light up more fibre on our international cable. In

2017, international bandwidth grew to over 2 Gigabits per second. (The TRBR report says Gigabytes, which is eight times more, but we've confirmed that it's an error.)

That number is sure to have risen again in 2018, as the 4G+ roll-out makes a great deal more domestic bandwidth available. And that's guaranteed to result in more internet traffic.

In light of this massive spike in data traffic, the rise in domestic voice call minutes may seem a little more modest. Nonetheless, the period between 2014 and 2017 saw talk minutes increase by nearly 30%. Telcos still make way better profits from voice than just about any other service.

One service that's taken a major hit is text messaging. It lagged behind voice in the early years, probably due to language issues and literacy rates. But by 2014, people had come to see SMS as a cost-effective communications option. We managed to send an astonishing 190 million text messages in 2014. That's a two text messages a day for every man, woman and child in the

country—every day for a year. By the end of 2017, the number had dropped to less than half that—a mere 89 million in all.

The number of people using data has burgeoned as costs came down. In 2014, there were slightly over 56,000 data subscriptions. (That's not subscribers, that's separate data plans sold, so tourists and prepaid customers inflate the number.) By the end of 2017, that number more than doubled. It rose over 120%, to slightly over 125,000.

This growth hasn't come for free to Digicel, TVL and others in this sector. All the major players worked flat-out for years to upgrade their networks and equipment. They don't discuss costs or market share publicly, but it's certain that the investment was significant for both of them.

The rewards are clear. Sector-wide revenues grew by nearly 40% in the period between 2014 and the end of 2017. They stood at nearly VT 3.8 billion in 2014. By 2017, telecom sector revenues reached nearly VT 5.4 billion.

Given the rate of population

growth, this represents a remarkable optimisation of the existing market, and significant top-line growth in the national economy. It's safe to say that telecommunications is one of the drivers of economic growth.

These facts fly in the face of accusations levelled at Regulator Dalsie Baniala. In October last year, Prime Minister Charlot Salwai attempted to suspend Ms Baniala, accusing her of 'continuous over regulation' of the submarine cable provider Interchange Ltd. The letter stated that her actions had left the market "paralyzed, handicapped and stagnant".

The suspension was blocked by the courts, with Justice Oliver Saksak ruling that the PM must refrain from any attempt to "direct, control or pressure her as to how to perform her duties, functions, powers and responsibilities as Regulator".

Parliament is reportedly due to consider legislation that would place the TRBR under the oversight of a government-controlled commission. The Daily Post has made several

attempts to obtain the relevant legislation in order to review it, but has been unsuccessful so far.

In an interview earlier this year, Ms Baniala objected to the proposed changes, and suggested that such a change would contravene section 7 (12) of the TRBR Act, which mandates an independent regulator, operating separately from government.

The Prime Minister has argued in Parliament that such changes would be acceptable, citing the URA as an example.

Earlier this year, the URA issued two reports alleging a succession of breaches of contract by UNELCO, accusing the company, among other things, of collecting hundreds of millions of vatu in unnecessary fees from ratepayers and posting it as income. The Daily Post is unaware of any action taken by the Government to address or verify the issues raised. UNELCO insists it's done nothing wrong and would be happy to take the matter to arbitration, which is the mandated process in such circumstances.