

## **COUNCIL PAPER**

### **REPORT OF THE CHAIRMAN OF THE BOARD OF ECTEL TO THE COUNCIL OF MINISTERS FOR THE YEAR ENDING 30<sup>TH</sup> SEPTEMBER, 2004**

#### **1. INTRODUCTION**

The 2003/2004 year began with the assumption of the Chairmanship of the Council of Ministers by the Hon Reginald Austrie, Minister for Communications and Works, Commonwealth of Dominica, while Mr Embert Charles of Saint Lucia assumed the Chairmanship of the Board. It was an eventful year in which the leadership demonstrated a keen interest in ensuring a recommitment by the ECTEL Directorate to the objectives of the ECTEL Treaty.

In that regard, the Ministerial Retreat held in St. Kitts and Nevis in late September 2003 provided a unique opportunity for self-assessment and analysis of the Regional Regulatory System. It had become clear to the key stakeholders and decision-makers that there was a need to recommit to the goal of a single telecommunications space, so that the citizens of the Members States would share in the freedom to communicate over an efficient telecommunications network at affordable rates.

That period of analysis and evaluation provided the ECTEL Council and Board with the opportunity to equip the Directorate with the required expertise and leadership to place the Regulatory System on the previously well-defined path of achieving the liberalization of the telecommunications sector in the sub-region.

Consequently, the Council mandated the Board to initiate action towards the recruitment of a Managing Director and a Spectrum Management Specialist. The former assumed office in March and the latter in June 2004. With the Managing

Director in office, a six month Work Plan was immediately developed to coincide with the end of the Financial Year. That Plan took account of the on-going discussions with Cable & Wireless on the Development of a Price Cap Regime. Attention was also given to the requirements for the completion of a Spectrum Management Plan and a Regional Numbering Plan together with other critical issues and matters necessary for advancing the full liberalization of the Sector.

## **2. MAJOR ACHIEVEMENTS**

During the year under review, there were significant achievements in all key areas of operations. These include Spectrum Management, Licensing, Legal Regulatory, Engineering, Human Resource Development, Finance and Information Systems and Information Technology. However, one of the more important achievements was qualitative in nature. This was the re-focus and redirection of the work of the Directorate on the policy objectives of ECTEL and more focused and timely interaction and response to the NTRCs.

Another significant achievement was the conclusion of the Price Cap discussions/negotiations with Cable & Wireless for a Price Regulation Regime to replace the Interim Pricing Agreement of May 20<sup>th</sup>, 2002. The development of the Price Regulatory Regime proved most challenging and time consuming as the discussions started in a period of uncertainty and turbulence at the Directorate, compounded by the departure of the Senior Economist.

However, the discussions resulted in an Implementation Agreement which provided the framework for effectively terminating the May 20<sup>th</sup> Agreement while recognizing the desirability of enacting new Retail Tariff Regulations. Through intense discussions and negotiations, undertaken with the support of International Consultants, McCarthy Tetrault, ECTEL was able to obtain lower going-in rates for fixed line services, broaden the number of telecommunications services to be regulated and generally obtain reductions to the amount of approximately EC\$20M per annum from December 2004.

This was a complex undertaking characterized by detailed consultations with key stakeholders including meetings to resolve outstanding issues just three days prior to the signing of the Agreement.

### **3. LEGAL AND REGULATORY**

It is generally well accepted that an important component of independent regulation is the quality and timeliness of advice from the regulator. In that regard, the Legal Department played a pivotal role in enhancing the work of the Directorate by providing legal opinions, draft legislation and memoranda on a wide range of issues.

*These include:-*

- a. The Price Regulatory Regime and Telecommunications (Retail Tariff) Regulations
- b. Dispute Resolution Regulations
- c. Interconnection
- d. Broadcast Licence (Telecommunications Act) and other Licensing Issues
- e. Fees Regulations
- f. Board Meetings (Public Observation)
- g. Memoranda of Understanding for Spectrum Management
- h. Arbitration Panel/Arbitration Procedures
- i. Letters of Commitment (Numbering)
- j. Vetting of Contracts (Internal and External)

The Staff of the Department was increased to two with the appointment in May 2004 of Miss Gillian French, a St. Lucian national who had previously worked with the St. Lucia Air and Seaport Authority during her seven year tenure as a member of the Bar. Mr Derrick Redman continued as General Counsel and

played a critical role (together with McCarthy Tetrault) in concluding the discussions/negotiations with Cable & Wireless for a Price Cap Regime.

#### **4. NUMBERING PLAN AND RELATED ISSUES**

The Numbering Plan mandated by Article 5 of the ECTEL Treaty was also prepared during this period. The Plan highlights the following key issues.

- Guidelines for the assignment, allocation and Management of COC's;
- Application of ENUM in Member States;
- Role and functions of NANPA;
- Uniform Dialling Plans;
- Technology in Use;
- Growth Rates and Tele-densities;
- Number Portability;
- Code Administration;
- Assignment and Allocation Criteria
- Role of ECTEL vis a vis NTRC in Number Management

The other key activities carried out by the Engineering department included:-

1. Coordination of receipt and delivery of Spectrum Management and Monitoring Equipment;
2. Finalization of definition of Microwave links;
3. Review of consultancy reports on Annexes to Telecommunications Licences;
4. Liaison with World Bank on new Expanded Telecommunications Reform and ICT Project;
5. Evaluation of Individual Licences;
6. Collaboration with Spectrum Department in developing Revised Fees Structure and clarification of technical issues in support of Work of Legal Department;

## **5. SPECTRUM MANAGEMENT**

Equipment to the value of approx EC\$8Million comprising receivers, direction finding processors and other aspects of the antenna system were installed in the mobile monitoring stations by Tadiran Engineers in June 2004. The integrated system was tested and commissioned in the presence of World Bank and ECTEL Engineers. Representatives of all Member States (NTRCs) participated in the exercise.

Subsequent to the training conducted by the software specialist of Tadiran in March 2004, the Commissions' engineers were exposed to a one week training in Monitoring and Signal Analysis. Also, during this period, the monitoring stations were delivered to the countries and tested. However, ECTEL retains ownership of the MMS and undertakes to insure same while the NTRCs must provide for maintenance at the local level. To facilitate these arrangements, a Memorandum of Understanding has been prepared and we anticipate execution of the document shortly.

As part of the warranty, a Tadiran engineer has been stationed in St. Lucia (for a one-year period) and has been detailed to address any shortcomings in the functioning of the equipment. A Maintenance Schedule has been developed to focus on routine and curative issues.

A Spectrum Inventory Exercise has been completed while the spectrum audit has commenced with the process of also identifying spectrum used by Operators. This will result in the development of a Frequency Database and should generally improve the efficiency in frequency allocations. This should also help eliminate the possibilities of interference by authorized users.

Meanwhile, the Spectrum Plan, a requirement of the Treaty was first attempted by the former Spectrum Officer in 2002. However, this is yet to be completed. A

review is currently underway. The first major activity seeks to ensure that the allocation methodologies for the various bands are harmonized consistent with international communities.

## **6. ADMINISTRATION**

A notable achievement of the Administration was the early conceptualization and development of a strategy to provide direction for the work of the Directorate. The first major activity was the development of a Work Plan, which drew heavily on the issues and observations raised by key stakeholders at the St. Kitts and Nevis Retreat. This short-term Work Plan reflected all the Programme Areas and comprised of twenty (20) key activities.

An internal evaluation determined that by the end of the period, 85% of all activities were developed and/or fully implemented. Special mention must be made of the Training Policy developed, approved and implemented which guides the Directorate on matters of training, local and external. The Policy Manual also includes the criteria for selection, financial support and a commitment to continuing professional development - a critical requirement in a professional services delivery organization. In both Policy documents and Administrative Department and Office of the Managing Director played a pivotal role.

Two other important areas were the implementation of the long awaited Public Awareness Campaign which was designed to promote better understanding of the work of ECTEL. Private Consultant, Mr Roger Joseph, took the lead role with implementation support from the Directorate and Board members.

The Campaign included visits to all Member Countries where town hall meetings, radio call-in programs, TV discussions and special sessions for secondary school students were held. In addition, a series of TV programmes have been produced and at the time of preparing this Report, a series of newspaper articles are being published.

Meanwhile, the remodeling of the offices on the ground floor is nearing completion to provide additional office space, a visiting consultants' office, and a reference library. The opportunity was also taken to construct an Emergency Exit on the top floor pursuant to a long outstanding request of the Saint Lucia Fire Service. New security arrangements are also being implemented. The Administration also implemented a new format for Board and Council Papers which included colour coding.

## **7. ECONOMICS AND FINANCE**

This Department has been constrained by the absence of a Senior Economist. Efforts to recruit a suitable officer have been unsuccessful. Although a highly suitable candidate was identified and interviewed, the compensation package requested was excessive (*and included a premium for transfer from Jamaica to the Eastern Caribbean*). More recently, the Board gave approval for modification of the Terms of Reference and asked the Directorate to advertise for a senior financial analyst.

In the absence of such an officer, work on the Reference Interconnect Offer (RIO) submitted, costing of various telecommunications services in support of Price Regulation, Termination Charges for mobile calls and the Soci-economic Impact Study have been delayed. This, notwithstanding, the department undertook the economic analysis of applications for Individual Licences and provided the Accounting function in support of the Directorate's work.

Considerable time has been spent in resolving earlier difficulties created from incorrect spectrum billing. This matter is nearing resolution and the corrections and internationally accepted definitions will be reflected in the New Telecommunications (Fees) Regulations. Also, the introduction of on-line frequency authorization data for billing also consumed much of the Department's

efforts - a situation compounded through the identification and selection by the NTRCs of the “wrong” candidates for SMMS Accounting Training.

Additionally, work continued on the development of a cost model for Accession of the other OECS Member States and Affiliates to ECTEL, that work was built on previous consultancy by Dr Spencer Thomas. Also, preliminary work has been completed for the Socio-economic Impact Study on the Liberalization of the Telecommunications Sector. That study will continue in the 2004/2005 Financial Year.

## **8. INFORMATION SYSTEM/INFORMATION TECHNOLOGY**

Although this department suffered from logistical difficulties in the first few months of the recruitment of the IS/IT Manager, there has been considerable progress in integrating IS/IT as an indispensable part of the Directorate’s service delivery system.

The activities summarized below represent the major work undertaken during the last six months. These included:-

- ∅ Installation of Web/E-mail Server;
- ∅ Completion of IS/IT Policy Manual;
- ∅ Redesign of ECTEL Website, to provide a corporate presence on the world wide Web;
- ∅ Reorganization of computer room with installation of Rack and Rack Servers for Spectrum and Email Equipment
- ∅ Inventory of Computer Hardware to complete Asset Register.

On-going work includes:-

- a. Design, Installation and Implementation of Corporate LAN
- b. Design, Implementation of WAN for ECTEL and NTRCs
- c. Design of Internal/External Documentary Portal
- d. Collaboration in the reorganization of Documentation System

These initiatives are included in the 2004/2005 Work Plan to consolidate on the gains made so far.

Another important initiative will be the examination of Alternative Approaches for Connectivity of the Directorate with the NTRCs. This will be collaborative effort with Engineering and the Spectrum Departments with a view towards reducing the very high telecommunications costs now incurred.

## **9. CONCLUSION**

Essentially, over the last year, the Board responded to the Council's directive to ensure that the ECTEL Directorate was equipped to implement policy directions and to achieve the objectives of the Treaty. Once these key recruitments were made, the Board focused its attention on the development and implementation of the Work Plan.

In the 2004/2005 period, the Board expects to focus attention on some critical areas that include: a comprehensive review of the Telecommunications Act, and Regulations, Universal Access (Internet focus), Quality Service Obligations, Price Regulation and Dispute Resolution.

As earlier indicated, subject to any specific policy directives from Council, the Board will foster a culture of active collaboration with the NTRCs, Ministries of Telecommunications and the OECS Central Secretariat in pursuing a strategic direction which ensures that the work undertaken is reflective of the Vision and Mission enshrined in the ECTEL Treaty.

The Report is submitted in accordance with the provisions of Article 7 (3) of the ECTEL Treaty.

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**EMBERT CHARLES**  
**Chairman, Board of Directors, ECTEL**

28<sup>th</sup> September, 2004