

COUNCIL PAPER

REPORT OF THE CHAIRMAN OF THE BOARD TO THE COUNCIL OF MINISTERS OF ECTEL FOR THE YEAR ENDED 30TH SEPTEMBER 2007

This Report is being submitted by the Chairman of the Board in accordance with the provisions of Article 7 (3) of the ECTEL Treaty.

1. INTRODUCTION

The regulatory issues of *Convergence and the Introduction of cost-based Interconnection Rates* presented the greatest challenge to the ECTEL/NTRC regulatory framework in 2006/2007. These two issues will continue to engage the attention of the Board and Directorate in the New Year, given their complexity and importance.

During the year, a new level of co-operation was initiated between the ECTEL Directorate and the Caribbean Telecommunications Union (CTU). It began with the hosting of a joint dinner to welcome Ministers gathered in Saint Vincent and the Grenadines to attend CTU's Annual Conference of Ministers and ECTEL's 14th Meeting of the Council of Ministers. This relationship was later strengthened with ECTEL acceding to membership of the CTU under the Regulatory category.

A notable event during the year was the commissioning of the Antilles Crossing Fibre Optic Cable System connecting Saint Lucia to the Internet backhaul in Puerto Rico, and the subsequent landing of the Global Cable Network (GCN) fibre system in the Member States. Although the Board's involvement was limited to the licensing process, Ministers responsible for

Telecommunications in the ECTEL Member States had played a facilitating role in promoting the funding and successful deployment of the GCN submarine cable system. These new systems, though not fully operational, have positively impacted on Internet connectivity through lower prices from the Incumbent.

2. SIGNIFICANT ACHIEVEMENTS

As earlier indicated in the Introduction, the most significant achievement has been the positive impact on the price of Internet services brought about through the introduction of an alternative submarine cable system. This new system connects all the ECTEL Member States.

With this additional broadband capacity it is expected that the new providers will make Internet connectivity more affordable, thereby increasing the penetration and accessibility to persons who can use ICTs for economic and social benefit. At the start of the financial year monthly subscription for down load speeds of 256 Kbps was \$149 compared to \$79 at year end for the higher speed of 1Mbps.

Another notable achievement was the completion of the National Numbering Plans which were approved by Council and are currently being implemented in Member States. These National Numbering Plans provide the Commissions with a new tool and an enhanced role in the management of the number resource.

During 2006/2007, significant progress was also made with the establishment of the Universal Service Fund (USF). In that period, draft USF Regulations were completed and consulted upon. The draft Guidelines required to assist the NTRCs with the management of the Fund were also prepared.

After some considerable delay all Member States promulgated the Fees Regulations while three States have published the Dispute Resolution Regulations. These Regulations will help advance the liberalisation process by ensuring that the regulatory system is adequately funded, while at the same time providing a mechanism for settling disputes that arise between service providers, consumers or other members of the public in a speedy and cost effective manner.

Other important achievements were the preparation of the Administrative Policies and Procedures Manual and the completion of a Performance Appraisal System. An important element of the Administrative Policies and Procedures Manual is the inclusion of a *Style Guide* which provides uniformity in the layout and presentation of documents emanating from the Directorate. The Staff Rules and Regulations, previously adopted from the OECS, were completely revised to inform staff of their duties and responsibilities, as well as benefits and obligations. These documents all play a pivotal role in the administration of the Directorate.

Annex I to this Report provides a summary of the Economic highlights of the Telecommunications sector as of 31st March 2007.

3. LEGAL AND REGULATORY

This programme area was constrained in 2006/2007 through the absence of a General Counsel from November 2006, brought about by the resignation of Mr. Derrick Redman. This notwithstanding, the Department was able to achieve a significant part of the work programme. The Plan included the preparation of a Competition Code for the Telecommunications sector, a proposal on which initial work had been carried out, but has been overtaken by the decision of the OECS Authority to set up a Competition Authority to serve the OECS Member States.

Also included under Legal and Regulatory were plans to prepare new draft regulations for Domain Names, Customer Agreements, Examination of Commissions' Records, Provision of Technical Standards, Universal Service Fund, Quality of Service Obligations and Numbering. Preparation of the first three were not undertaken due to the absence of a General Counsel; however work was undertaken in all other areas, and in the case of the USF Regulations, external assistance was received from under the TICT Project. The following Regulations were drafted, consulted upon and approved by Council for adoption by the Member States. These are –

- Wholesale
- Exemption
- Quality of Service Obligations
- Interconnection (Revised)
- Numbering/National Plans

However, to date, only Saint Lucia has approved the above Regulations except Interconnection.

In 2006/2007, the Directorate undertook a detailed review of the Broadcast Authority Bill which was prepared by the OECS Secretariat. Meanwhile, in order to advance the work with the establishment of the Universal Service Fund (USF), the services of an external consultant were secured to assist the Directorate in the preparation of the USF Regulations. Upon receipt of the second draft, the Legal Affairs Department undertook a major revision of the document. The department also supported the consultants in the delivery of a workshop on the USF Regulations for the benefit of ECTEL and NTRC staff and commissioners.

In keeping with the requirements of the Act for the NTRCs to liaise and consult with ECTEL, the Legal Affairs Department regularly provided advice on a range of regulatory issues. These included the Price Cap Plan,

Spectrum Management, Licence Applications and Templates, Pricing and Tariffs and Interconnection Agreements.

4. LICENSING AND TECHNICAL SERVICES

The Technical Services Department of the Directorate completed the required annexes for the Individual Licences that were outstanding. In some cases, these annexes have been addressed through the use of regulations to avoid the protracted delays that would otherwise result from seeking agreement on the content.

During the year under review, licences were approved for:

- Internet Networks/Services to Link Technologies in Saint Lucia;
- Public Mobile and Internet Networks/Services to 21st Century Networks in Saint Kitts and Nevis;
- Fixed Public, Public Mobile, and Internet Network/Services to NEWCO in Saint Lucia, and
- Fixed Public, Internet Network/Services to Kelcom International in Saint Lucia.

The Licence template for radio broadcast networks was completed and the issue of the licensing of Radio Broadcast Stations was revisited. The Board recommended to the NTRCs that these broadcast licences be treated as Class. Initially, there was a difference in opinion among NTRCs. Upon further consultation, it was agreed that broadcast licences will be treated as Class, with NTRCs exercising the option to seek the Directorate's assistance with evaluation of applications where necessary.

In addition, licence templates were established for community radio broadcasting. Licence templates were also done for television over-the-air broadcasting thereby providing a working standard for television transmission. Also, the department spearheaded the development of

Exemption Regulations for radio communication devices to be used in the ECTEL Member States.

The Directorate also conducted extensive consultations on Telecommunications Convergence and on a draft policy. In completing the Policy on Convergence, several significant policy issues arose which will have to be addressed. Accordingly, the Board recommends a high level policy meeting which should be preceded by a preparatory meeting to be attended by representatives from all the key sectors, including government, service providers and regulators. Provision has been made in the 2007/2008 budgetary estimates for the organisation of preparatory and high level meetings.

5. SPECTRUM MANAGEMENT

The Directorate continued its work in the management of the electromagnetic spectrum of the ECTEL Member States. In carrying out this responsibility, the Spectrum Department assisted the National Telecommunications Regulatory Commissions by providing technical advice in the field of RF engineering, spectrum licensing, monitoring and pricing.

During the period, 27 applications for Frequency Authorizations were evaluated and recommended, while 22 Type Approval recommendations were made for low power devices. It should be noted that the recommendations for Type Approvals were made for equipment being used in all five States. As such, these recommendations would normally be the same for each country if the device has the same model number. The count is therefore taken as one and not five.

The Directorate was actively involved in an interference analysis study conducted at the Moule-a-Chique transmission site in the vicinity of Vieux Fort, Saint Lucia. This effort was initiated by NTRC, Saint Lucia in response to a request from the Eastern Caribbean Civil Aviation Authority

(ECCAA) pursuant to complaints received from the Air Traffic Controllers at the Hewanorra (UVF) International Airport.

The Directorate also participated in frequency coordination by the ITU on behalf of NTRC Grenada. This exercise was based upon a request from the French Administration in Martinique, where that country was establishing satellite earth stations which had the effect of compromising the integrity of terrestrial stations in Grenada.

New software to replace the original spectrum management software (IRIS) was reviewed and recommended as an alternative for the spectrum management process in ECTEL Member States. The software, the SMS4DC, was acquired and is currently being tested to determine its capabilities as a replacement for the IRIS software.

A new category of fees (Microwave Subscriber TV Relay) has been proposed for implementation in ECTEL States. This is to enable the operators of Subscriber Television to use more spectrum efficient technologies in the delivery of the service to customers.

Draft Infrastructure Sharing Guidelines were developed to provide assistance in the grant of approvals for infrastructure build out, including radio towers to network operators. The guidelines were discussed with representatives of the planning departments in ECTEL States. The responsibility to consult, promulgate and implement the provisions contained in the Guidelines now rests with the Development and Control Authorities in the Member States.

The Directorate also conducted RF training exercises for engineers and technicians from the NTRCs. This training provided the officers with the skills to carry out interference and propagation analyses as part of their

daily encounters at the workplace. Work was also completed on a preventative maintenance programme for the servicing of the RSMS.

During the period under review, repairs were carried out on spectrum monitoring stations in Grenada, Dominica, Saint Lucia and Saint Vincent and the Grenadines.

- The Direction Finder antenna was replaced in Dominica, while in Grenada the compressor used to hoist the mast for the antenna was repaired.
- The receiver cards in the industrial computer were replaced in Saint Vincent and the Grenadines.
- Repairs are currently underway on the Saint Lucia MMS industrial computer which controls the main functions of the station.

6. ECONOMICS AND FINANCE

The main focus in Economics and Finance was on the draft LRIC models to determine the cost of interconnection, finalisation of the Telecommunications (Wholesale) Regulations, a midterm review of the Price Cap Plan, development of the Framework for the Determination of Dominance and Assessment of Market Competitiveness and Market Intelligence. A feasibility study on mobile number portability was completed as well as collaboration in the development of draft Telecommunications (Universal Service Fund) Regulations and Guidelines under the TICT project.

The draft LRIC models to determine the rates for interconnection services prepared under the *Development of Pro-competition Policies and Procedures Consultancy* of the TICT Project were submitted for public consultation in January 2007. At the close of an extended public consultation period on 6th July 2007, comments were received from the NTRCs of Dominica, Saint Lucia and Saint Vincent and the Grenadines, Cable & Wireless and Digicel.

The cost models are expected to be revised based on comments from the public consultation process and Dr. Jeffrey Rohlf's, who led Strategic Policy Research consulting team, has been contracted to assist with the revision of the cost models.

Work on the LRIC models will continue into next year, as a further period of consultation is planned for the revised model in the first quarter of the next financial year. On completion of this second round of consultation, the finalised models will be presented to the Board and Council for approval and adoption in the Member States. Consumers are expected to reap significant benefits through estimated reductions of 30% or more from the introduction of cost based interconnection rates in the Member States.

The Telecommunications (Wholesale) Regulations, produced under the TICT Project, were finalised based on comments from the public consultation process and approved at the 15th Meeting of the Council of Ministers for adoption in the Member States.

The Directorate also conducted a mid-term review of the Price Cap Plan (PCP) to determine the performance of the Plan over the period December 2004 to November 2006. The review determined that the PCP had met its main objective of providing real benefits to the consumers. Over the first two years of the Plan, the rates for residential and business access remained unchanged resulting in real savings to consumers because of economy wide inflation. Consumers also benefited from savings of up to 50 per cent from the reduction in the rates for fixed-to-fixed and fixed-to-mobile calls. In addition, consumers enjoyed significant price reductions in the rates for high speed Internet access and other value added packages.

To complement the work done in reviewing the Interconnection Regime under the TICT Project, a Paper entitled *Draft Framework for the Determination of Dominance and Assessment of Market Competitiveness* was

prepared. This draft framework proposes criteria to be used in the determination of dominance under the revised Interconnection Regulations as well as criteria for assessment of market competitiveness in retail markets. The draft framework has been submitted for public consultation. Thereafter, the document will be finalised and submitted for approval and adoption in the Member States.

Work continued in market intelligence and data gathering on the telecommunications sector, from providers, NTRCs and other regional regulators. The data will be used in the preparation of the 2006/2007 Annual Telecommunications Sector Review. This year, the Annual Telecoms Sector Review is expected to include the results of a study on the impact of liberalization on small and medium enterprises.

The Directorate also conducted a study on the feasibility of mobile number portability in the ECTEL Member States. The study, which presented the benefits and associated costs of mobile number portability, was discussed at the 39th Meeting of the Board of Directors. The Board took the view that while the introduction of number portability would undoubtedly provide benefits to consumers, given the cost implications it could not be considered a priority for the regulatory regime at this time.

Finally, there was ongoing work in reviewing the Price Cap Compliance Filings submitted by Cable & Wireless and in financial evaluations of applications for individual licences. Quarterly reviews of the Investment Portfolio were also undertaken to ensure compliance with the Investment Guidelines.

7. TELECOMMUNICATIONS AND ICT DEVELOPMENT PROJECT

During the reporting period, steady progress was made on the execution of the TICT project, and at the end of August 2007, two (2) consultancies had

concluded and four (4) consultancies were ongoing. Details on the activities undertaken during the reporting period are as follows:

Updating of Telecommunications Acts and Regulations of ECTEL Member States. This assignment is being undertaken by Ms. Barbara Vargas, a Legal Drafting Consultant. The consultant's initial findings and her broad proposals for development of updated legislation were presented in a *Working Paper* which was discussed at a regional workshop in February 2007.

The Interim Report of the consultancy was submitted in May 2007. The report was reviewed by the ECTEL Directorate and detailed comments provided to the consultant who was required to present a revised Interim Report. However, there are significant challenges with this assignment.

Development of a Regional Forum for Consensus Building, and Capacity Building in Alternative Dispute Resolution is being undertaken by McCarthy Tétrault LLP.

Following the submission of a report on *Review of the ECTEL Treaty and the Legislative and Regulatory Framework Governing Dispute Resolution in the ECTEL Region* in September 2006, the consultants visited the ECTEL Member States in October/November 2006 to undertake consultations on Dispute Resolution.

The consultants facilitated a successful training workshop on Dispute Resolution in Saint Kitts in December 2006. The consultants then submitted a Dispute Resolution Resource Manual which was the subject of a public consultation in March 2007. The Manual is being revised to take into account comments received from the consultation.

The consultancy on *Development of Pro-competition Policies and Procedures (Interconnection Cost Methodology to Enhance Competition)* undertaken by

Strategic Policy Research (SPR) of the USA, commenced in November 2005 and concluded in December 2006.

The major activities undertaken through this consultancy were:

- Development of draft Interconnection Regulations;
- Development of draft Wholesale Regulations;
- Development of guidelines on non-price aspects of the Reference Interconnection Offer (RIO);
- Coordination with Cable & Wireless on the development of detailed long run incremental cost (LRIC) models for fixed and mobile interconnection services, and
- Preparation of consultation papers on: Fixed Interconnection Charges; Mobile Interconnection Charges, and Retail Charges.

Regional Collaboration, Training, and Resource and Information Sharing.

The execution of the project's Training Plan forms the major part of this component. A training plan for 2007 prepared by the ECTEL Directorate was approved by the World Bank in March 2007. Regional workshops were held during this reporting period in the following areas:

- Dispute Resolution – facilitated by McCarthy Tétrault LLP in Saint Kitts; December 2006
- Universal Service Guidelines – facilitated by David N. Townsend and Associates in Saint Lucia; February 2007
- Updating Telecommunications Acts and Regulations - facilitated by Barbara Vargas in Saint Lucia; February 2007
- Draft *Telecommunications (Universal Service Fund) Regulations* – facilitated by the ECTEL Directorate in Saint Lucia; June 2007
- *Extending the Use of Broadband Applications by Governments and the Private Sector* - facilitated by GOPA Consultants in Saint Kitts; June 2007.

Development of Guidelines for Universal Service Implementation in ECTEL Member States. The firm of David N. Townsend and Associates is undertaking this consultancy.

The draft *Telecommunications (Universal Service) Regulations* prepared in June 2006 were finalised by the ECTEL Directorate and put out for public consultation in April 2007, after several revisions.

In an effort to promote further discussion of the draft Regulations and in order to initiate the involvement of the Attorneys General Chambers of the ECTEL Member States in the review of the Regulations, the Directorate convened a regional workshop on the draft *USF Regulations* in June 2007. Representatives of Attorneys General Chambers, NTRCs, and ECTEL attended the workshop, following which a final public consultation was held on the revised draft USF Regulations in July 2007.

Extending the Use of Broadband Applications by Governments and the Private Sector is being executed by the firm of GOPA Consultants.

A final report on *A Comparative Analysis of Charges for Broadband Services in ECTEL Member States* was submitted by the consultants in November 2006, and the final report on *The Status of the ICT Sector in ECTEL Member States* was received in December 2006.

The consultants submitted a document on a *Framework for a Model ICT Policy for ECTEL Member States*. That document was circulated to the NTRCs and ICT Focal Points of ECTEL Member States for comment. In May 2007, the consultants submitted a draft *Model National ICT Policy*, after taking the comments into consideration.

Reports on *The Management and Administration of Top Level Domain Names in ECTEL Member States* and *A Common Information System Architecture for*

ECTEL Member States were submitted. These reports and the draft *Model National ICT Policy* were reviewed and discussed at a regional workshop in Saint Kitts in June 2007. It is expected that all the outputs from that assignment will be delivered by the 15th of December 2007.

Alternative Communication Technologies for Radio Spectrum Monitoring in ECTEL Member States was undertaken by Mr. Wainsworth Anderson. That assignment was concluded in June 2007 with the submission of a Final Report.

In accordance with the requirements of the consultancy, draft procurement documents were submitted by the consultant in November 2006. However, the ECTEL Directorate decided to postpone procurement of the alternative communication system until certain operational issues related to the use of the spectrum management software were addressed.

External Audit and Supervision Missions. The first financial audit of the Project for the period ended 30th September 2006 was undertaken by the Auditors, Chase, Skeete and Boland, and submitted in July 2007.

The World Bank undertook project supervision missions in January and May 2007, during which Bank officials thoroughly reviewed the progress of the project. After both missions, the officials expressed satisfaction with the overall implementation of the project.

8. INFORMATION SYSTEMS AND INFORMATION TECHNOLOGY

During the 2006/2007 period, the IS/IT Unit continued to provide support and maintenance to ECTEL and the NTRCs' IT systems in the following areas:

- Software, website and e-mail support to NTRCs of Grenada, Dominica, Saint Kitts and Saint Lucia
- System hardware repairs to ECTEL's network

- Hardware and software repairs of all spectrum related computer equipment
- Design and implementation of a network for NTRC Grenada
- Re-design and commissioning of ECTEL's website.

The unit continues to be engaged with a review of ECTEL's IT Strategic Plan and the IS/IT Handbook, and with the expansion and upgrading of the Local Area Network. The Unit has also been involved in testing and evaluating the ITU Spectrum Management Software in support of the automatic and on-line billing for the use of spectrum by Frequency Authorization licensees.

In 2006/2007, arrangements were also completed for continuous data back up and off-site storage as part of the Directorate's business continuity procedures.

9. ADMINISTRATION

Three major documents were completed during the reporting period. These are the Administrative Policies and Procedures Manual, the thorough revision of the Staff Rules and Regulations and a new Performance Appraisal System (which will be presented to the 41st meeting of the Board scheduled for 26th October).

The Continuing Professional Development (CPD) Programme introduced in 2004 continued with staff attending a range of events such as conferences, seminars and workshops. In a number of instances, these CPD exercises took the form of the presentation of papers. This year several presentations were made at OOCUR's 4th Annual Conference in Grenada since ECTEL hosted the event. At that meeting five members of staff and one Director presented papers on various aspects of Convergence and Telecommunications Regulation.

Also, the Director of Technical Services attended sessions in the Bahamas and in Trinidad and presented on Convergence and the ECTEL Experience. The Managing Director, Spectrum Management Consultant, the Engineer/Spectrum Officer, Senior Financial Analyst, Financial Analyst, Accountant, IS/IT Manager and the HR/Admin Officer all completed CPD sessions. The Legal Officer also attended an ADR training workshop in Trinidad.

As in the previous year, the support staff also joined their counterparts from the NTRCs and participated in a seminar on *Change, Challenge and Character in the Work Place*. Members of the support staff also received funding or were given special leave to attend sessions in Accounting, Records Management and an Intermediate course in Microsoft Office Suite. Four members of the professional staff also attended the PURC/World Bank training course in Regulatory Policies and Strategies at the University of Florida. Funding for two staff members was provided under the TICT project.

As in the prior years, revenue collections remained strong, albeit through greater effort. The revenue estimates were set at \$7.545M against projected expenditure of \$7.471M. It is expected that collections will reach or exceed \$7.850M while expenditure was contained at amount budgeted, although an adjustment may be required to cover the significant increases in air travel and the higher than average cost of recruitment and repatriation.

In keeping with the Work Programme, ECTEL News was published and distributed to national, regional and international organisations at the scheduled intervals. Media Releases on major events were issued periodically in all the Member States, and in addition, TV appearances were made by senior staff of the Directorate on various programmes in the Member States.

10. ECTEL/NTRC/GOVERNMENT AND AGENCY RELATIONS

In accordance with the provisions of the Telecommunications Act of the Member States, the NTRCs continue to liaise with the ECTEL Directorate on all areas of regulatory intervention. These requests for advice were most pronounced in the areas of licensing, spectrum management, pricing and tariffs. The public consultation process also provides a unique opportunity for collaboration as these consultations are executed at the national level through the NTRCs.

Another area which required strong collaboration was the implementation of the TICT project. Most of the assignments require discussion and involvement of the NTRCs. Similarly, since the regulatory measures are implemented at the national level, commissioners and staff attended all training events. It is noticeable, however, that some NTRCs are more actively involved in the consultation process than others.

The Ministries of Telecoms and Attorneys General Chambers continue to provide strong support to the work of the Board and Directorate. ICT Directors and staff from various ministries also supported efforts and attended training sessions to which they were invited and helped in the conceptualisation and formulation of policies for implementing actions. Once more, all NTRCs attended the Budget Advisory Committee meeting where budgetary estimates were thoroughly discussed. The challenges brought about by rising costs at the national level are drawn to the attention of Council elsewhere.

Nonetheless, the relations remain strong, with NTRCs responding well to initiatives of the Board and Directorate to attend meetings, forums and training sessions. As in the past, the Board continued to invite NTRCs to attend and present at its meetings. This provides the commissions with an opportunity to raise any outstanding policy issues.

The OECS/ECTEL Schools Art competition, held as part of the OECS' 25th Anniversary celebrations, come to a close in February with the prize-giving ceremony held at the ECCB Auditorium in Saint Kitts. A total of 372 entries were received from a large number of secondary and primary schools in all nine Member States and Associated States.

Cooperation with the OECS Secretariat continued to be cordial with the Secretariat attending all Board and Council meetings. Additionally, the Economic Affairs Department responded positively to requests for assistance and advice whenever necessary.

Relations with the Caribbean Telecommunications Union and the International Telecommunications Union were strengthened during last year. In the case of the former, the Board reported elsewhere that participation in events was increased while the Board also acceded to membership of the CARICOM body.

In the case of the ITU, the Board supported a request to provide technical assistance to the Government of Haiti. In that regard the Spectrum Management Consultant spent two weeks advising CONATEL, the Regulatory Authority there on various spectrum management matters. The Directorate also hosted a regional ITU sponsored Human Resource Management seminar and participated in a Tariffs and Pricing workshop in Antigua.

At the request of the Chief Minister of Montserrat a two person team visited that Island and provided the Government with advice on liberalization of the telecoms sector, and focused on the areas that require particular attention as well as the pitfalls to be avoided. The Office of the Chief Minister later expressed appreciation for the insights gained and advice tendered by the ECTEL team. Meanwhile, preparations are underway to

provide the Government of Antigua and Barbuda with technical assistance in Spectrum Management in late September.

The Board also continued its engagement, for the Organization of Caribbean Utility Regulators (OOCUR) through subscription participation and presentation at several training exercises. These included Interconnection, Pricing, Utility Regulation and Convergence.

The Board notes with appreciation the very many courtesies extended to the Directorate by the Ministry of External Affairs, Information and Broadcasting in facilitating the recruitment of non-nationals to Saint Lucia and with the processing of work permit waivers. The Board also notes, with deep appreciation the speed with which the Ministry of Communications, Works, Transport and Public Utilities responded to the request for urgent replacement of the roof and associated works to the building. These repairs were completed in April, 2007 at significant cost to the Government and people of Saint Lucia.

11. CONCLUSION

In 2006/2007 further progress was made towards the full liberalization of the Telecommunications sector. The implementation of the TICT project continued, although the comprehensive review of the legislation suffered considerable delay. As indicated elsewhere, telecommunications convergence will occupy much attention in the next financial year. It is a phenomenon which has the potential to change the regulatory landscape as well as provide real benefits to the people of the sub-region as they seek to utilise telecommunications to enhance their social and economic well being.

Once again, the Board is pleased to report that the regulatory system continues to gain international recognition and enjoys the respect of investors and service providers. This year a Guadeloupean university student pursuing studies in International Business and Marketing in

France joined two Saint Lucian interns in Law and Economics to complete summer programmes at the Directorate. Additionally, several governments, researchers and media practitioners sought information on the ECTEL model and also invited the Directorate to participate and present papers at regional and international forums.

As in the past, the Board will strive to maintain the regulatory international best practices of Independence, Transparency and Certainty in its actions thereby remaining focused on its Mission to *"create a fully liberalised telecommunications environment . . . by implementing applicable laws, treaties and agreements through fair, transparent and independent processes."*

12. FAREWELL

It is appropriate to record the Board's appreciation to Mr. Eliud T. Williams, Managing Director, for his guidance and dedicated service to the Authority. He provided a high quality of leadership which helped to improve the image of ECTEL both within the Member States and beyond.

He is demitting office on 15th October 2007 after a six-month extension of his contract. The Board wishes God's richest blessings on him and his family. ECTEL will surely miss him.

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MICHAEL PIERRE
CHAIRMAN

Preliminary indications are that the telecommunications sector remained vibrant for the period April 2006 to March 2007.

Licences

- A number of companies already operating in the ECTEL Member states applied for and were awarded additional licences as they sought to expand their portfolio of services offered. Additionally, licences were issued to four new entrants.
- Fixed Public Telecommunications licences were issued to Digicel's operations in Grenada and St Vincent and the Grenadines and to new entrant Grenada Cable Vision.
- Internet Network and Services licences were issued to Antilles Crossing and Link Technologies in St Lucia; Digicel and new entrants Grencomm and Grenada Cable Vision in Grenada.
- Submarine cable licences were issued to Middle Caribbean Network in Dominica and Southern Caribbean Fiber in Grenada and St Vincent and the Grenadines
- ECTEL has also recommended the award of Fixed Public licences to Digicel St Lucia and Grencomm in Grenada, Public Mobile licences to 21st Century Telecom in St Kitts and Nevis, and Submarine Cable licence to Southern Caribbean Fiber in St Lucia.
- Ten individual licences were issued over the period April 06 to March 07 bringing to fifty-five the number of individual licences issued.

Investment and Employment

- Investment in the telecom sector increased an estimated 45 percent over March 2006 levels to more than \$160 million. This was due in large part to the landing of the Southern Caribbean Network submarine cable systems in the Member States.
- Employment in the telecom sector remained largely unchanged following a modest increase last review period. Direct employment in the sector stands at roughly 1,360. Indirect employment is significantly higher.

Service Penetration

- The number of fixed line subscribers fell by 1% over 2006 figures following a small increase in the previous year. At March 2007, average fixed line penetration stood at 28 percent.
- The mobile market continued robust growth after showing signs of slowdown last review period; the number of subscribers increased by roughly 25 percent to nearly 450,000 representing a 90 percent average penetration.
- Price reductions for high speed Internet access spurred growth in the Internet market. The number of Internet subscribers grew 17 percent to nearly 40,000. Broadband penetration now stands at 85 percent of Internet subscribers up from 73 percent.

Rates

- In keeping with the Price Cap Plan, the per minute rate for fixed-to-fixed calls remained constant at EC0.07 day and EC\$0.04 night and weekend while fixed-to-mobile per minute rates remained unchanged at EC\$0.71 day and \$0.69 night and weekend.

- There has been some downward movement in own network mobile-to-mobile rates while mobile to fixed and calls between networks remain largely unchanged.
- International calls from a fixed line as well as from mobile phones remained largely unchanged.
- The rates for high speed Internet access continued to fall. Over the period April 2006 to March 2007 rates were reduced by as much as fifty percent in some instances. At March 2007, the rates for 256Kbps fell by as much as 34 percent to EC\$99 per month.
- The rate for dial-up access remained unchanged at \$60 for 20 hours in most ECTEL Member States.