

**National
Telecommunications
Regulatory
Commission
(NTRC)**

Annual Report 2003

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National Telecommunications Regulatory Commission (NTRC)

Annual Report 2003

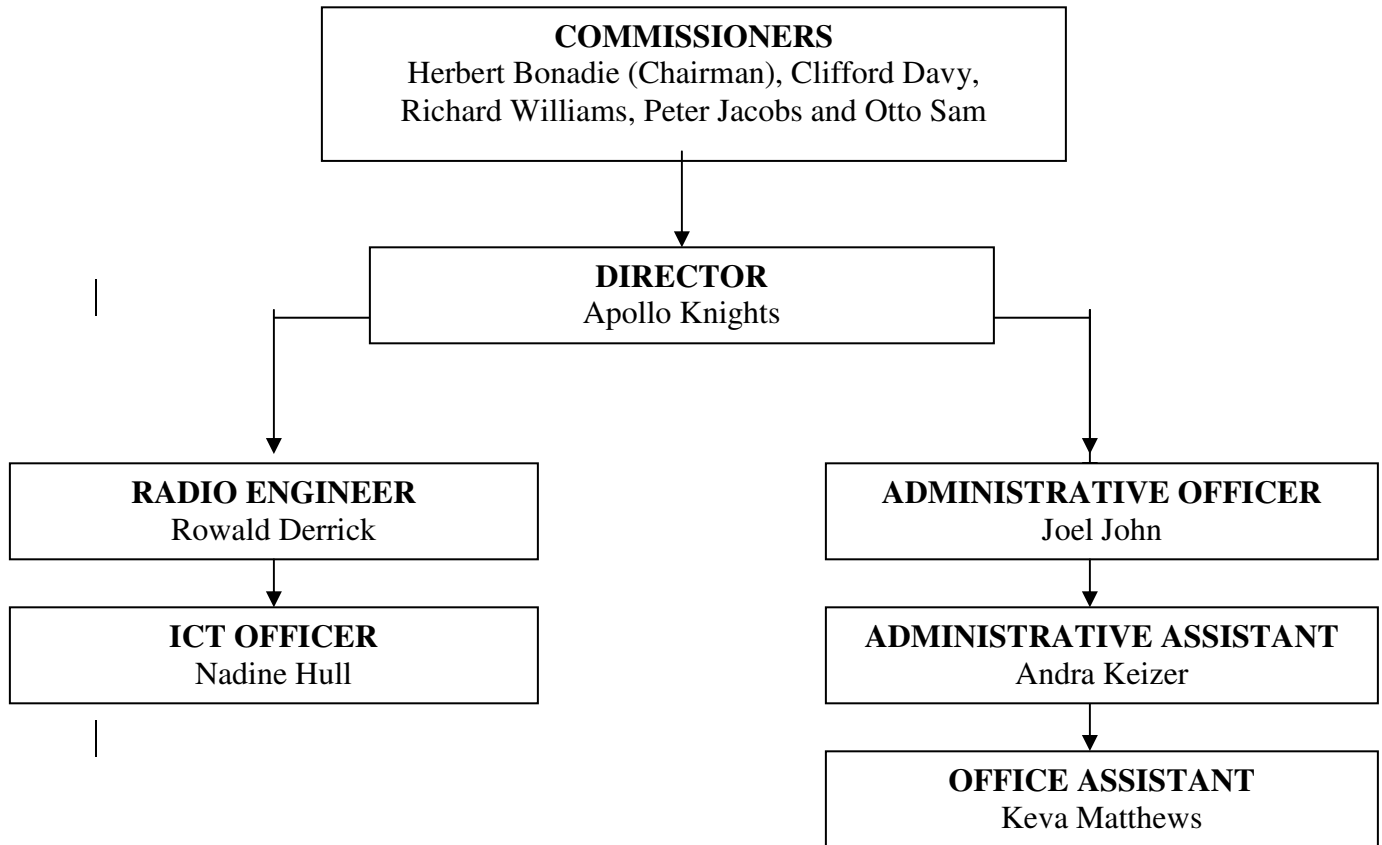
Mission Statement

To efficiently regulate the Telecommunications Sector in collaboration with the Eastern Caribbean Telecommunications Authority (ECTEL) and provide advice and direction to the Minister of Telecommunications on policy and regulatory issues relating to Telecommunications.

Vision Statement

To ensure that the demand for existing and future telecommunications services is met in order to support economic growth and diversification, by providing a suitable environment for the tourism, information and financial sectors through a liberalized and competitive telecommunications environment.

Organizational Structure



Functions: The NTRC is responsible for carrying out the following functions as mandated by the Telecommunications Act and the ECTEL treaty:

- to assist the Minister in establishing national policy on telecommunications matters with a view to ensuring the efficient, economic and harmonized development of the telecommunications sector
- to ensure compliance with the Government's international obligations on telecommunications;
- to be responsible for technical regulation and the setting of technical standards of telecommunications and ensure compatibility with standards of the International Telecommunications Union and other international standards;
- to plan, supervise, regulate and manage the use of the radio frequency spectrum in conjunction with ECTEL including the assignment and registration of radio frequencies to be used by all stations operating in SVG or on any ship, aircraft, vessel, or other floating or airborne contrivance or spacecraft registered in SVG.
- to advise the Minister in all matters related to charges for telecommunications service;
- to collect all fees prescribed and any other charges levied under the Telecommunications Act or regulations;
- to receive and review applications for class licences and advise the Minister accordingly;
- to monitor and ensure that licencees comply with the conditions attached to their licences and to any written law;

- to review proposed interconnection agreements by telecommunications providers and recommend to the Minister whether or not he should approve such agreements;
- to investigate and resolve any dispute relating to interconnections or sharing of infrastructure between telecommunications providers;
- to investigate and resolve complaints related to harmful interference;
- to monitor anti-competitive practices in the telecommunications sector and advise the national body responsible for the regulation of anti-competitive practices accordingly;
- to keep a register of licencees and frequency authorization holders;
- to provide the Minister with such information as he may require from time to time;
- to undertake in conjunction with other institutions and entities where practicable, training, manpower planning, seminars and conferences in areas of national importance in telecommunications.
- to report to and advise the Minister on the legal, technical, financial, economic aspects of telecommunications, and the social impact of telecommunications;
- to manage the Universal Service Fund;
- to perform such other functions as are prescribed;
- to liaise closely with ECTEL and promptly provide ECTEL with such information as ECTEL may require in order to carry out its functions under the agreement.

In the performance of its functions the Commission shall consult and liaise with ECTEL.

The following are **ECTEL** functions as outlined in the ECTEL Treaty;

- co-ordinate with, and advise, the Contracting States on the conduct and regulation of telecommunications and ancillary matters for ensuring the purposes of this Treaty;
- prepare and maintain a harmonized regional radio spectrum plan;
- recommend a regional policy for the conduct of telecommunications, in particular in relation to universal service, interconnection, numbering and pricing, and to monitor its implementation in the Contracting States;
- recommend to the Contracting States the type of telecommunications networks or services which should be subject to an individual licence and class, respectively, and exemptions, if any;
- recommend to the Contracting States the type of communications networks, services and radio equipment which should be subject to frequency authorization, and exemption, if any;
- prepare and recommend to the Contracting States, forms, other instruments and regulations for the adoption by the Contracting States for the purpose of harmonization of telecommunications, including application forms and other forms in respect of licences, frequency authorizations and tender documents;

- design and operate open tender procedures for individual licences as requested by Contracting States;
- review applications for individual licences submitted by a Contracting State, and to recommend applicants who satisfy the relevant technical and financial requirements for individual licences;
- recommend to the Contracting States terms and conditions to be included in a licence, particularly with respect to the provision of universal service;
- recommend to the Contracting States matters relating to the management of frequency authorizations, including the sale, if any, by auction;
- Monitor, in collaboration with the Contracting State, the effectiveness of the licence for the purpose of the Treaty and make the appropriate recommendation to the Contracting State including recommending suspension or revocation of licence.
- recommend to the Contracting States an appropriate fee structure for licences or other matters for or in relation to the conduct or regulation of telecommunications;
- recommend a regional cost-based pricing regime for implementation by each Contracting State;
- recommend the technical standards and procedures for the approval of equipment, including radio equipment for use in the operation of telecommunications in each Contracting States;

- co-ordinate activities with relevant international organizations, States or other bodies or persons for the promotion and implementation of the ECTEL treaty;
- advise Contracting States on the management of the Universal Service Fund and make recommendations on applications for disbursements from these Funds;
- prepare annual reports for submission to the Council on the execution of its functions;
- Perform such other functions are assigned to it by resolution of the Council.

SWOT Analysis

Strengths

- A lot has been accomplished given the wide variety of matters that are dealt with and the limited personnel and resources available.
- Responsible for regulating all aspects of the telecommunications sector.
- Present staff is dedicated in achieving the tasks at hand.
- Availability of IT infrastructure and software.
- Automated filing and database systems.
- Availability of adequate office space.
- Framework for efficient decision making.
- Enjoy a good informal working relationship with the SVG representative on the Board of Directors of ECTEL
- Ability to attract competent staff.
- Emergence of competition in the Internet access and mobile services sub sectors.
- All staff positions currently filled.

Weaknesses

- Lack of sufficient expertise in Spectrum Management and Monitoring.
- Unacceptable level of Public Awareness.
- Insufficient funds to enable the purchasing of periodicals and publications, a prerequisite for proper regulation of the Telecom sector.
- Lack of a regional spectrum plan.
- Lack of a regional numbering plan.

- Most software being used at the NTRC is not licenced.
- Absence of the full complement of regulations needed to properly regulate the sector.
- Lack of timely advice from the regional advisory body, the Eastern Caribbean Telecommunications Authority (ECTEL).
- Absence of penalties under the Telecommunications Act of 2001.
- Lack of procedures/processes for handling Licencee/consumer complaints (regulations).
- Non-availability of licence templates for some services that are required to be licenced under the Telecommunications Act of 2001.
- Existence of a number of contradictions between the ECTEL Treaty, Telecom Act, Telecom Regulations.
- Lack of pricing control on all services offered by the incumbent operator

Opportunities

- Possibility of competition in the Submarine Cable sector in 2004/2005.
- The OECS Telecom Reform Project continues to offer some opportunities in the area of regulatory training to current staff. This will however come to an end in 2004.
- Possibility of accessing funds from the EDF to facilitate capacity building through various training modules.
- Delivery of Spectrum Management and Monitoring equipment in the 1Q of 2004.

Threats

- Apparent contradictions between the current legislative framework and the May 20, 2002 agreement signed between OECS Governments and Cable & Wireless (WI) Ltd.
- Possibility of continued litigation from Licencees.
- Churn of Commissioners and Staff.

- Not receiving sufficient funding due to the current mechanism in place to distribute the revenue collected from spectrum fees. The NTRC is not expected to receive annual subsidies from the Government.
- Not being able to predict the regulatory workload due to the expansion of licences in the sector and the possible disputes and complaints that may follow.
- Lack of a formal link between ECTEL and the NTRCs.
- Competition from other OECS States who have started the registration of ships in 2003. This could impact on the revenue collected from this area.

Critical Issues

- Continuation of relevant regulatory and other training noting that the OECS Telecom Reform Project should have come to a close in December of 2003. The project previously funded most of the training accessed by the NTRC.
- Implementation of further relevant regulations as required under Section 74 of the Telecom Act.
- Implementation of a pricing control mechanism on the incumbent operator.
- Amendment of the Telecommunications Act, ECTEL Treaty and Telecommunications regulations to address current deficiencies.
- Reviewing the present system of distributing spectrum revenues.
- The need to regulate certain services of the incumbent operator not currently being regulated and which are not likely to have competition in the near future for example international lease lines.
- Need to have a clear mechanism established on how litigation issues are to be handled by all NTRCs.

Programme review

The liberalisation of the Telecom Sector continued in 2003 with the NTRC approving two mobile interconnection agreements setting the stage for the launch of mobile competition in St. Vincent & the Grenadines. The launch of a mobile telecommunications network by Digicel Ltd in February of 2003 was an historic moment within the English speaking Caribbean countries in which Cable & Wireless operates. This launch coincided with a similar launch in St. Lucia, signifying the full liberalisation of the telecom sector in both countries. Digicel customers were then in a position to make international calls without using the network of Cable & Wireless. It should be noted that while mobile competition had existed in Jamaica and Antigua prior to this date, the competitors in those markets were still required by law/agreements to use Cable & Wireless for their international traffic.

It should also be noted that while five countries of the OECS embarked jointly on the liberalisation of the telecom sector in the sub region via the OECS Telecom Reform Project (jointly funded by the World Bank and member Governments) in 1998, St. Vincent and St. Lucia were the first to see full competition with the launch of mobile networks by AT&T Wireless and Digicel earlier this year. St. Kitts & Nevis granted a mobile licence to a local company, which has failed to build a network to date. Grenada has since licenced Digicel and AT&T Wireless to provide mobile services after they issued licences to two other companies, which have also failed to build mobile networks to date. Digicel launched their network in the 3Q of 2003 in Grenada. AT&T Wireless is expected to launch in Dominica and Grenada in the 1Q of 2004.

While we are still in the process of compiling and analyzing specific data on the telecom sector for 2003, it could be discussed that there has been a positive impact on the telecom sector resulting from the liberalisation process. The mobile sector has seen competition in 2003, which has resulted in a growth of this sector and not just a redistribution of the customer base. At the end of 2002, Cable & Wireless Caribbean Cellular had

approximately 18,000 mobile customers being the sole provider of mobile services. At the end of 3Q of 2003, the customer base for the mobile market was as follows; Cable & Wireless Caribbean Cellular had approximately 23,000, Digicel 49,000 and Wireless Ventures (AT&T) 9,000. This clearly shows a tremendous growth in the mobile market within a six month period. Not only has the mobile market taken over the fixed market during this period but also it is approximately three times the fixed market which was launched by Cable & Wireless in 1968 and stood at around 26,000 customers at the end of March 2003. All of this took place during a six month time frame. It should be noted that, it was not a scenario where persons did not want fixed lines since there was a waiting list of around 2,000 persons for fixed lines prior to competition being introduced in the mobile market. . What is happening is that persons who could not have gotten a fixed line are now using mobile phones. In addition, this scenario is a manifestation of the philosophy that capacity begets demand.

The benefits from the above include the following:

- Lower rates for domestic mobile calls
- Lower rates for all international calls
- Increased access to persons (all levels of the society) which should result in increased levels of efficiency and possible productivity in the economy on a whole.
- Increase in the amount collected for duties/consumption taxes at the Customs on handsets.
- Possible increase in licence fees collected from all providers both fixed and mobile since traffic goes between both networks and the customer base has increased. It is possible that this could decrease as a result of the substantial lowering of international rates, since there might not be sufficient elasticity in the international call market to offset the reduction in tariffs. While the companies should continue to be profitable the licence fees collected might be lower in 2003 than 2002. They however will still be a lot greater than what they were before the new act and fees came into effect in 2001.

- Increase in foreign investment, through both initial investment as well as current expansion of existing networks. The new mobile providers have already moved into phase 2 of their network deployment. The incumbent has also decided to offer both technologies their current TDMA as well as GSM, which the new providers are using.
- Employment opportunities have increased in the sector. A number of persons have left the incumbent both voluntarily and otherwise and are working with the new entrants. The new entrants have also created new job opportunities that would not have existed previously.
- One sector that has benefited directly from the liberalisation of the sector is the media, both printed format and Broadcast (radio/TV).
- Also benefiting directly from the competition present in the telecom sector is the sponsorship of a number of activities/functions by all providers. It seems that there is competition among the providers to sponsor cultural, sport, entertainment and charitable activities.

Negatives:

- Other business entities in the country might see a decrease in their revenue base, due to their customers now having new expenses, that is, daily telephone expenses. This is due to 90% of the mobile customers being prepaid customers who pay up front for their calls using existing disposable income instead of a monthly bill. Companies who depend on this daily disposable income such as soft drink manufacturers, the Brewery, National Lottery and convenience stores could see these mobile providers as competitors in the market place.
- The developments in the mobile market have also brought some social/familial problems as well as adding a new dimension to crime.

Revenue:-

The NTRC is responsible for the collection of all fees levied under the Telecommunications Act of 2001. These include application fees, licence fees and Frequency authorisations fees. It has been the understanding that licence fees will be

transferred to the Government, application fees will be revenue for the NTRC while frequency fees will cover the operational costs of the NTRC and ECTEL.

The NTRC continues to collect licence fees and frequency fees under the new fee regulations which were amended in January 2003. Licence fees under the new Act are substantially larger than what were collected under the old regulatory regime as the fees are now based on gross revenue instead of only on international revenue. We however are unable to collect fees from the broadcast stations which are not licenced under the new act due to no licence templates having been approved by ECTEL for Broadcast stations.

Our NTRC was the first to collect spectrum fees in the region in 2002 and also was the only NTRC in 2003 to collect full payment on all its spectrum invoices sent out in 2003.

Fees collected by the NTRC		2002	2003
Licence		825,220.00	3,652,658.00
Frequency authorisation		571,200.00	1,403,004.00
Application		107,036.00	5,225.00

Projected Revenue for 2004: The NTRC projects to collect around \$2,100,000 from frequency authorisations fees in 2004. The increase is due to pending applications for frequencies that would be issued early in 2004. It is somewhat difficult to project the revenue from licence fees for 2004 due to the competition in the market and the resulting decreases in tariffs. While the revenue will continue to be much greater than what existed under the licencing arrangement prior to the new Telecommunications Act, it is difficult to predict with a great degree of accuracy until we see a full year of competition in the mobile sector. In relation to application fees as can be seen there is a huge drop from 2002 to 2003 this is due to the high volume of applications that was received in 2002 when the sector was opened for competition.

Training (2002-2003):-

1. Three Commissioners were able to attend a two week training program on “Utility Regulation and Strategy” at the University of Gainesville. Two in January the other in June sponsored by the OECS Telecom Reform Project.
2. Administrative Officer (Ag) attended a two day workshop in Dominica on “Competition and Pricing” sponsored by USAID.
3. Radiocommunications Engineer attended a one month course in “Spectrum Management” through the United States Telecommunications Training Institute (USTTI).
4. The Director of Telecommunications and the Radiocommunications Engineer attended a three day workshop in “Spectrum Management” hosted by the Caribbean Telecommunications Union in St. Lucia.
5. The Chairman attended a one day workshop on “Telecommunications Policy in the Caribbean” sponsored by the U.S Embassy and held in Barbados.
6. The Administrative Officer attended a one week workshop on “Financial Management” sponsored by the NTRC and held at the SEDU in St. Vincent.
7. All senior staff attended a four day workshop on “Interconnection & Pricing” sponsored by the CTU and held in St. Vincent.
8. One Commissioner attended a three day workshop on “Network Development” held in Barbados sponsored by the CTU.
9. One Commissioner attended a three day workshop on “Telecommunications Policy and Regulation” sponsored by the CTU and held in Antigua.
10. The Administrative Officer and Administrative Assistant attended a three day workshop on ‘Website Development and Maintenance’ sponsored by USAID and held in St. Lucia.
11. The Director of Telecommunications attended a one month course on “Telecommunications Management” sponsored by the CTO and held in Trinidad.
12. All staff and Commissioners attended a one week workshops on “Telecommunications Regulation”. Half went to Dominica the others went to Grenada. The workshops were sponsored by USAID.
13. The Chairman attended a two day “Telecom business simulation workshop” sponsored by OECS Telecom Reform Project and held in St. Lucia.

14. The Administrative Assistant completed a two year program at the UWI local center in Administrative Professional Secretarial Studies.
15. The Administrative Officer is continuing his CGA accounting certification
16. ICT Officer has completed two modules of the “Microsoft Certified Systems Engineer (MCSE)” program (Five modules remain) partly by the NTRC.
17. ICT Officer has started a Master’s degree in Telecommunications policy and regulation via distance learning from the UWI, sponsored by the NTRC and the ITU.
18. Radiocommunication Engineer and the ICT Officer attended two one week workshops on Spectrum Management and Monitoring in St. Lucia sponsored by OECS Telecom Reform Project.
19. ICT Officer attended a three day workshop on Library development and database management at the National Documentation Center.
20. The Chairman and the Administrative officer attended a one day media relations workshop in St. Lucia sponsored by the OECS Telecom Reform Project

Apart from the training outlined above, the NTRC staff skills are continually being developed through the on going sharing of experience among staff members via the assignment of various tasks to all staff members. The Commissioners expertise is also being improved via regular briefs on specific issues at their monthly meetings by the Director and other staff members.

Regulations: The NTRC facilitated the amendment of the Fee Structure Regulations and Tariff Regulations in 2003. There are still some other regulations that are outstanding; these include procedures for dispute resolution, matters relating to the provision of universal service fund, the management of the fund, procedures for the treatment of complaints and conduct of public hearings. The following regulations however are currently in place:

1. Fee Structure
2. Terminal Equipment

3. Private Networks
4. Spectrum Management
5. Licencing and Authorisation
6. Tariffs
7. Numbering
8. Confidentiality in Networks and Services
9. Interconnection

With the implementation of the above regulations, the NTRC started requiring compliance with the regulations by licencees. This however has seen non-compliance at times with the NTRC left in a position of not being able to do anything due to the lack of penalties/fines in the regulations. There is also the critical issue of contradictions between the regulations and the May, 20 2002 agreement.

Staff: The NTRC was without an Administrative Officer for the first 7 months of 2003 due to the former holder of the post taking up duties with the Ministry of Telecommunications. This resulted in some disruptions to the work program as some of the duties of the post had to be reassigned to other staff members. The impact was not as bad as it could have been as the Ministry assigned someone to the NTRC for the first four months of the year. The NTRC was successful in filling the vacant post of ICT Officer in April and the Administrative Officer in August. At present all staff positions are filled and are gaining valuable experience in the regulatory regime. It is important that the NTRC try to retain its current staff noting the time and financial resources needed to bring someone up to the levels required in this specialized area (regulatory regime) of the sector. The new staff members while being qualified for their positions do not have regulatory experience; as such they would have to be exposed to continued training in this area.

The NTRC has been able to maximize the efficiency of our small staff complement by having multiple duties assigned to all staff. The office remains open to the public from 8:00 am to 4:00 pm. We do not have a typist only, or receptionist only or office attendant

only. For example our administrative assistant assists the administrative officer with his duties, while also doing typing duties, receptionist duties and acting as the secretary to the Director of Telecommunications. Similarly, the office assistant does clerical duties, office attendant duties, and some duties of the administrative assistant when she is on lunch or leave.

ECTEL: The NTRC has provided the necessary support to ECTEL as required by the ECTEL Treaty. However, there continue to be issues that exist and which have to be resolved so as to reap the benefits of a harmonized regulatory regime in the contracting states. One of the major issues has to do with which entity has responsibility for certain things. The ECTEL Treaty and the Telecommunications Act have some contradictions which have led to these issues developing. There are also instances where the Act and Treaty are quite clear on who has responsibility yet there are problems. This has led to duplication of work on certain matters which have led to confusion for some of the licencees on occasions.

Another issue that has arisen is that of sharing spectrum revenue. This has led to some financial issues developing in the 4Q of 2003 which has still not been resolved. The Commission is now required by a policy directive from the Minister of Telecommunications to send all spectrum revenues collected in St.Vincent to ECTEL, with ECTEL in return disbursing amounts to cover the approved budget of the NTRC. While we have been successful in collecting spectrum revenues, we experienced difficulties in getting the appropriate funding back from ECTEL.

Numbering: - There is still no National Numbering Plan in place. The plan is to be developed based on a Regional Numbering Plan that is to be developed by ECTEL for the Contracting States. In the continued absence of the numbering plan there will be more problems in this area in 2004. The absence of the numbering plan which allows the NTRC to assign numbers to local providers in accordance with the numbering regulations, the NTRC has to resort to ECTEL for assignment of numbers. This has resulted in delays in assignment and non-assignment during 2003.

Spectrum management: - The NTRC is still unable to properly deal with managing the spectrum due to the absence of the necessary equipment. The NTRC finally received some of the spectrum management equipment in December which should be operational in January 2004. The balance of the equipment is expected to be delivered in February 2004. Space is already prepared with necessary outlets and air conditioning to cater for the equipment. Two members of staff have already started certain software training related to the spectrum management equipment during 2003. Further specialized training will be conducted as soon as the equipment is commissioned. With this completed, the NTRC will be in a position to deliver on one of its main functions of the Telecom Act.

Policy:- The NTRC worked closely with the Minister of Telecommunications in finalizing the Fixed Public Network licence to Kelcom International (Karib Cable), and International Simple Voice Resale licences to four new providers. Also provided advice to the Minister and Cabinet on a regular basis on a number of Telecommunications issues of national importance. Developed and published guidelines in July 2003 for the conduct of Public Consultation exercises by the NTRC as it relates to Telecommunication issues in the state.

Litigation: The past year saw a number of issues as it related to regulating the Telecommunications sector being brought to the High Court. This process was started by the incumbent in December 2003 and saw a deviation from their past behavior where they would engage in discussions on any matter that they thought affected them instead of proceeding directly to the High Court. The first court matter dealt with an *ex parte* injunction brought against the NTRC by Cable & Wireless for not giving them sufficient time to respond to a complaint filed by Digicel in relation to their interconnection negotiations. Instead of requesting more time from the NTRC they proceeded directly to the High Court and got an injunction against the NTRC preventing it from proceeding to implement an interim interconnection agreement due to timeframes outlined in the NTRC letter. The NTRC decided to re-start the process, following which Cable & Wireless

decided to withdraw the court case. Both parties subsequently agreed on an Interconnection Agreement before the NTRC's new time frames were completed.

The second court matter dealt with an ex-parte injunction brought against Cable & Wireless by the NTRC in February 2003 to stop them from implementing changes to their regulated tariffs. The NTRC after consultation with its lawyers and ECTEL was of the view that the proposed amendments were being done prematurely under the conditions set out in the OECS May 20, 2002 Agreement with Cable & Wireless. However on the advice of our lawyers it was also decided to include reasons for the delay of implementing the Price Cap regime in the affidavit that was filed. Cable and Wireless subsequently applied to the High Court to release the injunction and was successful on the basis that all documents relating to the Price cap issue were not included in the NTRC affidavit. This decision was appealed by the NTRC; however it was decided to withdraw the appeal in November 2003 based on the decisions of other cases involving Cable & Wireless in the region and the work currently being carried out by ECTEL/NTRCs in implementing the Price Cap regime. The issue of the premature implementation of the changes to the regulated rates was part of cases in St. Kitts & Nevis and St. Lucia. In St. Kitts & Nevis the High Court judge agreed with the St. Kitts NTRC that they were premature, however in St. Lucia the High Court judge disagreed with the St. Kitts Judgment and indicated that it was not premature.

The last case had to do with an application made by Cable & Wireless for judicial review of the NTRC decision to declare them dominant in certain Telecommunication services under the amended Telecommunications (Tariff) regulations. The Judge overturned the NTRC decision based on an oral submission made by Cable & Wireless that the NTRC did not receive a proper recommendation from ECTEL before declaring Cable & Wireless dominant. This issue was not raised by Cable & Wireless in their affidavits filed in the case. The NTRC decided not to appeal the Judgment since it was just a formality in getting the recommendation from ECTEL in the format required by the Judge and declaring them dominant once more. The recommendation was subsequently

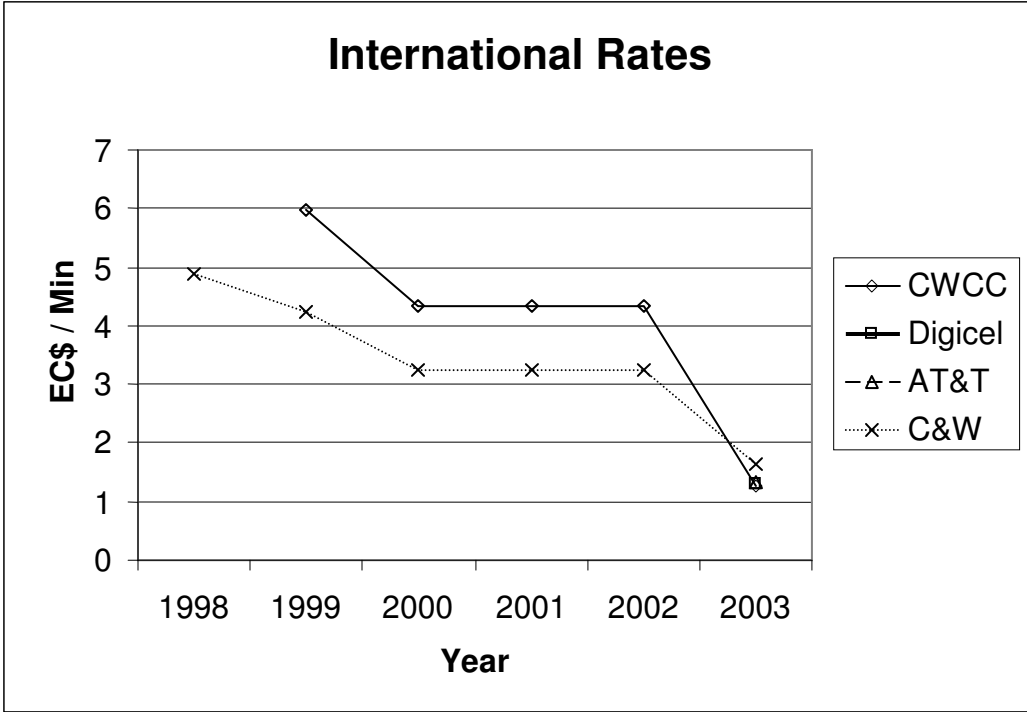
sort from ECTEL and the company was again declared dominant in certain telecommunication services on August 5, 2003.

IT:- The NTRC was able to network all computers within the NTRC office with additional ports being available for additional computers and spectrum management equipment when procured. All computers have fulltime internet access via a shared ADSL connection. This allows for the efficient flow and access of information via our office server. All files are stored on a central server thereby allowing for the proper management of the NTRC electronic information. We also received an overhead projector from the OECS Telecom Reform Project which has been of help in delivering presentations at Commissioners and other meetings and will also be used to deliver in house training exercises.

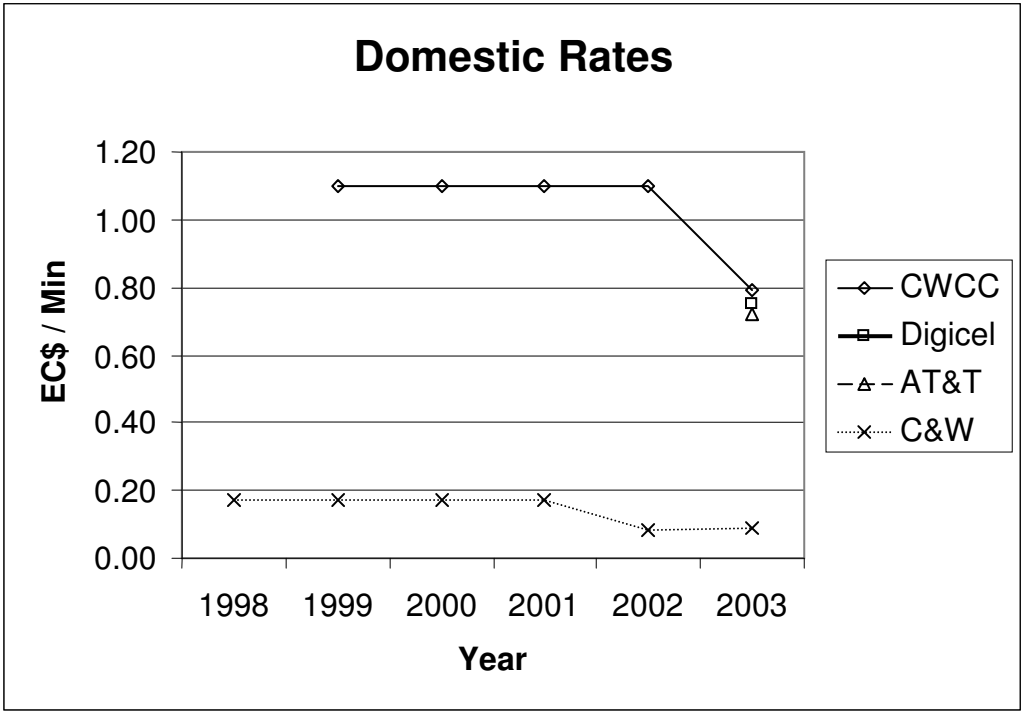
Statistics: The NTRC continued in 2003 with the provisioning of statistical data from the Telecommunications sector to a number of local, regional and International entities. We will be looking to implement a standardized format for collecting data on a quarterly basis in 2004. This information will be analysed on an ongoing basis to guide both the decision making process of the Government and the Commission. Data for 2003 with comparable figures for earlier years where available are outlined below:

Fixed Market	Mar-98	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	
C&W							
gross revenue	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	
int. revenue	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	
domestic revenue	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	xx,xxx,xxx	
domestic in payments							
domestic out payments							
tariff to U.S.A	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	
domestic tariff	x.xx	x.xx	x.xx	x.xx	x.xx	x.xx	
connected lines		xx,xxx	xx,xxx	xx,xxx		xx,xxx	
residential							
business							
line rental residential	xx	xx	xx	xx	xx	xx.x	
line rental business	xx	xx	xx	xx	xx	xx	
no. of employees		xxx	xxx	xxx	xxx	xxx	

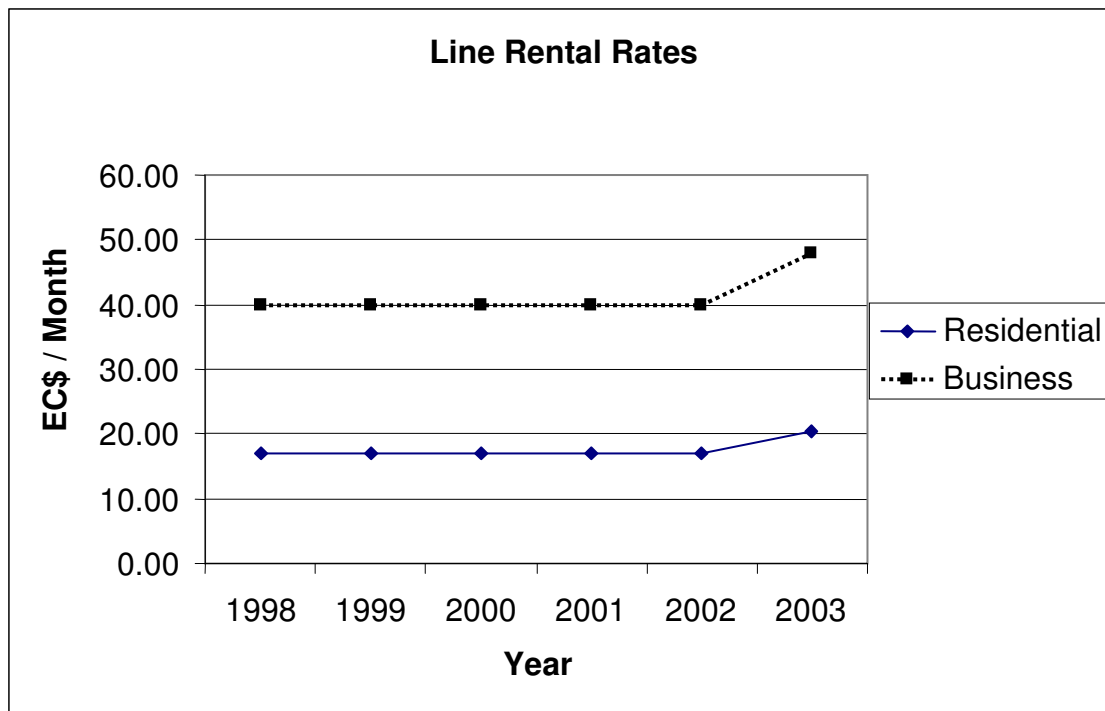
Mobile Market							
	1998	1999	2000	2001	2002	Mar-03	Sep-03
CWCC							
gross revenue	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	xx,xxx,xxx	
int. revenue							
domestic revenue							
domestic in payments							
domestic out payments	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx	x,xxx,xxx		
tariff to U.S.A		x.xx	x.xx	x.xx	x.xx	x.xx	
domestic tariff		x.xx	x.xx	x.xx	x.xx	x.xx	
customers		xxx	xxx	x,xxx	x,xxx	xx,xxx	xx,xxx
post paid		xxx	xxx	x,xxx	x,xxx	x,xxx	x,xxx
pre paid	N/A	N/A	N/A	N/A	x,xxx	xx,xxx	xx,xxx
no. of employees			x	x	x	x	
	1998	1999	2000	2001	2002	Mar-03	Sep-03
Digicel							
gross revenue							
int. revenue							
domestic revenue							
domestic in payments							
domestic out payments							
tariff to U.S.A						x.xx	
domestic tariff						x.xx	
customers						xx,xxx	xx,xxx
post paid						xx,xxx	xx,xxx
pre paid						xxx	x,xxx
no. of employees						xx	xx
	1998	1999	2000	2001	2002	Mar-03	Sep-03
AT&T							
gross revenue							
int. revenue							
domestic revenue							
domestic in payments							
domestic out payments							
tariff to U.S.A							x.xx
domestic tariff							x.xx
customers							x,xxx
postpaid							x,xxx
prepaid							xxx
no. of employees							xx



Graph 1



Graph 2



Graph 3

Customer Stats December 2003

Cable & Wireless (West Indies) Limited		
Fixed line Customers		
	Residential	xx,xxx
	Business	x,xxx
	Total	xx,xxx
Internet Customers		
	Dialup	x,xxx
	ISDN	xx
	ADSL	xxx
	Total	x,xxx
Cable & Wireless Caribbean Cellular		
Mobile Customers		
	Post paid	xxx
	Prepaid	xx,xxx
	Total	xx,xxx

Digicel		
Mobile Customers		
	Post paid	x,xxx
	Prepaid	xx,xxx
	Total	xx,xxx
Wireless Ventures(AT&T)		
Mobile Customers		
	Post paid	xxx
	Prepaid	x,xxx
	Total	x,xxx
Karib Cable		
Cable TV customers		x,xxx
Internet customers		xxx

Registered ships: The NTRC continued facilitating the issuance of Ship Station licences to ships registered at the Kingstown Registry (Customs & Excise Department). This process involves the assignment of an SVG Call Sign, assignment of an MMSI number, reviewing applications for compliance with international requirements including GMDSS regulations for Telecommunication on ships, and issuing licences to those ships meeting the requirements. The NTRC has been sharing its experience in this area with the other NTRCs in the sub region who are now starting to licence ship stations. The NTRC usually liaise with the Commissioner for Maritime Affairs in Geneva on a number of issues. It is felt that the NTRC would have to pursue a stronger relationship with the Maritime Affairs Office in Geneva in the future noting the tightening of a number of international regulations in recent times. One option that we will try to explore is the possibility of a two week attachment of one of our staff members at their Geneva office.

Public Consultation: The NTRC conducted a public consultation exercise in the 1Q of 2003 with the objective of establishing guidelines for procedures and timeframes of future consultations that the NTRC would conduct as mandated by the Telecom Act.

After deliberating on the responses received the NTRC published its Consultation Guidelines in July 2003.

Public Relations: While the planned public relations campaign (a component of the OECS Telecommunications Project) did not start in 2003, the NTRC was able to participate in a number of radio call in programs during the year as well as deliver presentations to specific entities such as the Rotary Club. Some form of Public relations benefits were realized through our website especially from the international arena. We continue to receive a number of requests for information from international entities and persons interested in the Telecommunications sector in St. Vincent and the Grenadines.

Licensing: The NTRC continued facilitating the application process for new licences under the Telecommunications Act. Individual type applications were forwarded to ECTEL to be evaluated while class type applications were evaluated by the NTRC. The NTRC also evaluated and made recommendations to the Minister on a number of frequency applications.

There are still a number of applications pending from 2002 and 2003 these include Subscriber Television, FM broadcast, and TV Broadcast. Some of these companies are already operating and need to be licenced under the new act, others are new applications. The longer it takes to grant these licences the greater the amount of revenue lost to the Government and regulatory regime. ECTEL has not developed licence templates for these services to date notwithstanding continued reminders by the NTRC and even with the NTRC taking the initiative and developing a draft template on its own and forwarded to ECTEL for approval.

Licences issued			
		2002	2003
Individual type			
Fixed Public		1	1
Internet Networks		1	0
Subscriber Television		0	0
International simple voice resale		0	4
Mobile Cellular		3	0
Public Radio paging		0	0
Submarine cable		0	0
Radio Broadcast		0	0
Community radio		0	0
Television Broadcast		0	0
Class type			
Private network/services		2	0
Internet services		2	1
Maritime mobile		22	16
Land mobile		10	0
Aeronautical radio		0	0
Aircraft station		20	16
Amateur Radio station		7	8
Citizen Band radio		0	3
Ship Station		159	129
Miscellaneous			
CPE Dealers registration fee		9	6
Internal Wiring registration fee		0	0
Type Approval fee		6	0
Ship station Operators lic		32	29
Aircraft Station Operators lic		0	0

Training Needs

- Commissioners- Telecommunications Law and Legal Environment
Telecommunications Policy and Strategy
Interconnection (technical, legal, economic)
Universal Service
- Director of Telecommunications- Telecommunications Management
Telecommunications Regulation and implications

Telecom Policy and Strategy
Internet Governance
Microsoft office suite
Price caps
Interconnection (technical and legal)

- Administrative Officer- QuickBooks
Microsoft office suite
Costing and Pricing
Quality of Services
Licencing (carriers and services)
Regulation
Interconnection (economic and financial)
Website development & maintenance
Ship station licencing
- Administrative Assistant- QuickBooks
Microsoft Office suite
Licencing (carriers and services)
Regulation
- Office Assistant- QuickBooks
Microsoft Office suite
- Radiocommunications Engineer- Spectrum Monitoring
Spectrum management
Microsoft Office suite
Regulation
- ICT Officer- Spectrum Monitoring
Spectrum management
Microsoft networking systems
Regulation

Broad Response Strategies:

As the Telecom Sector continues to be liberalized via the introduction of competition in the various telecommunications services the NTRC in collaboration with ECTEL has to respond to requirements of a competitive sector so as to protect the interests of both the providers and the consumers.

The NTRC has to operate within the harmonized framework of the ECTEL Treaty and the Telecommunications Act of 2001 most of its objectives cannot be accomplished by itself. It has to depend on ECTEL for expertise in the areas of Economics and Law both of which are central to a regulatory regime. ECTEL is also responsible for the procurement of the Spectrum Management and Monitoring equipment for all NTRCs. In this regard the NTRC will endeavor to monitor the necessary tasks required to fulfill its objectives for 2004 , and would pursue all avenues in having this done both directly with the Directorate located in St.Lucia, and indirectly through its Board members.

The NTRC is of the view that there is an urgent need to improve the linkages/relationship between the NTRCs and ECTEL. A number of issues of national importance are dealt with at the ECTEL level and there is no system/process in place to have the views/inputs of the NTRC taken into consideration when formulating recommendations to the NTRC for implementation. This has led to delays and implementation of recommendations that the NTRC feels are not in the country's best interest in the past. This issue was brought to the front at the ECTEL/NTRCs retreat that was held in September 2003. However, there was no clear consensus of how this can be achieved. The current regulatory regime while requiring both the NTRC and ECTEL to carry out functions that are interlinked there is no provision in the legislative framework to interlink the organizational structure. The NTRC is of the view that the best solution to this issue is to have the ECTEL Treaty amended to have the Directors of Telecommunication of the NTRCs be ex-officio members of the board of ECTEL. This is currently the case with the Managing Director of ECTEL. With this structure, the board of ECTEL would benefit from what is

happening on the ground at the national levels (current board members are not directly involved in the telecom sector of each country). This structure would result in a more efficient and productive regulatory regime. The former Project Implementation Committee (PIC) of the OECS Telecom Reform Project had a similar structure, where instead of the Directors of Telecommunication; it was the Telecom Officers as the persons involved on the ground in each country.

The NTRC will continue to make its services more accessible and efficient by continued development of its interactive web site. With a liberalized regulated environment in place, the need for information by consumers, investors, and the licence holders will be much greater. The web-site is necessary not only for easy access to non-confidential material but also to facilitate an easier process for filing and renewing licence applications.

To address the area of training for the present staff and Commissioners of the NTRC. The NTRC will continue to seek relevant training opportunities specifically those that are fully or partly sponsored by international and regional institutions such as the ITU, CTU, CIDA, CTO, USAID, CITEL, CANTO and ECTEL including courses offered through distance learning. With our current small training budget this is the only viable way at present in trying to fulfill the training needs of the NTRC. The NTRC will again try to have the Ministry of Telecommunications pursue the possibility of accessing funds from the European Union to implement the “Telecom Skills Development” project which was part of the 2002 estimates but which has not started to date. This area is keeping with fulfilling the objectives of the key result indicator of the Ministry of Telecommunications for the NTRC as outlined in the 2004 estimates.

The NTRC will try to facilitate deepening the understanding and value of harmonization, collective action and the fundamental principles of the treaty establishing ECTEL. From the outset, we have got to come to the realization that when dealing with regulatory matters that involve large established corporate providers, the most successful way of countering their dominance is always to harmonize not only our legislative framework,

but our approach to issues, there is absolutely no value in each NTRC taking on a regional provider individually without reference to or the implicit support of the other NTRCs.

As such ECTEL and the NTRCs will have to:-

- Make sure that Legislation/Regulations in each Member State mirror each other as far as possible. Additional, there must be a concerted effort to rationalize inconsistencies between the Treaty, the Telecommunications Act and Regulations.
- Make sure that the views of all NTRCs are solicited in a timely manner before any action that affects an NTRC is contemplated.
- Must make sure that their local representatives (the Minister and Director) avail themselves to discussing the fundamental principles of the ECTEL Treaty, this would go a far way in dispelling a number of misconceptions.
- Periodically meet with all of the NTRCs to discuss and deepen each others understanding of the fundamental principles of the ECTEL Treaty.
- Ensure that policy and recommendations emanating from any level of ECTEL should be discussed with the NTRCs for their input prior to them being discussed/approved at Council level.
- With the approval of the NTRCs, set up a regional legal team to deal with various litigations in the ECTEL Member States, thereby providing continuity, efficiency, and cost effectiveness.
- Promote the need for collective efforts in all matters with special emphasis on matters related to Legislative, Financial and Legal Issues, always preserving the established levels of independence between the various components of the Regulatory Framework.
- Review the need for the imposition of penalties for any breach of our Legislation.
- Review the ECTEL Financing Policy.
- Make a concerted effort to prepare drafts of proposed regulations as detailed in the Telecommunications Act.

Objectives 2004

- **Establish the Universal Service fund:** This fund is required by the Telecommunications Act and would be used to facilitate universal service and access within the telecom sector in St. Vincent and the Grenadines. The fund will be sustained by contributions from those telecom providers that are obligated by their licences.
- **Facilitate competition in the fixed network:** Cabinet has approved the granting of a fixed network licence to Kelcom International. As such, the company will be looking to start operations shortly. One of the main issues that will have an impact on how this company will be able to offer competitive services will be their interconnection agreement with the incumbent. The NTRC would have to be very careful in approving this interconnection agreement so that, it would be fair to both parties involved as well as the consumer.
- **Recommend amendments to existing regulations and advice on new regulations needed for the sector:** There are a number of new regulations that need to be established under the Telecoms Act as well as possible amendments to the act itself if the sector is to be properly regulated. These were recently discussed at a retreat involving all NTRCs and ECTEL. The plan is to have this done in a harmonized fashion across the contracting states and not in an ad hoc manner.
- **Facilitate the establishment of a pricing control mechanism for the incumbent provider Cable & Wireless:** This has been ongoing since 2002, the bulk of the work has to be carried out by ECTEL who then advises the NTRCs before a decision can be taken. It is a very complex task, which have taken 2-5 years in other countries. The contracting states face the possibility of having retail prices (of the incumbent) increased in March 2003 if this pricing control mechanism (Price Cap) is not implemented by March 2003. The NTRC has been doing its part of requesting and forwarding the relevant

data from the incumbent on a timely basis to facilitate this process. While the Price Cap does not guarantee a lowering of prices, the current mechanism that is in place (May 20, 2003 agreement between the Governments of the contracting states and Cable & Wireless) only allows rates to increase.

- **Have all existing licencees, re-licensed under the Telecommunications Act:** All persons licenced prior to the enactment of the Telecommunications Act of 2001 are required to obtain licences under the said Act. While we have made progress in this area, there are still some companies that need to be brought under the new Act. Specifically these are Kelcom International (Karib Cable) and all of the broadcasting stations (FM, AM and television). The NTRC was successful in having all of the companies submit applications for licences under the new act. However, these licences were originally under the category that required that they be evaluated by ECTEL who will then recommend to the Minister the issue of the licences. ECTEL never did the evaluations. In recommending the new licensing structure regulations in late 2002, ECTEL recommended that these licences be now categorized under the categories that are evaluated by the NTRC. While this allowed the NTRC to now evaluate these applications, we are still being delayed as the actual licence document that is to be issued to these companies has not been developed by ECTEL. The NTRC in the interest of having this outstanding matter dealt with has drafted a broadcast licence and sent it to ECTEL for approval and subsequent adoption by the contracting states. Noting the above, the NTRC is hoping that these companies could be brought under the new act by late 2003 or early 2004 so that they could be properly regulated. It should be noted that these broadcast licences does not control the programming content of these companies. The Telecom Act does not allow for the regulating of broadcasting content. This will have to be done under a different act.
- **Establishment of a communication protocol between ECTEL and NTRCs to facilitate a more cohesive regulatory process in the sub region:** This is something that we think is needed and which was welcomed at the recent

retreat. Noting that the regulation of the sector involves two entities, it is important that they work in harmony and not in isolation of each other.

- **Establish a public relations campaign in collaboration with ECTEL and the other NTRCs:** This was one of the components of the OECS Telecom Reform Project, which was never implemented. ECTEL has indicated that they have recently hired a consultant to carry out this work. This consultant will work closely with the NTRCs.
- **Continue training program:** The NTRC will continue to seek out all available avenues in accessing training opportunities to further strengthen the expertise of the Commissioners and staff so as to fulfill the objectives mandated by the Government via policy directives and legislation.
- **Establishment of procedures/guidelines for dealing with complaints by both consumers and licencees:** The NTRC is required by law to handle complaints by both licencees and telecom consumers. However, the regulations and procedures that are needed to guide this process noting its legal implications are not established to date. This is an area that the NTRC will be putting a lot of effort into in 2004.

Performance indicators 2003

To create ongoing monitoring and investigative functions to ensure licence compliance: Implemented weekly field monitoring program of the broadcast spectrum, specifically the FM broadcast band. NTRC will expand to other bands when we receive proper equipment in 2004. Weekly field program is also used to check for changes to existing transmission sites as well as erection of new sites. To date, the weekly exercise has resulted in fewer reports of interference problems as well as having providers comply with the requirement of having frequency authorisations for all their transmission sites. Have begun setting standards for reporting of financial and other information from the providers to the NTRC.

To efficiently manage the radio spectrum: this is not where it should be due to two main factors (1) Spectrum Management equipment was not delivered in 2003 as originally planned by ECTEL. It is now expected in the first quarter of 2004. (2) Regional spectrum plan for the five contracting states is still not finalized. This is a responsibility of ECTEL.

To further automate the record keeping of the NTRC: Have developed three new databases in house. One is for tracking of correspondence that comes into the NTRC. This will help in two important areas (1) Being able to locate the exact location of any correspondence whether it is on file or on someone's desk. (2) being able to monitor tasks that are required to be done due to a correspondence that is received by the NTRC. The Director uses the database to monitor the progress of the NTRC staff as it relates to dealing with correspondence. Information from the database is also made available to the Commissioners prior to their monthly meetings. They can use this information to be better informed of the daily activities of the NTRC and also to help in better management of the organisation. The second database is being used to track all applications for licences received by the NTRC from the time it is received to when a licence is issued or not issued. As applications are required by law to go through certain procedures and timelines, it is important that this process is clearly monitored especially when you have

four entities dealing with an application (Staff, Commissioners, ECTEL, Minister/Cabinet). This database will make this task a lot easier with minimal chance for errors and in so doing help in the efficiency and productivity of the NTRC. The third database is a pilot project and deals with invoicing of licencees. It is currently being tested for ship station licencees and will be expanded to the different licence categories in 2004. This database tracks the due dates of licences and prepares invoices and reminder letters automatically. This is very important for licences issued under the Telecom Act which are issued at any time of the year and which annual fees are due on a yearly basis and not by calendar year. It will be a lot easier this way than doing it manually.

To upgrade our website: The NTRC had started work on a website in 2002; however this work was delayed after the former Administrative Officer left in December 2002. Considerable work was done on the site in 2003 with help from the ICT Officer. It now has a wealth of information available to licencees as well as consumers including all licencees, all telecom legislation, prices for telecom services, numbering, FAQs, all application forms, etc. One of the objectives of the site was to offer information to persons overseas who in normal circumstances would not know what was going on in the telecom industry in St.Vincent. It is surprising to know the queries that we receive from persons all over the world. Another important aspect of the site is that it is already set up to conduct public consultations using the guidelines established by NTRC in 2003. It should also be noted that the site is the first national entity to use the .vc suffix www.ntrc.vc. The NTRC expects to have a formal launch of the site in the 1Q of 2004.

To automate the Radiocommunication licencing process: This is dependent on the acquiring of the spectrum management equipment which is now scheduled to arrive in 2004. However, some aspects are currently been carried out by the databases outlined above.

To facilitate competition in the mobile and fixed sectors: The NTRC approved two interconnection agreements for mobile operators in 2003 which was a prerequisite for

competition. Facilitated the issuance of telephone numbers to the new operators.
Facilitated the issuance of a Fixed Public licence to Kelcom International (Karib Cable).
Provided ongoing advice to the Minister during the process.

Annex A

Technical Definitions/Terminology

Spectrum :- *“(Electromagnetic Spectrum) is an ordered array of the components of an emission or wave. Sound, Radio Frequency Spectrum, Infra Red, Visible Light, Ultraviolet Rays, X-Ray etc are all part of the Electromagnetic Spectrum in that order.”*

Radio frequency spectrum:- *“that part of the electromagnetic Spectrum used for communications; includes frequencies used for AM-FM radio and cellular phones and television etc”*

Stations:- *“One or more transmitters or receivers or a combination of transmitters and receivers, including the accessory equipment, necessary at one location for carrying on a radio communication service, or the radio astronomy service. St. Vincent Broadcasting Corporation at Dorsetshire Hill for example, there are many stations in that yard for FM, TV and Cellular. You direct TV Dish with the receiver can be considered a station.”*

Frequency:- *“The rate of a repetitive event. The standard unit for frequency is the hertz (Hz), defined as the number of events or cycles per second. The frequency of electrical signals is often measured in multiples of hertz, including kilohertz (kHz), megahertz (MHz), or gigahertz (GHz).”*

Universal Service:- *“universal service” includes the provision of –*

(A) Public voice telephony;

(B) Internet access;

(C) Telecommunications services to schools, hospitals and similar institutions and the disabled and physically challenged; or

(D) Other service by which people access efficient, affordable and modern telecommunications.

Telecommunications:- *“Any transmission, emission or reception of signs, signals, writings, images and sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems.*

Ship Station:-	<i>“A Mobile station in the maritime mobile service located on board a vessel which is not permanently moored, other than a survival craft station.”</i>
MMSI :-	<i>“Maritime Mobile Service Identity”</i> <i>MMSI are formed of a series of nine digits which are transmitted over the radio path in order to uniquely identify ship stations, ship earth stations, coast stations, coast earth stations, and group calls. These identities are formed in such a way that the identity or part thereof can be used by telephone and telex subscribers connected to the general telecommunications network principally to call ships automatically.</i>
GMDSS	<i>“Global Maritime Distress and Safety System”</i> <i>The GMDSS provides for automatic distress alerting and locating in cases where a radio operator doesn't have time to send an SOS or MAYDAY call.</i>
Maritime Mobile	<i>“A mobile service between coast station and ship stations, or between ship stations, or between associated on-board communication stations; survival craft stations, and emergency position-indicating radio beacon stations may also participate in this service.”</i>
Land Mobile	<i>“A mobile service between base stations and land mobile stations, or between land mobile stations.”</i>
ITU	<i>“International Telecommunication Union”</i> <i>ITU works closely with all standards organizations to form an international uniform standards system for communication.</i>
CTU	<i>“Caribbean Telecommunications Union”</i> <i>CTU is the major Telecommunications policy organ in the Region, directed by Inter-Governmental specialised action under a special Agreement establishing the Union.</i>
CIDA	<i>“Canadian International Development Agency”</i> <i>CIDA supports sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.</i>
CTO	<i>“Commonwealth Telecommunications Organization”</i>

The (CTO) is a partnership between Commonwealth governments and telecommunications businesses to promote ICT in the interests of consumers, businesses and social and economic development. It's Program for Development and Training (PDT) is a unique program of training and expert assistance in every aspect of telecommunications for Commonwealth developing countries.

USAID

“The US Agency for International Development”

CITEL

“Inter-American Telecommunication Commission”

CITEL is an entity of the Organization of American States, it is the main forum in the hemisphere in which the governments and the private sector meet to coordinate regional efforts to develop the Global Information Society. CITEL endeavors to make telecommunications a catalyst for the dynamic development of the Americas by working with governments and the private sector.

CANTO

“Caribbean Association of National Telecommunication Organizations”

CANTO provides a platform for all Caribbean telecommunications operators to speak with one voice to policy makers, regulators and other stakeholders in the sector in influencing the creation of a favorable business environment for all stakeholders.

Annex B

Audited Financial Statements 2002