

CABLE & WIRELESS

Response to TRC Consultation on

Commission Draft Annual Work Plan and Budget

2019/2020

June 24, 2019

COVER SHEET FOR RESPONSE TO A COMMISSION CONSULTATION

BASIC DETAILS

Consultation title: Commission Draft Annual Work Plan and Budget 2018/2019

Name of respondent: Mr. Colin MacDonald

Job title: General Manager

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Organisation: Cable & Wireless (BVI) Limited

CONFIDENTIALITY

Please tick below which part of your response you consider is confidential, giving your reasons why

Nothing

Whole response

Part of the response

Details of Confidential Information

If you want part of your response, your name or your organisation not to be published, we can still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that the Commission can publish. However, in supplying this response, I understand that the Commission may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, the Commission can disregard any standard email text about not disclosing email contents and attachments.

The Commission seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name: Ravi Maywahlall

Signed (if hard copy)

1. INTRODUCTION

1.1 Cable and Wireless (BVI) Limited dba Flow is pleased to provide comments and remarks on the 'Commission Draft Annual Work Plan and Budget 2019/2020' (the Consultation Document) published October 3, 2018.

1.2 Flow expressly states that failure to address any issue raised in the Work Plan and Budget (the Consultation Document) does not necessarily signify its agreement in whole or in part with any position taken on the matter by the TRC or respondents. Flow reserves the right to comment on any issue raised in the Consultation Documents at a later date. Where Flow has previously commented on issues raised in this Consultation Document in previous Consultation Documents, those comments remain applicable unless expressly amended by Flow.

1.3 Please send all responses to this Consultation Document and any matters arising to Colin MacDonald at ravi.maywahlall@cw.com and Melesia Sutherland at melesia.campbell@cw.com .

2. 2019/20 Work Plan - Long Run Incremental Cost (LRIC)

2.1 LRIC model is used for calculating the wholesale cost for providing network termination services and cannot necessarily be applicable for market analysis purposes beyond that narrow focus. Once a carrier is determined to be dominant for termination services, this model may be applied to the determine the charge for termination services, however it should be limited to that purpose only and therefore would have very limited application outside of this context. It should certainly not be used in conducting further market analysis at the retail level. The Commission needs to clarify its objective for the use of a LRIC model.

2.2 Additionally, Flow would like the Commission to identify the likely cost and scope of the proposed LRIC model. The business would like to understand the basis and value of development of a LRIC model in this moment if there is no immediate application for it in the BVI given the competitive market in the BVI.

3. Budget for the 2019/2020 Financial Year

3.1 Flow notes that expenditure on professional fees have reduced by 14% and commends the Commission for this and so it should be given that the Commission has been hiring staff. The Commission also has planned increases for several line items that are incongruent with a rate of inflation in BVI in the region of 2%.

3.2 Accordingly Flow request an explanation for the following and notes that if these excessive increases are adjusted the TRC's budget would not increase but rather decrease:

1. *Conferences, Training and Travel:* This represents travel, local and internationally, for members of the Board and employees, to attend meetings, conferences, seminars, and workshops for continued development on behalf of the Commission. This figure has increased by 7% compared to the prior year's budget. Further details are required to account for a 7% increase in this expenditure. What are the training gaps of the staff and what training is required to bring the staff up to the standard that is required. A 7% increase in training expenditure is quite substantive in a market that runs an inflation rate in the region of 2%. More information is certainly needed to justify this sort of increase.
2. *Maintenance Expenses:* This represents automobile maintenance, building maintenance, cleaning and cleaning materials, computers, equipment and site, fuel, and office equipment. This figure has increased by 40% over the prior budget year. More details is required to substantiate this 40% increase in maintenance expenses. One would expect that newer equipment would require less maintenance and therefore lower maintenance cost. On that basis this expenditure does not appear justifiable.
3. *Consumers Education and Public Relations:* This represents initiatives aimed at educating and informing consumer on various aspects of the telecommunications sector, including community outreach; utilisation of other media avenues; and acknowledgement of various telecommunications days/events. This expenditure has increased by 15% over the prior budget.

An increase in expenditure of 15% requires more justification or a more detailed explanation of the scope and type of public education and public relations program that the Commission intends to undertake over the coming period. When inflation is currently around the 2% mark, an increase in expenditure of 15% is substantial. The Commission must demonstrate the value of the additional proposed spend.

4. *Contingency Amount*: This represents 10% of the estimated expenditure. Flow would like to understand the basis for a 10% increase in the budget for contingency expenses and whether this increase is based on prior year's contingency increase in contingency expenses. This is critical given that inflation is in the region of about 2%.

4. Conclusion

4.1 In closing, Flow trust the Commission will give thoughtful consideration to Flow's comments. We also invite the Commission to reconsider its overall budget which still remains excessive.

END