



Commission
Draft Annual Work Plan
and Budget 2017/2018
Consultation Document

Consultation

Publication date: 4 September 2017

Closing date for responses: 2 October 2017

Reference Number: 2/2017

About this document

Under section 63 of the Telecommunications Act 2006 (the **Act**), the Telecommunications Regulatory Commission of the British Virgin Islands (**Commission**) is required to publish its Annual Work Plan and Budget. The Annual Work Plan sets out our priorities and discusses the work that the Commission is planning for the coming year. This document is a draft of our Annual Work Plan and Budget covering the Commission's 2017/2018 financial year.

The Annual Work Plan and Budget includes the details of the Commission's intention to impose an industry levy fee on each licensee and authorisation holder and how that industry levy will be calculated for this financial year. We are publishing this draft to provide our stakeholders with the opportunity to comment on our proposed priorities, anticipated work for the year, attendant budget and the calculation of the industry levy.

Contents

Instructions for submitting a response

Part I. 2017/2018 Strategic Plans

1. Overview
2. Nature and Scope of Functions
3. 2017/2018 Strategic Aims and Objectives

Part II. The Industry Levy

Part III. 2017/2018 Work Plan

Part IV. 2017/2018 Budget

Instructions for submitting a response

The Commission invites comments on this consultation document from all interested parties. Comments should be submitted by **2 October 2017**.

We strongly prefer responses to this document to be sent by email to consultations@trc.vg (indicating the subject: "Consultation on the Annual Work Plan and Budget 2017/2018"). Alternatively, responses may be sent to the address (or the P.O Box number) set out below:

Consultation on the Annual Work Plan and Budget 2017/2018 –Telecommunications Regulatory Commission, P.O. Box 4401 or 27 Fish Lock Road, 3rd Floor Road Town, Tortola, British Virgin Islands VG 1110 Fax: (284) 494 6786

Responses from corporate bodies (legal persons) should include:

- the name of the company/institution/association/other organisation;
- the name of a principal contact person; and
- full contact details (physical address, postal address, telephone number, fax number and email address).

Responses from individual (natural) persons, should include name and contact details (including email).

We have produced a cover sheet for responses (see below) and would be very grateful if you could send one with your response. This will speed up our processing of the responses, and help to maintain confidentiality where appropriate.

In the interest of transparency, the Commission will make all submissions received available to the public, subject to the confidentiality of the information received. The Commission will evaluate requests for confidentiality according to relevant legal principles.

Respondents are required to clearly mark any information included in their submission which they consider to be confidential, and provide reasons why that information should be treated as such. Where information claimed to be confidential is included in a submission, respondents are required to provide both a confidential and a non-confidential version of their submission. The Commission will determine whether information claimed to be confidential is to be treated as such and, if so, will not publish that information. In respect of information that is determined to be non-confidential, the Commission may publish or refrain from publishing such information at its sole discretion.

Once the Commission has received and considered responses to this consultative document, it will deliver its final Work Plan and Budget for the 2017/2018 financial year and calculations of the industry levy to the Minister of Finance for approval and it will be published on the Commission's website.

Cover sheet for response to a Commission consultation

BASIC DETAILS

Consultation title:
To (Commission
Contact):

Name of
respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

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

Nothing	Name/contact details/job title
Whole response	Organisation
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

Signed (if hard copy)

PART I: 2017 and 2018 Strategic Plans

1. Overview

1.1 The Annual Work Plan and Budget describes the work we intend to carry out in the coming year to fulfil our duties. It also identifies the nature and scope of our functions and our strategic aims and objectives. We also include our proposed budget for the 2017/2018 financial year.

1.2 The Minister, with the approval of the Council, made the following appointments to the Board of the Commission:

Chairman: Michael Thomas (Re-appointed: 13 February 2017 to serve for a term of two years and six months)

Board Member: Jerry Samuel (Appointed: 1 March 2017 to serve for a term of three years)

Board Member: Delroy Williams (Re-appointed: 1 May 2017 to serve for a term of two years)

Chief Executive Officer and Board Member: Guy Lester Malone (Reappointed 1 March 2017, for 2 years)

1.3 The newly constituted Board of the Commission is undertaking a thorough review of (a) work done by the Commission to date; (b) action required to bring the Commission into line and up to date with its duties under the Act; (c) review the quality and speed of communications services being delivered in the Territory; (d) additional legislation that needs to be introduced to bring the BVI up to international standards and (e) staffing requirements to facilitate the delivery of the Commission's Work Plan.

1.4 The Board has made a further recommendation to the Minister to appoint an additional Commissioner with a telecommunications services background from outside the British Virgin Islands, as specified in section 7(2) of the Act.

1.5 Our **mission** is to promote value, choice, innovation, quality and competitive pricing for consumers and businesses in the British Virgin Islands. We will work for consumers and businesses by promoting investment, effective competition, informed choice and the opportunity to have access to a wide range of telecommunications services.

1.6 To achieve these goals, we will be consultative, transparent and proportionate. We will ensure we behave in a professional manner with fairness, integrity and independence.

- 1.7 We have adopted six essential principles of good regulation consistent with international standards and best practice.
- 1.7.1 **Accountability:** Our decision-making powers should be, with the constraints of confidentiality, exercised transparently and subject to appropriate scrutiny and challenge.
- 1.7.2 **Focus:** We will concentrate on protecting the interests of consumers and businesses in the British Virgin Islands by ensuring the operation of a well-functioning and contestable market.
- 1.7.3 **Predictability:** We plan to provide a stable and objective environment allowing all those affected by our regulation to anticipate the basis for further decisions and make long term investment decisions with confidence.
- 1.7.4 **Adaptability:** The framework of our economic regulation will be flexible enough to respond to a quickly changing technology and services environment, continuing to be relevant and effective over time.
- 1.7.5 **Efficiency:** Where we intervene, policy interventions will be proportionate and cost-effective and our decision making should be timely and robust.
- 1.7.6 **Balance:** Our evidenced based approach to decision making and our adaptability will ensure that we remain proportionate, consistent, fair and just.

2. Nature and Scope of Function

- 2.1 The Commission is the regulatory body established in 2007 in accordance with the Act to implement the Government's policy with respect to telecommunications as set out in the Telecommunications Liberalisation in the British Virgin Islands – 10 January 2007¹.
- 2.2 The Commission's activities are funded through the royalty fees paid by licenced operators in the British Virgin Islands. The Commission is also entitled to charge licenced operators an annual Industry Levy. The Commission will continue to gradually implement the Industry Levy in this financial year. The Commission will assess the proportion to be paid by each operator in accordance with section 59 of the Act and implement the Industry Levy in a manner which encourages investment by the operators in their networks and services in the Territory.
- 2.3 This Public Consultation includes a consultation on the Work Plan and Budget provided for under section 59 of the Act.

1

http://www.trc.vg/images/attachments/040_G00050_Telecommunications%20Liberalisation%20In%20The%20British%20Virgin%20Islands.pdf

- 2.4 The Commission's goal is to ensure that the interests of consumers and businesses in the British Virgin Islands are promoted and protected with respect to price, choice, quality of service and innovation in telecommunications services. We believe this goal is best achieved by encouraging a competitive market place.

3. Strategic Aims and Objectives 2017/2018

3.1 Continue a Culture of Compliance

We will continue our monitoring and enforcement activities in line with our duties under the Act to ensure that all operators continue to be in compliance with the Act, their licences, the Telecommunications Code and any Instructions or Directions made by the Commission.

3.2 Engagement with Consumers and Businesses

We are committed to supporting local businesses and consumers in the British Virgin Islands. The thriving Financial Services and Tourism industries are critically dependent upon having a competitive and robust telecommunications market and infrastructure to deliver their services. We plan to engage in a communications program with businesses and consumers to promote understanding of the market and our work. We are also looking forward to gaining a better understanding of their needs and concerns.

3.3 Our Stakeholders

We will continue to increase our interaction with stakeholders. This dialogue will be critical as we prioritise our work plan and will provide us with the ability to respond quickly and effectively to market developments.

The landscape of our communications market is changing. Two of the licenced operators in the BVI were acquired last year by significant international companies. Liberty Global plc purchased Cable & Wireless Communications plc (the parent company of Cable & Wireless (BVI) Limited). Atlantic Tele-Network, Inc. acquired B.V.I. Cable T.V. Ltd.

In addition, the market may change further, given the proposed cross-ownership between B.V.I. Cable T.V. Ltd. and Caribbean Cellular Telephone, which the Commission is currently evaluating to ensure that the relevant operators are in compliance with their licences and there remains a fair and competitive market.

The Commission confirms that the new ownership of these companies has not resulted in a change to the fundamental market structure in the BVI.

We will engage with the Financial Services and Tourism Sectors as well as Government departments to assess and assist with the progress of the development of the sector.

3.4 Government

We will continue to advise the Minister for Communications and Works and the Government of the Virgin Islands on policies and positions – providing timely and high quality advice.

3.5 International Best Practice

We will ensure that we follow international best practice in regulation and competition law. We are seeking closer relationships with sectoral regulators including CANTO, the CTU, ICTA, UKRA, OOCUR, Ofcom in the UK, the FCC in the US and CICRA in the Channel Islands, PCH, IANA and ARIN. We also expect to attend Mobile World Congress and engage with the GSMA, the ITU and other international associations with a particular emphasis on the needs of smaller economies. Sharing knowledge and best practice will allow us to ensure consistency in our approach to economic regulation.

3.6 Improved Performance

We have significantly increased our level of activity as well as the speed of our responses and efficiency of our work during the 2016/2017 financial year. We have and will continue to prioritise work that delivers the most benefit to consumers, enterprises and visitors in the British Virgin Islands. The Commission is encouraging and incentivising licensed operators in the BVI to increase investment in the Territory and improve their network performance.

3.7 Annual Report for 2016/2017

The Commission intends to publish an Annual Report to provide stakeholders with a review of the Commission's activities during the 2016/2017 financial year.

PART II: The Industry Levy

1. History and Background

- 1.1 On 10 January, 2007, the Government of the Virgin Islands produced the *Telecommunications Liberalisation in the British Virgin Islands* document as the passage way to close the telecommunication monopoly and introduce competition in the telecommunications industry in the BVI.
- 1.2 It has been ten years since the Act has been enacted. Under this Act, the Commission is intended to have two revenue streams from the licensees, namely the Annual Industry Levy and Annual Royalty Fees.
- 1.3 The Annual Industry Levy is a charge on the licensed operators intended to financially maintain the Commission in the performance of its duties pursuant to section 6 of the Act, as the regulator of telecommunications in the British Virgin Islands.
- 1.4 The Royalty Fee is a fee charged by the Commission to each Licensee equal to the amount of 3% of its gross revenues derived from services provided under the License collected by the Licensee. The Licensees are required to provide the Commission with Audited Accounts each year on which the Commission bases the calculation of Royalty Fees. Royalty Fees are due to be paid by each Licensee no later than 5 April of each year.
- 1.5 For the past ten years, the primary source of revenue to carry out the functions of the Commission has been the Royalty Fees. The Commission strived towards a gradual implementation of the Industry Levy in our last financial year. In previous financial years, the Commission collected revenues from the Licensees, as if the licensees were still only accountable for Royalties as applied under the former Telecommunications Act, Cap. 171, as amended.
- 1.6 The Commission has recognised the need for significant development of networks and services in the BVI and the need for the operators to make significant investments in the Territory. In light of these concerns and so as to ensure that the public's interests are met, the Commission has determined to forego collection of the Industry Levy for the financial year 2016/2017, subject to approval by the Finance Minister.
- 1.7 The Commission has now proposed an amended approach to the implementation of the Industry Levy in the initial years of its introduction. The Commission will introduce a path for payment of the Industry Levy, will credit measurable, reasonable and objectively verifiable investment by each operator in its Network and Services to the payment of the Industry Levy and allow the operators to establish a payment plan for payment. The Industry Levy from each of the Licensees will fund a portion of the work of the Commission going forward. The Royalties collected in the past were used to support the work of the Commission. In the future, any surplus will be paid to the Government of

the Virgin Islands, which is typical in the sector and anticipated by the section 65 of the Act.

- 1.8 The Commission intended to begin collecting the Industry Levy on 1 October 2016, for the financial year 2016/2017, following its consultation. The Commission did not intend to or collect industry levies for prior years. The Commission gave notice to the Licensees on 23 February 2016 of its intent to implement the Industry Levy for the Commission's 2016/2017 financial year.
- 1.9 The Commission thanks the Licensees for the investment that they have made in the telecommunications industry of the BVI in the past and looks forward to the continued advancement of telecommunications products and services in the Territory.
- 1.10 The Commission is working with the operators to create a unique solution for the implementation of the Industry Levy while encouraging investment. The Commission is confident this strategy will serve to bring about the significant changes we hope to see in the quality of all of the operators' networks and services in the next few years.

2. Legislation

- 2.1 Section 59 of the Act, sets the legislative framework enabling the imposition of the industry levy. The section states:

(1) Following a public consultation and within four weeks of the approval by the Minister responsible for finance under section 63, of its estimates in respect of a financial year, the Commission shall

a) set an industry levy for that financial year in accordance with subsection (2); and

b) assess the proportion of the industry levy to be paid by each licensee and authorization holder.

(2) The industry levy for a financial year shall be calculated by adding the net estimated expenditure of the Commission as set out in the estimates approved by the Minister responsible for finance and a contingency of ten percent of the net estimated expenditure, and by adjusting the sum of the net estimated expenditure and the contingency by

a) the addition of the deficit, if any, shown in the audited accounts of the Commission for the previous financial year; or

b) the subtraction of the surplus, if any, shown in the audited accounts of the Commission for the previous financial year.

(3) The amount assessed by the Commission on a licensee or an authorization holder shall be paid to the Commission within four weeks after receiving notification of the assessment.

(4) Without prejudice to any other enforcement action available to the Commission, a licensee or an authorization holder that does not pay an assessment made in accordance with this section is liable to pay interest to the Commission at the rate of five percent annum or such other prescribed rate.

(5) The assessment and any interest payable under subsection (4) may be recovered by the Commission as a civil debt in summary proceedings.

(6) Monies received by the Commission by way of the industry levy shall be retained by the Commission for its own use, unless the Minister responsible for finance, with the approval of the Council, otherwise directs.

2.2 The obligation to pay the Industry Levy has been included in the licence agreement of each authorization holder, entitled *Licence for the Operation of a Telecommunication Network Providing Telecommunications Services in the British Virgin Islands*. The relevant article reads:

Article 5. Fees

(5.1) Payment of Industry Levy and Royalty Fees.

In consideration for the granting of this License and for the License to be effective, the license shall pay to the Commission (1) an annual Industry Levy (2) an annual Royalty fee in the amount three percent 3% of the gross revenue from services provided under this License collected by the Licensee, payable in US Dollars no later than 5 April of each year, commencing on 5 April, 2007. The Licensee may seek adjustment from the Commission in the following year for payment on gross revenue not collected by the Licensee during the prior year. Any such fee not so paid by the date due shall thereafter accrue interest at a rate equal to five percent (5%) per annum or such other prescribed rate.

3 Process for Implementation 2017 -2018

3.1 **Step 1:**

Approval of Commission Work Plan and Budget 2017/2018 by the Commission Board Members (Completed on August 19, 2017)

3.2 **Step 2:**

Notice of Consultation published at least 14 days prior to the Consultation (completed on 21 August, 2016)

3.3 **Step 3:**

Conduct a 28-day public consultation on the Work Plan and Budget 2017/2018 (Consultation to commence on 4 September 2017 and will close on 2 October 2017)

3.4 **Step 4:**

Publish responses received and reporting on the results of the Consultation (17 October 2017).

3.5 **Step 5:**

Approved Work Plan and Budget sent to the Minister responsible for Finance to be approved by the House of Assembly.

3.6 **Step 6:**

Assess the proportion of the Industry Levy to be paid by each licensee and authorization holder. Each licensee will be issued an invoice for the Industry Levy fee for which they have four weeks to pay the assessment. Establish with each licensee what portion of the Industry Levy will be paid in cash and what portion will be paid by way of investment credits.

4 Industry Levy Calculation 2017 - 2018

4.1 In exercising the power conferred on the Commission pursuant to Section 59 of the Act, the Industry Levy will be implemented following this Consultation.

4.2 Each authorization holder shall pay the appropriate industry levy fee to the Commission as specified in the paragraph below.

4.3 Generally, the computation of the regulatory industry levy applicable to a licensee in the telecommunication sector is calculated on the basis of the following formula (and shall be payable in cash and/or investment credits as the Commission agrees with each Licensee.

Schedule of Regulatory Industry Levy Calculation

Regulatory Industry Levy Formula			
$RF^a = Ra/Rt \cdot TB$			
Where:			
Rf^a = Annual Regulatory fee for company "A"			
R^a = Applicable revenues for Company "A"			
Rt = Total applicable revenue of all relevant companies			
TB = Total applicable budget for telecommunications activities			

4.4 Section 59 (3) states that the amount assessed by the Commission on a licensee or an authorization holder shall be paid to the Commission within four weeks after receiving notification of the assessment.

4.5 For example, for a prior year of operation, with four telecommunication service providers in the BVI with Revenues as set out below:

Example Calculation of the Industry Levy Fee

Table 1	
Licensees	Total Turnover (Revenues)
Company A	\$ 15,000,000.00
Company B	\$ 20,000,000.00
Company C	\$ 30,000,000.00
Company D	\$ 550,000.00
Total Applicable Revenues By All Operators	\$ 65,550,000.00

4.6 After the Commission’s work plan and budget has been approved by the Minister responsible for finance, if the total approved budget expenditure for a year of operation is \$3,000,000.00, this amount will be prorated and invoiced among the four licensed service providers. See Table 2, for an example of this calculation:

Table 2			
Licensees	Total Turnover (Revenues)	Total Applicable of Expenditure Budget of TRC	Total Industry Levy Due By Licensees
Company A	\$ 15,000,000.00	\$3,000,000.00	\$686,498.86
Company B	\$ 20,000,000.00	3,000,000.00	\$915,331.81
Company C	\$ 30,000,000.00	3,000,000.00	\$1,372,997.71
Company D	\$ 550,000.00	3,000,000.00	\$25,171.62
Total Applicable Revenues By All Operators	\$ 65,550,000.00	Total Expenditure Budget TRC	\$3,000,000.00

- 4.7 For additional clarity, if Company A's, Industry Levy charge is \$686,498.86; the formula calculation is as follows: (Total revenue of Company A / Total Applicable Revenue by all Operators) x Total Applicable Expenditure Budget of the Commission ((15,000,000/65,550,000) x 3,000,000).
- 4.8 As indicated above, a percentage of the Industry Levy to be determined may be paid in measurable and verifiable investment credits. For clarity, these credits will be given based on detailed measurable and verifiable information from each operator as to the amount of investment it has made to its network and services in the BVI during the relevant financial year. The Commission will not include investment made to roll out wireless networks pursuant to the 2016 Spectrum Allocation. The type of investment we will take into account includes: investment in additional staff, customer service improvements, network repair and improvements, improvements in speed and quality of service.

PART III: 2017/2018 WORK PLAN

The Commission's objective for the British Virgin Islands' telecommunications market is to ensure that it satisfies all reasonable demands for telecommunications services by promoting competition and encouraging investment.

Our critical projects for 2017 and 2018 are set out below.

1. Ensure optimal spectrum efficiency, so that this resource is used for the maximum benefit of consumers and enterprises.

- 1.1 In 2011, the Commission published its vision for spectrum management in the Virgin Islands. The implementation of this plan has been underway since the development of the Spectrum Management Framework, modified during the period as necessary to accommodate changes in technology and business requirements.

The Commission has worked with consultants Frontier Economics and Oxperts to undertake a review and update of the 2011 Spectrum Management Framework. The revised 2017 Spectrum Management Framework (**SMF 2017**) covers matters such as spectrum allocations, spectrum assignment policy, licensing requirements and associated fees, and interference management and enforcement. The Commission is conducting a public consultation on the SMF 2017 to obtain feedback from all stakeholders on the new Framework.

The Commission expects to publish the final 2017 Spectrum Management Framework, the National Frequency Allocation Table for the British Virgin Islands and its implementation plan in 2017.

- 1.2 We will continue to monitor interference from marine traffic and provide notifications and coordination with Government through working jointly with HM Customs, the Port Authority, Ship's Registry and Ship Agents to work to eliminate any harmful interference. Significant progress has been made in raising awareness through this programme. We will continue to take action to enforce the ban of unlicensed European DECT systems within the Territory.
- 1.3 The Commission has commenced formal discussions with US Virgin Islands officials and expects to conclude an agreement with the US VI for establishing clear guidelines for frequency coordination between the British Virgin Islands and US VI.
- 1.4 The Commission will continue to audit bands used by mobile and fixed broadband access services.
- 1.5 We will complete a thorough review and network audit to establish how efficiently and effectively the spectrum frequencies are being used by the

licensed operators and quality of service in the British Virgin Islands and regularise any incidence of non-compliance with licence conditions. This activity will include benchmarking and considering appropriate charges for spectrum usage as outlined in paragraph 4.2 below.

- 1.6 The Commission expects to develop and consult upon spectrum trading rules and regulations and publish a final new regulation, in the form of an additional Code, setting out the spectrum trading policy, rules and regulations.
 - 1.7 We will consider and determine licence exempt bands and plan to conduct a public consultation in relation to a new regulation in the form of an additional Code which will set out a detailed policy and regulations in relation to licence exempt bands as indicated in the SMF 2017.
 - 1.8 We will issue further details and launch a public consultation on the proposed assignment process for the release of Phase 1 spectrum as identified in the SMF 2017. The Phase 1 spectrum proposed to be released is in the AWS band, 2300 MHz and 2500 MHz bands). Following the public consultation, the Commission will conduct the assignment process for the Phase 1 spectrum.
 - 1.9 We will develop and consult upon a policy for the block assignment of microwave spectrum to licensed operators.
 - 1.10 We plan to identify Government use of spectrum and issue Frequency Authorisations to Government users to accurately reflect their usage.
 - 1.11 We will assess the availability of frequencies for digital TV services and consider potential demand. If there is demand, we will identify frequencies for digital TV services and establish required next steps.
 - 1.12 We will acquire a spectrum management software tool to facilitate the management of spectrum in the British Virgin Islands. The Commission is also planning to acquire a spectrum monitoring unit to allow the Commission to more accurately monitor the use of spectrum throughout the Territory and ensure efficient and compliant use of the Territory's valuable spectrum resources.
2. Facilitate continued development of a first class integrated telecommunications Infrastructure that delivers choice, value and quality of service for consumers, enterprises and visitors to the British Virgin Islands.
- 2.1 We will develop a strategic plan, including conducting forums, to promote citizen and consumer awareness of the safe use of the internet, promotion of privacy of personal data and to ensure that consumers and businesses are so far as possible protected from "bill shock" through a program of education and explore opportunities to reduce roaming and data charges. We are implementing a new Consumer Protection Code to help to address these concerns.

- 2.2 Meet with business users of telecommunications services in the British Virgin Islands to identify telecommunications related issues which may be inhibiting their business as well as enhanced services that they may be seeking. Consider appropriate regulatory action to respond to their concerns. We will also liaise with operators to provide feedback and make enquiries based upon the information we gather.
- 2.3 Co-ordinate and oversee the re-establishment of the local Internet Exchange Point aimed at improving the quality of internet services and confidentiality of transmitted data within the Territory. It will primarily facilitate the exchange of internet traffic locally and further the evolution of the local internet economy.
- 2.4 Hold quarterly meetings with operators to allow them to brief the Commission on their businesses and issues that are of concern and for the Commission to make enquiries of the operators. We will work with the operators to establish an agreed information program to facilitate consumer awareness.
- 2.5 The Commission will go on a staff retreat aimed at improving focus within the organisation. We will use this time to revise our missions and vision and to gain guidance on the best ways of performing our duties to ensure that the very best quality of service, speeds of delivery, efficiency and consistency is provided to the citizens, businesses and consumers of the BVI.
- 2.6 We will also acknowledge and celebrate the annual World Telecommunications and Information Society Day and will use this opportunity to engage with consumers and businesses.
- 2.7 To build a more resilient IT structure, we are implementing a disaster recovery system to mitigate disastrous IT impacts and internal recovery.
- 2.8 As a part of the Code in relation to the Protection of Consumer Rights, we will be seeking to establish a consumer panel to advise the Commission on consumer matter to ensure that we are aware of and give due consideration to the views and concerns of BVI consumers.
- 2.9 Conduct Commission visits to Sister Islands throughout the BVI to meet consumers and understand local issues as well as educate consumers on their rights and how to complain if necessary.
- 2.10 Conduct a nation-wide fixed, mobile network and internet signal coverage and performance audit and validate the minimum population coverage for each fixed, mobile and ISP operator's telecommunications network.
- 2.11 We have sought and received the views of stakeholders on the implementation

of a number portability system in the BVI during the 2016-2017. We will now move towards assessing consumer demand and desirability.

3. Ensure compliance by each of the operators with the Act, the Telecommunications Code, their licences and any relevant directive or instruction given by the Commission.

3.1 Conduct a targeted compliance and network audit of each of the operators (**BVI Cable TV Limited, Cable & Wireless (BVI) Limited, Caribbean Cellular Telecommunications Limited and Digicel BVI Limited**) to review any areas of inefficient use of their licence and non-compliance and work with each operator to bring them into compliance as the Commission deems to be necessary, proportionate and appropriate.

3.2 Consult upon and implement guidelines which the Commission will consider when exercising its discretion in taking enforcement action for any breach of the Act, any licence, the Regulations, the Telecommunications Code and any instructions issued by the Commission.

3.3 Monitor and enforce compliance with all rules and regulations in relation to broadcast radio usage and licences.

4. Reviewing the legislative framework and proposing the introduction of new or revised Telecommunications Codes and replacing historic legislation.

4.1 Continue to review the Act and Telecommunications Code to update and improve the legislative framework and propose suitable changes and additions, where necessary.

4.2 Consult upon and update the Telecommunications Act and Amendment (CAP.171) and replace historic legislation with a new Code. Specific priorities include (a) radio, ship, marine, aeronautical, amateur and broadcast licencing; (b) the forms of licence required; and (c) including licence fees for spectrum used by mobile operators.

4.3 Consider introducing a Code to facilitate number portability in the BVI as indicated in paragraph 2.11 above.

4.4 We plan to consult upon and implement new parts of the Telecommunications Code, amending Part 4 (Investigation of Complaints by Consumers, Facilitation of Relief and Resolution of Related Disputes) to reflect current market conditions and consumer expectations and including a new section of Part 4 which will establish clear guidelines in relation to Protection of Consumer Rights, Requirements and Access to Emergency Services.

- 4.5 Consider and consult upon topics set out in relation to spectrum as specified in Section 1 above, consistent with the SMF2017.
 - 4.6 Consider and consult upon enforcement and fining guidelines as indicated in paragraph 3.2 above.
 - 4.7 Consult upon Equipment Type Approval framework for the BVI through a study and review of international best practice to ensure the safe for public use of telecommunications equipment.
 - 4.8 We have sought and received the views of stakeholders on the implementation of cyber security programmes. We will now move towards assessing the need for the development of a cyber security framework for the benefit of consumers and businesses in the BVI. We will also work with international organisations to maximise our resources and knowledge to deliver the best value to citizens, businesses, consumers and young persons.
5. Targeting economic regulation so that it is aimed at those areas where market forces alone are not sufficient to protect consumer and business interests.
- 5.1 Amend operator licences to allow consolidation and consult upon and finalise merger control guidelines with the assistance of an international consultant.
 - 5.2 Set out a new Market Review Consultation Programme updating the 2010 Market Review with consideration of new markets following further consultation on the priority markets for future reviews.
 - 5.3 Review markets for possible failures constraining the development of the sector or having a negative effect on consumer or business interests and set remedies to address identified market failure.
 - 5.4 Monitor FLOW's performance as it pertains to their commitment in the Fixed Broadband Charter. Assess the effectiveness of the regulatory remedy (Customer Charter) due to FLOW's dominance in the Fixed Broadband Market
 - 5.5 Research the need for implementation of a Universal Service requirement in the BVI in accordance with section 28 of the Act and advise the Minister of Communications and Works of our findings.
 - 5.6 Investigate matters raised by complainants and practices by operators that may breach the Act, their licences, the Telecommunications Code or which may be anti-competitive. Take appropriate enforcement action.

- 5.7 Ensure the availability of information on the telecommunications market in the BVI, as well as the ability to effectively benchmark this data against other markets through annual reporting on the BVI telecommunications market. Ensure regular reporting requirements are enforced on all service providers.
 - 5.8 Design an economic data management system to allow for the efficient and effective collection of data from all service providers.
 - 5.9 Hire a new Chief Economist to take forward the programme of work relating to market reviews and the implementation of policies and procedures to enhance fair competition in the communications market in the BVI.
6. Ensure that the Commission is adequately staffed and has the appropriate financing framework to fulfil its duties under the Act.
- 6.1 Hire a Chief Operating Officer to assist in overseeing the day-to-day activities of the Commission in accordance with the Act.
 - 6.2 Internal and external staff training and development to ensure increased knowledge and awareness of the communications and technology sector as well as the responsibilities of the Commission.
 - 6.3 Undertake an internal review of the job description of all Commission employees to reflect industry standards and international best practice. This will be commenced during the first quarter of the financial year.
 - 6.4 Audited financial statements have been completed up to the year 2015. We will complete our audited financial statement for 2016 and 2017 during the second quarter of the financial year.

PART IV: Budget for the 2017/2018 Financial Year (Estimated Income and Expenditure)

FY 2018 Budget - Income	FY 2017 Budget	FY 2018 Budget
Domain Registration Fees	60,000.00	40,000.00
Industry Levy Fees	4,622,070.72	108,193.92
Radio License Fees	60,000.00	60,000.00
Royalty Fees	2,174,916.57	2,444,746.51
Spectrum Fees	-	190,400.00
Submarine Cable Fees	485,800.00	500,000.00
Finance Income	10,000.00	10,000.00
Estimated Income	7,412,787.29	3,353,340.43

FY 2018 Budget - Expenditure	FY 2017 Budget	FY 2018 Budget
Non-Executive Members Honoraria and Expenses	40,800.00	40,800.00
Employee Compensation	1,102,431.72	1,259,884.88
Government Fees and Staff Benefits	530,797.19	594,590.76
Professional Services	1,325,200.00	735,200.00
Conferences, Training and Travel	200,863.23	343,937.44
Rent and Utilities	378,426.66	397,222.88
Maintenance Expenses	54,502.17	59,502.17
Consumers Education and Public Relations	48,000.00	48,000.00
General and Administration	149,689.24	169,374.40
Special Project	250,000.00	100,000.00
Estimated Operating Expenditures	4,080,710.21	3,748,512.53
Contingency Amount	541,360.51	579,244.24
Total Estimated Expenditures with Contingency	4,622,070.72	4,327,756.77
Net Income before Regulatory Contribution	2,790,716.57	(974,416.34)
Less: Regulatory Contribution	(2,174,916.57)	(54,096.96)
Estimated Net Income (Loss) after Regulatory Contribution	615,800.00	(1,028,513.30)
Capital Expenditure	1,332,894.93	2,043,929.83

Commission's explanation of each category is as follows:

Income

- **Domain Registration Fees:** This income comprises of new and renewal dot.vg subscribers. This is an emerging market that the TRC wish to grow. TRC hopes in the future to have all local registered companies to have a DOT.Vg account.
- **Industry Levy Fees:** As per section 59 of the Telecommunications Act 2006. The industry levy represents TRC operating cost assessed by the Commission on all Licensee holders.
- **Radio License Fees:** This income represents fees from individual radio operators, boat captains, and registered boats that renew or apply for a radio license to operate in the BVI.
- **Royalty Fees:** This income represents royalties' fees received from the licensed operators annually. This amount is 3% of the gross income of the license operators. This income increased by 12% over prior period budget due to anticipated growth in the sector, especially after the launch of LTE.
- **Spectrum Fees:** New revenue stream for the TRC, because of the LTE award process in 2016. This is an annual fee, payable every August by the holders of the LTE award.
- **Submarine Cable Fees:** New revenue stream for the TRC, because of CWC submarine cables that terminate or transit the BVI, pursuant to the Submarine Cable Directive dated 18th Dec 2014. This revenue is capped at \$500,000.00 per annum max.
- **Finance Income:** Interest Income on bank deposits.

Expenditures

- **Non-executive Members Honoraria and Expenses:** This represents the budgeted cost for all members of the TRC Board. This expenditure has remained the same over the financial periods reported (2017 and 2018).
- **Employee Compensation:** This represents remuneration for all employees, inclusive of 18 full time positions. However, there are currently 3 job vacancies – Chief Operating Officer, Chief Economic Officer and a Compliance Officer. This figure has increased

by 11% over the prior budget year due to competitive compensation for international recruitment.

- **Government Fees and Staff Costs:** This represents employer social security, NHI, PAYE, pension cost, health benefits, staff recognition program, housing allowance, travel allowance, telephone allowance, entertainment allowance, performance management and gratuity scheme. This figure has increased by 11% over the prior budget year due to the new jobs created, increase in social security and increased cost associated with hiring employees.
- **Professional Services:** This represents auditing services, economics service, legal and litigation services, research and development services, and technical and human resource services. This figure has decreased by 45% from prior period due reduce litigation matters.
- **Conferences, Training and Travel:** This represents travel, local and internationally, for members of the Board and employees, to attend meetings, conferences, seminars, secondments and workshops for continued development on behalf of the Commission. The priority of the Commission is to ensure that each member of staff is adequately knowledgeable in their area considering ever-changing technology, while fostering business relationships with regulatory bodies worldwide. The reason for the increase in Training this period is that the Commission has decided to place additional resources in training and development of staff with extended secondment training in the United Kingdom.
- **Rent and Utilities:** This represent occupancy of the 2nd and 3rd floor of the LM Business Centre; the latter floor is to be leased by the Commission from 1st October 2016 to accommodate increased staffing. Accordingly, this figure has increased 5% over prior budget year due to additional rental space needed to carry out the efficient role as the regulator.
- **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 9% over the prior budget year due to building repairs, a/c repairs, server and computer maintenance, cloud backup and numerous software renewals.
- **Consumers Education and Public Relations:** This represents initiatives aimed at educating and informing consumer on various electronic communications sector, including community outreach; utilization of other media avenues; and acknowledge of various telecommunications days/events. This expenditure has remained the same over the financial period reported (2017 and 2018)

- **General and Administration:** This represents subscriptions, customs duties, general office expenses, and messenger services. This figured has increase by 13% over the prior budget year due to anticipated expenditure for office supplies, software subscription and printing supplies for additional office floor.
- **Special Projects:** Operator Compliance Audit. This represents the Commission's focus on investigating each operator's business operations and practices, in an effort to gain a better understanding of the business and ensure the compliance of all operators. While the Commission will be involved in this initiative, this project includes obtaining external services from its auditors and technical experts for the Commission to effectively carry out this audit.
- **Contingency Amount:** This represents 10 percent of the estimated expenditure, as per section 59(2) of the Telecommunications Act 2006.