

# NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION



**REPORT**

**To**

**The Minister for Telecommunications**

FOR THE PERIOD

*1 January 2007 – 31 December 2007*



NATIONAL TELECOMMUNICATIONS REGULATORY  
COMMISSION

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NTRC/01-4/206

September 2, 2010

Honourable Ambrose George  
Minister for Information, Telecommunications  
& Constituency Empowerment  
Ministry of Information, Telecommunications  
& Constituency Empowerment  
Government Headquarters  
**Roseau**

Dear Hon Minister

**NTRC Report January 2007 – December 2007**

I submit herewith, the Report of the National Telecommunications Regulatory Commission (NTRC) for the period 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2007. The Report is submitted pursuant to section 28 of the Telecommunications Act 2000.

Section 28 requires that reports be submitted at the end of each calendar year. However, due to the considerable difficulties encountered in sourcing much of the required data for the year 2007, the report was not submitted earlier.

Please cause a copy of the Report to be laid before Parliament.

Sincerely yours

(Sgd) Craig Nesty

.....  
**Craig Nesty**  
**Executive Director**

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## **EXECUTIVE SUMMARY**

The National Telecommunications Regulatory Commission (NTRC) was established by the Telecommunications Act, 2000, Act No. 8 of 2000, which came into force on the 1<sup>st</sup> day of February 2001.

This report is the third report produced by the NTRC under section 28 of the Act. This report covers the period 1st January 2007 to 31<sup>st</sup> December 2007. It gives an account of the activities undertaken by the Commission and assesses the state of the telecommunications sector and its impact on (and significance for) the development of Dominica during that period.

The report comprises six parts as follows:-

- PART ONE** - **National Telecommunications Regulatory Commission**
- PART TWO** - **Promotion of the ECTEL Treaty**
- PART THREE** - **Assessment of the State of Telecommunications and its Impact and Significance for the Development of Dominica**
- PART FOUR** - **Radio Broadcasting**
- PART FIVE** - **Conclusion**
- PART SIX** - **Appendices**

## **PART ONE: NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Part One of the report introduces the Commission and briefly describes its organization, powers and functions. It gives brief profiles of the Commissioners and staff of the Secretariat and lists the training sessions, workshops, meetings and conferences in which they participated. Commissioners and staff participated in a total of about eleven (11) such activities, funded primarily by ECTEL, to enhance the efficiency and effectiveness of the Commission.

Part One also describes the administrative activities undertaken by the Commission. These include processing of applications for telecommunications licences, frequency authorizations and type approvals. A total of thirty-three (33) licences and authorizations were issued. Those included twenty-six (26) amateur radio licences.

The Audited Financial Reports of the Commission are presented in the final section of Part One which also covers related financial matters.

## **PART TWO: PROMOTION OF THE ECTEL TREATY**

Part Two reports on the Commission's actions and decisions in keeping with ECTEL's recommendations, policies and guidelines, to promote the purposes of the Treaty. Part Two gives an account of the eight (8) public consultations out of eleven (11) that were undertaken which resulted in final documents approved by ECTEL.

Other matters covered in Part Two were: a consultancy undertaken by ECTEL to review existing legislation; a Draft framework for the Determination of Dominance

and Assessment of Market Competitiveness which will serve as a guide to the Commission in determining dominance within the market; and an update on the Commission's activities in the area of Spectrum Management and Monitoring.

### **PART THREE: ASSESSMENT AND IMPACT OF TELECOMMUNICATIONS AND ITS SIGNIFICANCE FOR THE DEVELOPMENT OF DOMINICA**

An analysis of the state of telecommunications and its impact and significance for the development of Dominica is presented in Part Three which examines the contribution of telecommunications to GDP and its impact on Government revenue. Import of telecommunications equipment, employment creation, investment and market penetration are also assessed in Part Three.

Part Three shows that the revenues associated with Telecommunications continue to rise through to 2007. The growth rate of the corresponding revenues has declined from 2006 with cut backs on employment and a decline in the level of new investments. It concludes however that the sector continues to be buoyant and offers tremendous opportunities for growth, particularly for internet services.

### **PART FOUR: RADIO BROADCASTING**

An overview of the new developments (since the last report) in the state of radio broadcasting is presented in Part Four. The reclassification of broadcast licence from an Individual Licence to a Class Licence was approved in August 2007. However at the end of the reporting period the NTRC was awaiting ECTEL's recommendation to the Minister of Telecommunications and the gazetting of the reclassification.

## **PART FIVE: CONCLUSION**

In that part, the report draws some conclusions regarding the state of telecommunications regulations and the telecommunications sector during the review period.

## **PART SIX: APPENDICES**

Part Six of the report contains ten (10) appendices. The appendices provide additional information on the Commissioners, the Secretariat, telecommunications licence applications, frequency authorization applications and type approval applications and their approval or non-approval. It also includes audited financial statements and a listing of public consultations undertaken during the period under review.

## **ACKNOWLEDGEMENT**

The National Telecommunications Regulatory Commission acknowledges the contribution of the Secretariat for their diligence and dedication towards the completion of this year's report.

# **PART ONE: NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

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## **1. Powers and Functions of the NTRC**

The National Telecommunications Regulatory Commission (NTRC) was established by the Telecommunications Act, 2000 (Act No. 8 of 2000). The Telecommunications (Commencement Date) Order, 2001 (S.R.O. No. 10 of 2001) brought the Act into operation on the 1<sup>st</sup> day of February, 2001.

The Telecommunications Act and the regulations made there under establish the Commission, define its structure, role and functions and empower it to perform its functions.

The role of the NTRC is to effectively regulate the telecommunications sector, to balance the interest of consumers and telecommunications providers, and to advise on the formulation of national telecommunications policy, with a view to ensuring the efficient, economic and harmonized development of telecommunications, broadcasting and radio communications in the Commonwealth of Dominica.

Section 12 of the Act states the functions of the Commission, while the powers of the Commission are stated in sections 13, 21 and 22.

In the performance of its functions, the Commission is required to consult and liaise with the Eastern Caribbean Telecommunications Authority (ECTEL).

Sections 30-35 of the Telecommunications Act describe the function of the Commission with respect to granting telecommunications licences (individual and class) and frequency authorisations.

ECTEL is responsible for the review of applications for individual licences and is required to make a recommendation to the Minister on whether to grant such licences. It is expressly provided under section 32 (a) of the Act, that the Minister shall not grant an individual licence unless ECTEL so recommends.

The Commission does the review of applications for class licences and recommends to the Minister whether to grant those licences.

For frequency authorisation applications, the Commission is required, after consultation with ECTEL, to recommend to the Minister whether an applicant should be granted a frequency authorisation.

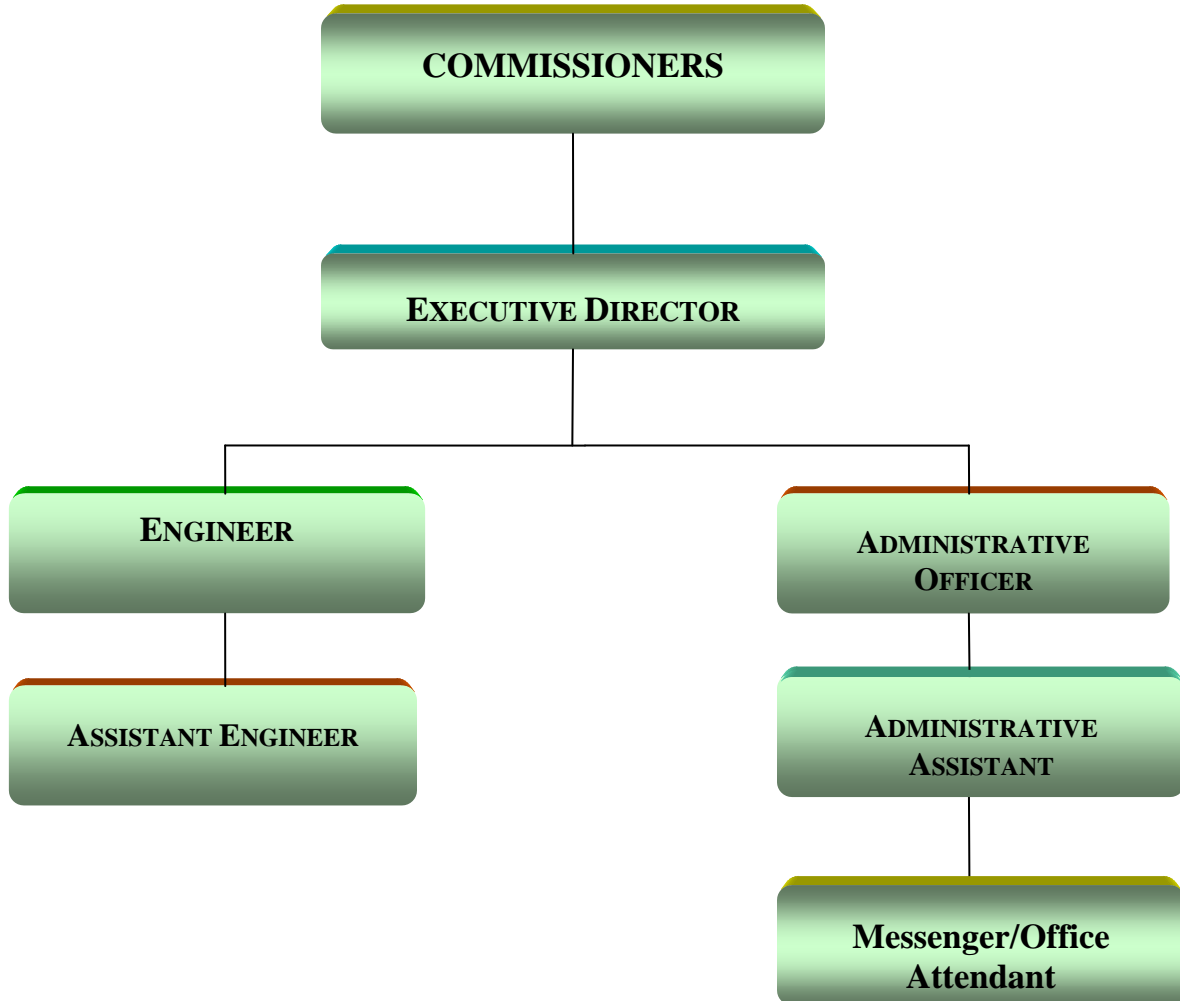
## **2. The Vision of the NTRC**

Universal and affordable access to high quality public telecommunications services by 2012, and optimizing the potential of the sector for contributing to Dominica's socio-economic growth.

## **3. The Mission of the NTRC**

To work within the ECTEL framework to effectively regulate the telecommunications sector, in harmony with other Member States, while balancing the interests of consumers and telecommunications providers and providing advice to the Minister on telecommunications matters, with a view to ensuring the efficient, economic and harmonized development of telecommunications in the Commonwealth of Dominica.

#### 4. Organisational Structure





## **5. The Commissioners**

From its inception, the Commission has consisted of four (4) members appointed by the Minister responsible for Telecommunications, in accordance with sections 8 and 9 of the Act. In 2007, members of the Commission came from the disciplines of Telecommunications, Information Technology, Law, Finance and Accounting, and Community Health. A Commissioner holds office for a period of three (3) years unless he resigns or is removed from office for cause in accordance with section 11 of the Act.

As a result of the resignation of Mr. Stephen Isidore as a member of the Commission on 29<sup>th</sup> December 2006, there were only four Commissioners serving on the Commission as at 1<sup>st</sup> January 2007: They were Mr. Julian N Johnson - Chairman, Mr. Sylvester Vital, Mr. Willie Fevrier and Ms. Careen Prevost. Mr. Johnson, whose first term of office as Commissioner and Chairman ended on 31<sup>st</sup> March 2007, was reappointed to that office for a further period of three (3) years effective 1<sup>st</sup> April 2007.

Mr. Valentine Joseph was appointed as a Commissioner with effect from 1<sup>st</sup> February 2007 for a period of three (3) years.

On 28<sup>th</sup> February 2007, Mr. Sylvester Vital tendered his resignation as a Commissioner with effect from 1<sup>st</sup> March 2007. He was appointed to the position of Executive Director at the NTRC with effect from 1<sup>st</sup> March 2007, after the position had been advertised for three (3) months. Mr. Curtiss Winston was subsequently appointed as a Commissioner for a period of three (3) years, with effect from 1st May 2007, to fill the vacancy created by the resignation of Mr. Vital.

Members of the Commission as at 31<sup>st</sup> December 2007 were Mr. Julian N Johnson - Chairman, Mr. Willie Fevrier, Miss Careen Prevost, Mr. Valentine Joseph and Mr. Curtiss Winston.

Appendix 1 summarises the qualifications and professional experience of Commissioners who served during the period under review.

## **6. The Secretariat**

Section 27 of the Telecommunications Act, 2000 provides for the Commission to have such staff as is necessary for the performance of its functions.

Mr. Sylvester Vital was seconded from his public service post of Senior Engineer (Electrical) to the NTRC as Executive Director, effective 1<sup>st</sup> March 2007 for a period of one (1) year. Ms. Clementine Josephs, who held the position of Coordinator/Secretary up to 16<sup>th</sup> February 2007, was engaged as Administrative Officer with effect from 17<sup>th</sup> February 2007 for one year. At the end of 2007, the Secretariat consisted of five (5) persons: An Executive Director, an Administrative Officer, an Administrative Assistant - Ms Cheryl Tavernier, a Telecoms Engineer - Mr. George James and a Messenger/Office Attendant - Ms. Vida Williams.

The position of Assistant Telecoms Engineer which became vacant on 1<sup>st</sup> November 2006 was filled on 1<sup>st</sup> February 2007 by Mr. Justus Victor. However, the position again became vacant following Mr. Victor's resignation with effect from 30<sup>th</sup> November 2007. At the end of the reporting period the position had not yet been filled.

During the reporting period, Miss Cheryl Tavernier, Administrative Assistant, was seconded by the Ministry of Telecommunications to the NTRC for another year and her three year contract was extended to four (4) years. Among the

employees at the NTRC, four (4) held employment contracts of one (1) to four (4) years duration. Summaries of the duties for the new positions (created in 2007) of Executive Director and Administrative Officer are listed in Appendix 2.

## **7. Training**

NTRC staff and Commissioners participated in the various training seminars and workshops indicated below. The activities were sponsored and organised by ECTEL.

### **Administration**

*Cheryl Tavernier*

- Second ECTEL/NTRC Support Staff Training Workshop held in St Lucia from 21<sup>st</sup> – 22<sup>nd</sup> June 2007.

*Sylvester Vital*

- Workshop on *Draft Telecommunications (Universal Service Fund) Regulations for ECTEL Member States* held in St Lucia on 11<sup>th</sup> June 2007.
- Workshop on *the Consultancy – Extending the Use of Broadband Applications by Governments and the Private Sector* held in St Lucia from 25<sup>th</sup> – 26<sup>th</sup> June 2007.
- The 6<sup>th</sup> ECTEL/NTRC Forum held in St. Lucia on 27<sup>th</sup> August 2007.
- Workshop on the *Use of Open Source Software in ECTEL Member States* held in St Lucia on 19<sup>th</sup> October 2007.
- Workshop on *ICT Policies and Pilot Projects and the Management of Country Top-Level Domain Names* held in St. Lucia from 8<sup>th</sup> – 9<sup>th</sup> November 2007.

- Workshop on *Cost Models to Calculate the Cost of Fixed to Mobile Interconnection Services in ECTEL Member States* held in St. Lucia on 15<sup>th</sup> and 16<sup>th</sup> November 2007.

## **Commissioners**

*Julian N. Johnson, Sylvester Vital & Legal Consultant Gina Dyer*

- Workshops on Review of Telecommunications Acts & Regulations held in St. Lucia from 26<sup>th</sup> to 27<sup>th</sup> February 2007.

## **8. Meetings/Conferences**

Commissioners and staff attended a number of meetings/conferences. These activities were funded by ECTEL.

- The Fifth ECTEL/NTRC Consultative Forum took place in St. Lucia from 22<sup>nd</sup> to 23<sup>rd</sup> January 2007. Among the matters dealt with were *Universal Service Guidelines, Wholesale Regulations and Convergence Policy*.
- A *Budget Advisory Committee* Meeting was held in St. Lucia on 17<sup>th</sup> August 2007.
- The Sixth ECTEL/NTRC Consultative Forum took place in St. Lucia on 27<sup>th</sup> August 2007. Among the topics discussed were *National Numbering Plans, Draft Policy Paper on Convergence* and the *Main Issues from the Long Run Incremental Cost (LRIC) Consultations*.

## **9. Activities undertaken by the Commission**

During the period 1<sup>st</sup> January 2007 to December 2007, the NTRC held monthly meetings and met at other times in keeping with the exigency of the Commission. Some of the major matters that engaged the attention of the NTRC were:-

### **9.1 Telecommunications Licences and Frequency Authorisation**

The grant of telecommunications licences is governed by the provisions under Part III of the Telecommunications Act, 2000 and the Telecommunications (Licensing and Authorisation) Regulations, 2002, S.R.O. No. 7 of 2002. Licences are divided into three broad categories, namely: *Individual, Class and Special Licences*. The Minister, by virtue of the Telecommunications Licence Classification Notice published in the Dominica Official Gazette dated 16<sup>th</sup> September 2004, Vol. CXXII Issue No. 49, further subdivided Individual and Class Licences into various sub-categories.

Frequency Authorisation is required for using radio frequencies in connection with operating networks or providing services under the licences.

During the reporting period, the Commission received a total of thirty-four (34) applications for Individual Licences, Class Licences and Frequency Authorisations. Thirty-two (32) applications were recommended and thirty-three (33) were approved and issued (See Appendix 3).

Carryover of licence applications (with respect to Maritime Mobile) from the previous to the reporting year, accounts for the discrepancy in the numbers of received and recommended applications.

### **9.1.1 Individual Licences**

Two (2) organizations requested three (3) licences within the five (5) sub-categories of Individual Licences during the period under review (See Appendix 4A). Review of the applications was ongoing at the end of the review period. There were a few applications (which carried over from the previous reporting period) for which additional information was requested of the applicants or for which licences were to be issued to the applicants subject to certain conditions. None of these licences were issued: The applicants appeared to have lost interest in pursuing those licences during the period under review.

### **9.1.2 Class Licences**

There are various sub-categories under class licences. The Type A sub-category consists of Private Networks/Services, Value-Added Services, Internet Service Provision, and International Simple Voice Resale. The Type B sub-category consists of radio licences (Land Mobile, Maritime Mobile, Aeronautical Mobile, Amateur Radio, Family Radio and Citizen Band Radio and the Type C sub-category (a new sub-category) of class licences consists of Customer Premises Wireman Certification, Type Approval Certification, Customer Premises Installation and Repair Certification, and Telecommunications Equipment Dealer. The Type C sub-category was included in the Telecommunications (Fees) Regulations, 2007, S.R.O. No. 15 of 2007.

During the period under review no applications were received within the Type A sub-categories of class licences. However, an International Simple Voice Resale Licence applied for, by Network Solutions in May 2005, was issued on 31<sup>st</sup> January 2007. Information on the status of other outstanding applications submitted between 2002 and 2006 has been shown in Appendix 5.

Appendix 6 shows the Type B sub-categories of Class Licences issued to radio operators. Applications were received from twenty-nine (29) applicants. It will be

however observed that thirty-one (31) licences were actually issued. The additional two (2) licences issued were for applications received towards the end of the previous period, the processing of which had not yet been completed. Nine (9) of the applications for amateur radio licences were from non residents.

### **9.1.3 Special Licences**

No special licences were issued by the Minister during the period.

## **9.2 Frequency Authorisations**

The NTRC received two (2) applications for frequency authorisation (See Appendix 7A). Review of these applications was ongoing at the end of the reporting period. During the reporting period, an authorisation was issued for an application received in the previous period from Iristel (DA) Inc (See Appendix 7B).

The status of applications received between 2002 and 2006 (and for which approval was still pending) has also been included in Appendix 7B.

## **9.3 Type Approval**

Type approval is required to ensure that equipment used and offered for sale on local markets is not a potential source for harmful interference and conforms to required telecommunications standards. Once a device has been granted type approval the equipment can then be used and/or offered for sale on the local market without any modifications to the approved prototype.

Six (6) applications for type approval were examined and forwarded to ECTEL for evaluation and recommendation. They were all approved and issued during the period under review (See Appendix 8).

## **10. Financial Report**

### **10.1 Sources of Revenue**

The ECTEL Treaty in Article 10 established the ECTEL Fund for the operations of ECTEL. Revenues from the Fund comprise primarily of payments made in accordance with the Treaty, including royalties received from the management of the spectrum – spectrum fees or frequency authorisation fees, in accordance with the Telecommunications (Fees) Regulations, 2007.

The NTRC is empowered to collect all fees prescribed and tariffs levied under the provisions of the Telecommunications Act and subsidiary legislation. ECTEL and the NTRC are therefore funded from revenues received from two (2) main sources, namely licence fees and frequency authorisation fees. The frequency authorization fees are remitted to ECTEL. All other fees are retained at the national level and are deposited into the Consolidated Fund.

### **10.2 Financial Statements**

Pursuant to ECTEL's Financial Policy, quarterly financial reports comprising Income Statements and Balance Sheets are submitted to ECTEL.

The Financial Year of the NTRC, like that of ECTEL, is from October to September. During the financial period 1<sup>st</sup> October 2006 to 30<sup>th</sup> September 2007, the NTRC received from ECTEL its annual expenditure budget in the amount of four hundred and sixty-seven thousand, four hundred and twelve dollars and eighty-four cents (EC\$467,412.84).

Audited financial statements for the period 1<sup>st</sup> October 2006 to 30<sup>th</sup> September 2007 are attached at Appendix 10.



### **10.3 Revenue Collected**

For the period under review, revenues collected came from individual licences, class licences and frequency authorisation fees with a combined total of \$EC 4,401,831.58.

Appendix 9 shows the fees collected with regard to Individual Licences, Class Licences and Frequency Authorisations. For the 2007 calendar year, a total of \$2,809,215.25 was collected for individual licences (application, initial and annual fees), \$9,616.33 for class licences (application, initial and annual fees) and \$1,583,000.00 for frequency authorisation (application and annual fees).

All monies collected with respect to application fees, initial fees and annual licence fees, including application fees for spectrum, totaling \$2,820,831.58 were remitted to Government while annual fees for frequency authorisations - spectrum fees of \$1,583,000.00 were remitted to ECTEL.

*Table 1* shows the amount and distribution of all licence and spectrum fees collected during the period under review

Table 1: Distribution of Licence and Frequency Authorisation (Spectrum) Fees Collected in 2007

	<b>Fees Collected</b>	<b>NTRC's Budget</b>	<b>Remitted to ECTEL</b>	<b>Remitted to Government</b>
<i>Licence Fees</i>	2,818,831.58			2,818,831.58
<i>Spectrum Fees (Application &amp; Annual)</i>	1,583,000.00	467,413.00	1,581,000.00	2,000.00
<b>Total</b>	<b>4,401,831.58</b>	<b>467,413.00</b>	<b>1,581,000.00</b>	<b>2,820,831.58</b>
<i>% of Total Fees Collected</i>	100%	11%	25%	64%

## **PART TWO: PROMOTION OF THE ECTEL TREATY & IMPLEMENTATION OF ECTEL'S RECOMMENDATIONS, POLICIES AND GUIDELINES**

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### **11. Introduction**

The purposes of the Treaty establishing ECTEL are to provide for:-

- (i) liberalisation and competition in a harmonised and coordinated manner in the telecommunications sector of the Contracting States;
- (ii) fair, efficient and transparent regulations;
- (iii) universally available and affordable telecommunications services to the people of these States.

The Commission took a number of actions and decisions, in keeping with ECTEL's recommendations, policies and guidelines, to promote the purposes of the Treaty. The main matters dealt with during the period under review were:-

- (i) Public Consultations
- (ii) Review of Existing Legislation
- (iii) Spectrum Management & Monitoring

#### **11.1 Public Consultations**

Public Consultations are a vital component of the regulatory process that provide an opportunity for stakeholders and the wider public to comment on the issues and matters to be considered in decision-making related to the

telecommunications sector. Eleven (11) consultations were conducted during the review period. Of this number five (5) had begun in the previous reporting period. Most consultations were done electronically and targeted providers and operators of telecommunications services. Responses were received mainly from telecommunications providers. There was little response from the general public on the matters put up for consultation during the period under review. This may indicate that the population needs to be sensitized about how the rules and regulations of the industry can impact their lives. *Table 2* lists the public consultations that were undertaken during the review period.

*Table 2: – Summary of Consultations Undertaken*

<b>SUMMARY OF CONSULTATIONS UNDERTAKEN</b>		
<b>No.</b>	<b>Consultation Matters</b>	<b>Status – December 2007</b>
1	Telecommunications (Quality of Service) Regulations	Approved on 18 <sup>th</sup> May 2007; not yet published
2	Telecommunications (Wholesale) Regulations	Approved on 18 <sup>th</sup> May 2007; not yet published
3	Telecommunications (Exemption) Regulations	Approved on 18 <sup>th</sup> May 2007; not yet published
4	Telecommunications (Numbering) Regulations	Approved on 18 <sup>th</sup> May 2007; not yet published
5	Classification of Radio Broadcast Network licences as Class Licences	Approved on 24 <sup>th</sup> August 2007; Classification Notice pending
6	Telecommunications (Universal Service Fund) Regulations	Approved 19 <sup>th</sup> October 2007; not yet published
7	Framework for the Determination of Dominance and Assessment of Market Competitiveness	Approved on 2 <sup>nd</sup> November 2007

8	Telecommunications (Interconnection) Regulations	Approved in October 2006; reviewed in 2007; not yet published
9	Dispute Resolution Resource Manual	Ongoing
10	Long Run Incremental Cost (LRIC) Model	Ongoing
11	Licensing of Amateur Radio Operators	Ongoing

In the reporting period seven (7) of the matters consulted upon resulted in final documents that were approved by ECTEL. Those were, the Telecommunications (Quality of Service) Regulations, Telecommunications (Wholesale) Regulations, Telecommunications (Exemption) Regulations, Telecommunications (Numbering) Regulations, Classification of Radio Broadcast Network Licences as Class Licences, Telecommunications (Universal Service Fund) Regulations and Framework for the Determination of Dominance and Assessment of Market Competitiveness.

Two (2) of the Regulations approved by ECTEL in the previous reporting period, namely, the Telecommunications (Fees) Regulations and Telecommunications (Dispute Resolution) Regulations, were promulgated during the reporting period. They were published in the Official Gazette on 8<sup>th</sup> March and 23<sup>rd</sup> August 2007 respectively. The Telecommunications (Interconnection) Regulations, which were approved in the previous period and which were reviewed in the reporting period were also submitted for promulgation.

Sections 11.1.1 to 11.1.10 give details on the consultation matters that resulted in final documents approved by ECTEL in 2007 (the consultation matters at 11.1.8 and 11.1.9, though approved in the previous period, have been included for completeness).

### **11.1.1 Telecommunications (Quality of Service) Regulations**

The purpose of these Regulations is to provide for the rights and expectations of consumers with regard to satisfactory quality of service to be provided by telecommunications service providers. It is also to measure the quality of service provided by those providers from time to time and to compare them with set standards so as to assess the level of performance.

The Draft Quality of Service Regulations had been circulated for public comment since 2005. This was followed by significant revisions and further consultations in 2006.

They were again revised and submitted for comments during the period 27<sup>th</sup> February to 19<sup>th</sup> March 2007 and were subsequently approved at the Council of Ministers' meeting held in St. Vincent and the Grenadines on 18<sup>th</sup> May 2007. ECTEL submitted the approved Regulations to the Ministry of Telecommunications on 4<sup>th</sup> July 2007, for processing and promulgation. The Regulations had not yet been promulgated at the end of the reporting period.

### **11.1.2 Telecommunications (Wholesale) Regulations**

The objective of these Regulations is to ensure that the retail services of public network operators are available wholesale (at discounted rates) to other telecommunications providers for resale to the public.

Consultation on the Draft Wholesale Regulations began in July 2006 and was completed in October 2006.

These Regulations which were approved at the 15<sup>th</sup> Council of Ministers' meeting held in St. Lucia on 18<sup>th</sup> May 2007 were submitted by ECTEL to the Ministry of Telecommunications on 4<sup>th</sup> July 2007, for processing and promulgation. The Regulations had not yet been promulgated at the end of the reporting period.

### **11.1.3 Telecommunications (Exemption) Regulations**

The Telecommunications (Exemption) Regulations exempt certain telecommunications stations and apparatus from the requirement to be licensed under the Telecommunications Act. Provision is also made for the use of certain devices that use electromagnetic spectrum so as to minimize any probable harmful interference.

The Draft Exemption Regulations were consulted upon between November 2006 and February 2007. They were approved at the 15<sup>th</sup> Council of Ministers' meeting held in St. Lucia on 18<sup>th</sup> May 2007. ECTEL submitted the approved Regulations to the Ministry of Telecommunications on 4<sup>th</sup> July 2007, for processing and publication. The Regulations had not yet been promulgated at the end of the reporting period.

### **11.1.4 Telecommunications (Numbering) Regulations**

The Draft Telecommunications (Numbering) Regulations had been circulated for public consultation in December 2006. Attached to the Draft Regulations was a Draft National Numbering Plan, also for consultation. The National Numbering Plan, which was developed from the Regional Numbering Plan (approved on 7<sup>th</sup> October 2005), is essentially the collection of procedures for the assignment of numbers to telecommunications providers and for the management of the telecommunications numbering resource.

As a result of the comments received during the consultation which ended 12<sup>th</sup> January 2007, the Regulations and the Plan were modified. The major change made was the separation of the Plan from the Regulations.

The revised Regulations and National Numbering Plan were again consulted upon from 5<sup>th</sup> to 20<sup>th</sup> April 2007.

On 18<sup>th</sup> May 2007, the Telecommunications (Numbering) Regulations was approved by the 15<sup>th</sup> Council of Ministers Meeting held in St. Lucia and were sent by ECTEL to the Ministry of Telecommunications on 4<sup>th</sup> July 2007 for processing and publication in the Official Gazette. At the end of the reporting period the Regulations had not yet been published.

#### **11.1.5 Classification of Radio Broadcast Network Licences as Class Licences**

The Draft consultation document on the Classification of Radio Broadcast Network Licences as Class licences was received from ECTEL on 6<sup>th</sup> July 2007 for comments. This was a limited consultation involving the Ministries responsible for Information and Telecommunications, the OECS Secretariat and the NTRCs. The consultation ran from 9<sup>th</sup> July to 30<sup>th</sup> July 2007.

The consultation sought to obtain views on the most appropriate classification for Broadcast Licences (which were at the time treated as Individual Licences in Dominica).

At its 40<sup>th</sup> meeting held in Dominica on 24<sup>th</sup> August 2007, the Board of Directors of ECTEL agreed that Broadcast Licences should be classified as Class Licences.

#### **11.1.6 Telecommunications (Universal Service Fund) Regulations**

Section 44 of the Telecommunications Act, 2000 provides for the establishment of a Universal Service Fund (USF) to which telecommunications providers shall contribute a percentage (to be specified by the Minister, by Order, on the recommendation of ECTEL) of their gross revenues.

The Act does not specify the goals that these Funds should seek to achieve. In order to determine the role and operations of the USF, the scope and objectives



of the USF need to be defined. In addition, general parameters and standards for identifying priorities for allocating the Fund resources are critical.

In this regard, a “Universal Service Fund Guidelines, Discussion Paper No. 1: Scope and Objectives of the Universal Service Fund” and Draft Telecommunications (Universal Service Fund) Regulations were submitted for public comment during October and December 2006. Prior to this, consultants engaged by ECTEL on the Universal Service assignment held stakeholder consultations between July and October 2006.

A number of significant comments were received from stakeholders during the public consultation period and from the NTRCs during a workshop on the Universal Service Fund Guidelines, held from 26<sup>th</sup> to 27<sup>th</sup> February 2007 in St. Lucia. As a result, the Regulations were significantly revised and again consulted upon between April and May 2007.

Further changes were made to improve the Regulations following additional comments from a wide range of stakeholders, and from comments received from legislative drafters of the Attorney Generals’ Chambers and from NTRCs, during a workshop held to further discuss the revised draft.

Another revised Draft of the Regulations was circulated for comment from the public during July and August 2007.

Subsequently, the Council of Ministers of ECTEL approved the Regulations at its 16<sup>th</sup> meeting held in St. Lucia on 19<sup>th</sup> October 2007, and ECTEL submitted the approved document to the Ministry of Telecommunications on 17<sup>th</sup> December 2007, for processing and promulgation. At the end of the reporting period the Regulations had not yet been published.

### **11.1.7 Framework for the determination of Dominance and Assessment of Market Competitiveness**

The purpose of the Draft Framework for the Determination of Dominance and Assessment of Market Competitiveness (“the Draft Framework”) is to serve as a guide to the Commission in the execution of market analysis for the identification of dominant providers and in the determination of the level of competition in a retail market.

The Draft Framework was submitted by ECTEL for public comment in July 2007. The consultation period ran from 18<sup>th</sup> July to 16<sup>th</sup> August 2007. The comments received on the Draft Framework were circulated for further comments from 23<sup>rd</sup> August to 10<sup>th</sup> September 2007.

The Framework for the Determination of Dominance and Assessment of Market Competitiveness was approved at the 41<sup>st</sup> meeting of the Board of Directors of ECTEL held in Grenada on 2<sup>nd</sup> November 2007.

### **11.1.8 Telecommunications (Fees) Regulations**

The approved Draft Telecommunications (Fees) Regulations submitted by ECTEL to the Ministry of Telecommunications on 30<sup>th</sup> May 2005 for processing and promulgation, was subsequently published in the Official Gazette on 8<sup>th</sup> March 2007.

### **11.1.9 Telecommunications (Dispute Resolution) Regulations**

The approved Draft Dispute Resolution Regulations submitted by ECTEL to the Ministry of Telecommunications on 30<sup>th</sup> May 2005 for processing and promulgation was subsequently published in the Official Gazette on 23<sup>rd</sup> August 2007.

### **11.1.10 Telecommunications (Interconnection) Regulations**

The Draft Revised Telecommunications (Interconnection) Regulations approved in October 2006 by the Council of Ministers, had been approved subject to a further review and incorporation of any observations.

ECTEL advised that as a result of the review, which subsequently took place, a few adjustments were made. These included; modification of a few of the regulations for greater clarity and redefinition of cost-oriented rates.

On 7<sup>th</sup> November 2007, ECTEL submitted the final revised Telecommunications (Interconnection) Regulations to the Ministry of Telecommunications for processing and gazette publication. At the end of the reporting period the Regulations had not yet been published.

### **11.2 Review of Existing Telecommunications Legislation**

The consultancy on the Review of Telecommunications Legislation which had been commissioned by ECTEL in August 2006 continued during the period under review. At a workshop held in St. Lucia in February 2007, this review was one of two matters on the agenda for discussion. The consultant was expected to take into consideration the inputs from ECTEL and the NTRCs as she proceeded with the consultancy. The consultancy was ongoing at the end of the reporting period.

### **11.3 Spectrum Management & Monitoring**

Under the Telecommunications Act, 2000 and the Telecommunications (Spectrum Management) Regulations, 2002, S.R.O. No. 12 of 2002, one of the functions of the NTRC is to supervise, regulate and manage the use of radio frequency spectrum in conjunction with ECTEL.

In order to enhance quality in delivery of the spectrum management & monitoring function, ECTEL had (in 2004) procured specialised Radio Spectrum Management and Monitoring Systems (RSMS) for use by the NTRCs. This System consisted of Audio and Video Monitoring equipment housed in the NTRC's office, and also a Mobile Monitoring Station (MMS) or Spectrum Monitoring Vehicle, i.e. a Toyota Land Cruiser equipped with a sensitive monitoring device.

It was stated in the previous report that the Establishment, Personnel and Training Department had agreed to allow the NTRC to construct a garage (an annex building) on the compound of Government Headquarters, to house the MMS.

During the period under review, the Ministry of Public Works and Public Utilities assisted the NTRC by preparing cost estimates for construction of the garage, undertaking the tendering process and supervising construction of the garage for the MMS. Construction of the garage began in September 2007 and was completed in November 2007.

# **PART THREE: ASSESSMENT AND IMPACT OF TELECOMMUNICATIONS AND ITS SIGNIFICANCE FOR THE DEVELOPMENT OF DOMINICA**

## **12. Overview**

The telecommunications sector continues to show the signs of competition since liberalization. Currently there are seven (7) individual licence operators who provide services which include Fixed Public Telecommunications, Public Mobile Telecommunications, Internet Network and Services and Submarine Cable Landing.

Telecommunications maintained its position as the top sixth contributor to GDP for the year 2007 at a monetary value of \$45.02 million. Contributions to GDP from Telecommunications continue to grow. The contributions to Government revenues, however, from Import duties, Sales and Value Added Tax (VAT), and License fees showed a significant drop of 40% from year 2006.

Market trends were reflective of previous years with the mobile service showing the most pronounced growth of 36% from the previous year. Internet also showed a positive growth of 33.2%, however, market penetration only stood at 7.3% compared to mobile which surpassed the 100% mark. Fixed line penetration showed continued decline as more customers churned towards mobile services. The introduction of broadband along with its price reduction somewhat curtailed the decline in Fixed line reduction.

## 12.1 Licensed Telecommunications Service Providers

At the end of 2007, twelve (12) individual licences had been issued: five (5) for Fixed Public Telecommunications, three (3) for Public Mobile Telecommunications, three (3) for Internet Network and Services, and one (1) for Submarine Cable Landing (see *Table 3*). It should be noted however that both SAT and Iristel had not yet begun providing services (under their licences) to the public by the end of the reporting period.

*Table 3: Individual Licences Issued in Dominica at December 2007*

Type of Licence	Licensees
Fixed Public Telecommunications	<ul style="list-style-type: none"> <li>- Cable &amp; Wireless</li> <li>- Marpin Telecoms &amp; Broadcasting</li> <li>- Orange Dominica</li> <li>- Iristel Dominica Inc. †</li> <li>- SAT Telecommunications†</li> </ul>
Public Mobile Telecommunications	<ul style="list-style-type: none"> <li>- Cable &amp; Wireless</li> <li>- Orange Dominica</li> <li>- Digicel</li> </ul>
Internet Network and Services	<ul style="list-style-type: none"> <li>- Cable &amp; Wireless</li> <li>- Marpin Telecoms &amp; Broadcasting</li> <li>- SAT Telecommunications†</li> </ul>
Submarine Cable Landing	<ul style="list-style-type: none"> <li>- Middle Caribbean Network</li> </ul>

Source: ECTEL / NTRC Dominica

† Not yet started offering service to the public at December 2007.

At end of December 2007, there were four (4) holders of Class Licenses (Type A) in Dominica, but none was providing significant levels of telecommunications services to the public.

## 12.2 Impact of Telecommunications on Economic Development

### 12.2.1 Contribution of Telecommunications to GDP

Dominica's Gross Domestic Product (GDP) at constant (1990) prices in 2007 was \$475.19 million (*Table 4*). The country's performance in 2007 represented a 2.51% improvement over that of the previous year. The main contributors were government services and agriculture, contributing \$90.19 million and \$73.41 million respectively in 2007. In the corresponding year, the telecommunications sector contributed \$45.02 million to GDP, which comprised 9.47% total GDP.

*Table 4: GDP by Economic Activity, Basic Prices in Constant (1990) Prices (EC\$ M)*

<b>SECTOR</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<i>Agriculture</i>	76.09	73.51	76.07	75.76	77.55	73.41
<i>Mining &amp; Quarrying</i>	2.69	3.00	3.12	3.23	3.50	3.92
<i>Manufacturing</i>	26.45	26.68	27.42	27.54	27.68	26.56
<i>Electricity &amp; Water</i>	20.43	20.05	21.10	22.45	23.21	23.68
<i>Construction</i>	26.88	29.95	30.94	32.01	34.74	39.18
<i>Wholesale &amp; Retail</i>	55.02	56.89	58.76	61.70	64.48	67.15
<i>Hotels &amp; Restaurants</i>	10.47	10.15	11.34	12.08	13.89	12.12
<i>Transport</i>	36.70	39.03	42.94	43.06	46.17	46.53
<i>Communications</i>	48.91	35.94	37.20	40.36	43.81	45.02
<i>Banks &amp; Insurance</i>	53.27	55.21	58.06	63.42	66.37	70.96
<i>Real Estate &amp; Housing</i>	15.96	16.28	16.60	17.19	17.96	18.86
<i>Government Services</i>	88.75	86.99	86.34	86.00	87.29	90.19
<i>Other Services</i>	6.42	6.30	6.47	6.88	7.09	7.27

<i>Imputed Service Charge</i>	(52.89)	(44.43)	(48.15)	(49.20)	(50.19)	(50.02)
<b>Total GDP</b>	415.15	415.55	428.21	442.48	463.55	475.19
<b>Growth Rate</b>	(5.08)	0.10	3.05	3.33	3.98	2.51

*Source: Statistical Department Government of Dominica*

Out of the thirteen (13) listed sectors, the telecommunications sector maintained its position from the previous year as the sixth (6<sup>th</sup>) highest contributor to GDP (*Figure 1: Top Contributors to GDP & Table 4*). In 2007, the telecommunications sector contributed more to GDP than the contribution of manufacturing, mining & quarrying, and hotels & restaurants combined. Its contribution was surpassed only by government services, agriculture, banking & insurance, wholesale & retail trade and transport in the post-liberalization period.



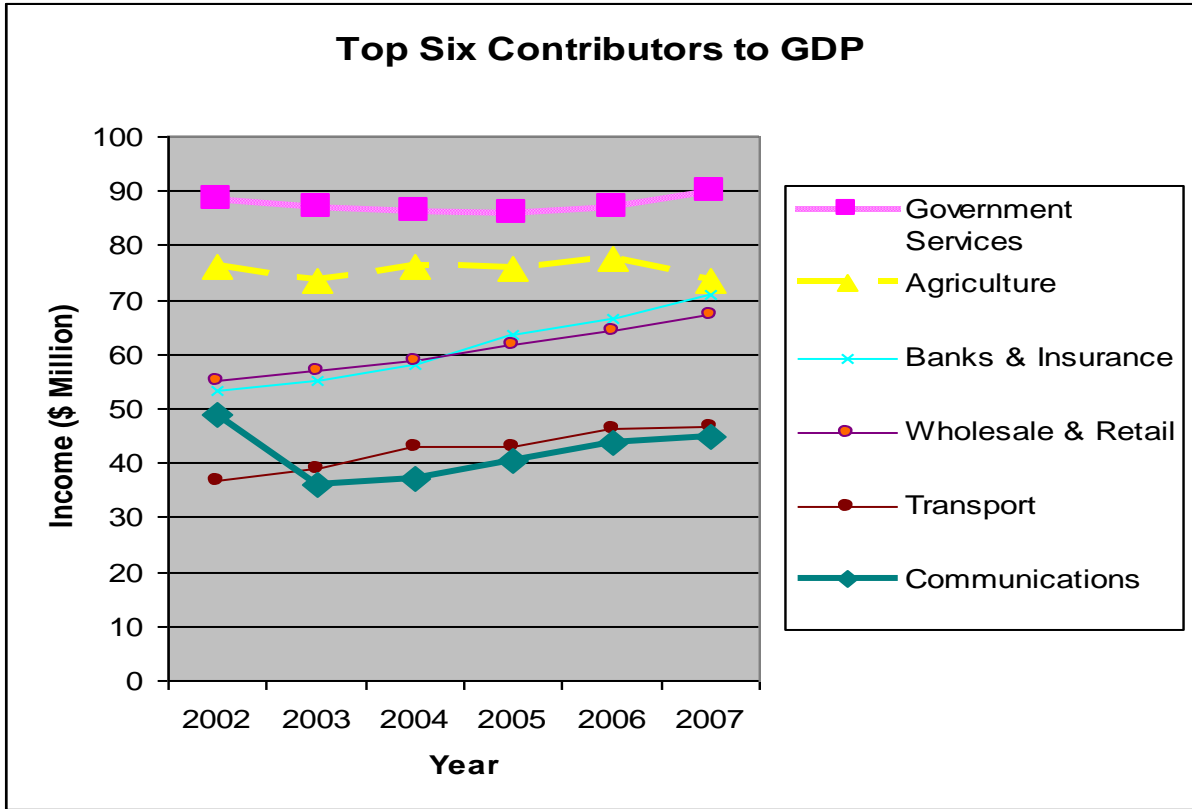


Figure 1: Top Contributors to GDP

Growth in the telecommunications sector in 2007 was marginally higher than for the economy on a whole. The economy grew by 2.51% in 2007, compared to the telecommunications sector which grew by only 2.76% (Table 5). Growth slowed in 2007 compared to the prior two years. In 2005 the sector expanded by 8.49%, and showed similar growth of 8.55% in 2006. Overall, GDP grew by just 3.33%, 4.76% and 2.51% in 2005, 2006 and 2007 respectively. In the year 2007, the telecommunications industry growth rate was ranked 7<sup>th</sup> among the 13 sectors contributing to GDP.

Table 5: Growth Rate of GDP by Economic Activity, at Basic Prices in Constant (1990) Prices (%)

SECTOR	2003	2004	2005	2006	2007
<i>Agriculture</i>	(3.39%)	3.48%	(0.41%)	2.36%	(5.34%)
<i>Mining &amp; Quarrying</i>	11.52%	4.00%	3.53%	8.36%	12.00%
<i>Manufacturing</i>	0.87%	2.77%	0.44%	0.51%	(4.05%)
<i>Electricity &amp; Water</i>	(1.86%)	5.24%	6.40%	3.39%	2.02%
<i>Construction</i>	11.42%	3.31%	3.46%	8.53%	12.78%
<i>Wholesale &amp; Retail</i>	3.40%	3.29%	5.00%	4.51%	4.14%
<i>Hotels &amp; Restaurants</i>	(3.06%)	11.72%	6.53%	14.98%	(12.74%)
<i>Transport</i>	6.35%	10.02%	0.28%	7.22%	0.78%
<i>Communications</i>	(26.52%)	3.51%	8.49%	8.55%	2.76%
<i>Banks &amp; Insurance</i>	3.64%	5.16%	9.23%	4.65%	6.92%
<i>Real Estate &amp; Housing</i>	2.01%	1.97%	3.55%	4.48%	5.01%
<i>Government Services</i>	(1.98%)	(0.75%)	(0.39%)	1.50%	3.32%
<i>Other Services</i>	(1.87%)	2.70%	6.34%	3.05%	2.54%
<i>Imputed Service Charge</i>	(16.00%)	8.37%	2.18%	2.01%	(0.34%)
<b>Total GDP</b>	0.10%	3.05%	3.33%	4.76%	2.51%

Source: Statistical Department Government of Dominica

### 13. Impact on Government Revenue

Government raised in excess of \$10 million in revenues for the period of 2007. This took the form of import duties and port charges on equipment and supplies, licence fees, direct taxes on income and profits, and indirect taxes on sales and services (*Table 6*).

Table 6: Government Revenue from Telecommunications

<b>Telecommunications Receipts</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<i>Import Duties</i>	5,092,537	6,247,023	4,686,681	3,021,417
<i>Licence Fees</i>	5,573,278 <sup>†</sup>	2,599,869	3,474,282	2,756,215
<i>Sales Tax/VAT</i>	4,574,781	5,320,846	9,721,729	4,929,331
<b>Total Telecoms Receipts</b>	15,240,596	14,167,738	17,882,692	10,706,963

*N.B. Figures for taxes on income/profits not available.*

*† This is the figure that was used for 2004 in NTRC's 2001-2004 report. It however includes revenue of \$3,207,365 collected in 2003.*

In 2006, government revenue from import duties, licence fees, and sales tax/VAT amounted to \$17.9 million an increase of 26.2% over the previous year (*Table 6*). In 2007, Government realized corresponding revenues of \$10.7 million a drop of 40% from the previous year. This decrease is attributed to a 49% decrease in Sales Tax/Vat collected along with a 36% drop in import duties and a 21% drop in licence fees. The Sales Tax/VAT remained the most significant contributor followed by Import duties. This trend is consistent with what occurred in 2006.

Information from the Customs Department revealed that the Government of Dominica collected \$3.0 million in duties (excluding port charges) on telecommunications equipment imported in 2007. This 36% drop in collections in 2007 corresponded to the drop in the level of imports which showed a 9.7% decline over the previous year. The drop in revenue from this source was also in part as a result of the difference (between the two years) in the composition of telecommunications imports (rates of duty vary with equipment type).

## 14. Import of Telecommunications Equipment

One of the measures of investment in the telecommunications sector is the level of import of telecommunications equipment. In 2005, the CIF value of telecommunications equipment imports totaled \$20.7 million. This represented an 82.5 % increase over 2004. This followed a 13.1% and 60.6% increase in 2003 and 2004 respectively (*Table 7*). In those two earlier years, the market was in the early stages of growth, as both new entrants and the incumbent strove to take advantage of new demand. The phenomenal increase of 82.5% in 2005 may be partly as a result of the entry of Digicel into the market and the huge capital investments and investments in inventory that followed. The growth rate tapered off to 0.0 % in 2006 as the market matured and in 2007 a negative growth of 9.7% was realized. One possible reason is that mobile coverage was approaching 100% and there was little incentive to continue network rollout.

*Table 7: CIF Value of Telecommunications Imports (EC\$)*

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<i>CIF Imports (\$)</i>	7,070,005	11,352,498	20,720,884	20,720,832	18,711,114
<i>Growth Rate (%)</i>	13.1%	60.6%	82.5%	0.0%	-9.7%

*Source: Statistical Department and Customs Department, Government of Dominica*

Telecommunications equipment imports increased steadily since liberalization up to 2005, but registered zero growth in 2006 (*Figure 2*). The highest growth rate was in 2005 (82.5%) followed by 60.6% in 2004.

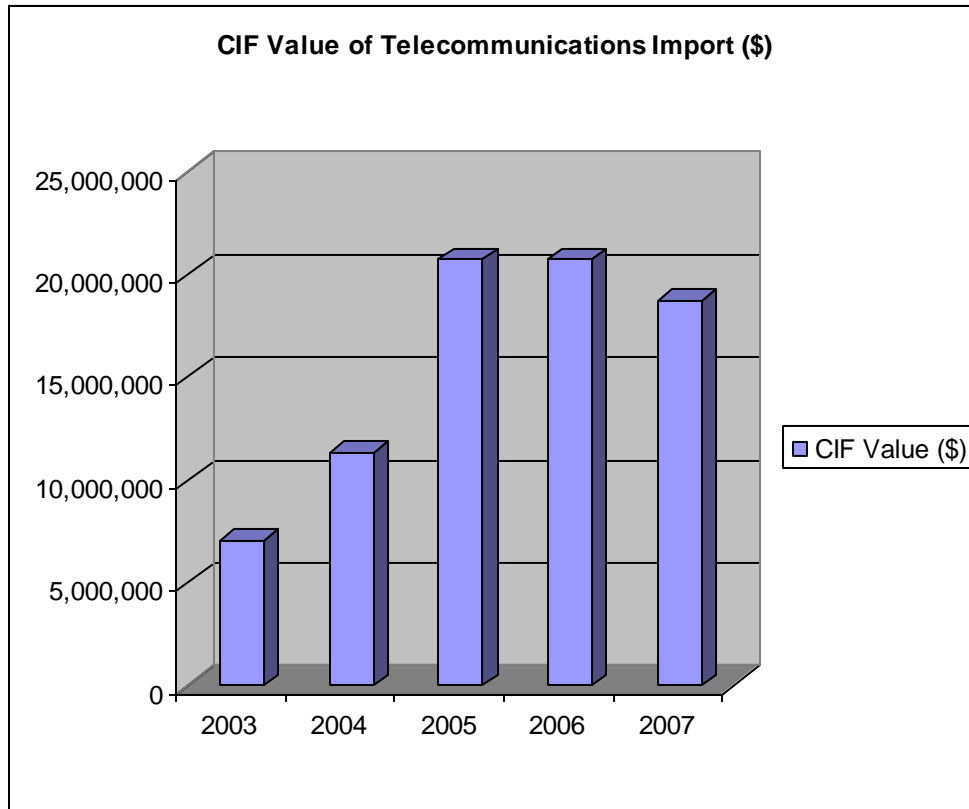


Figure 2: Trends in CIF Value of Telecommunications Imports (EC\$)

Source: Statistical Department Government of Dominica

The growth trends in the value of telecommunications imports reveal rather interesting characteristics about the Dominican telecommunications market. First, they show how quickly the providers were able to roll out their networks during intense competition, with the level of investment rising from \$7 million to \$20 million in the space of two years. Secondly, by 2005, the maximum level of capital investment was noticed and a decline in capital investment from that point was observed. This may be attributed to the fact that network rollout was no longer a major differentiator as both Cable & Wireless and Digicel enjoyed island wide coverage. Further investment in the sector will most likely come from additional services and may not necessarily result in large capital investment.

## 15. Employment Creation

As the sixth major contributor to GDP in Dominica, the telecommunications sector provides employment to a number of persons both directly and indirectly. Apart from the traditional job types created prior to 2001, a number of new job types were created since liberalization especially in the areas of sales and customer support. These include the distribution of handsets and mobile accessories, the sale of phone cards, repair of mobile handsets, and operating customer service outlets.

Growth in direct employment by licensed service providers was constrained by the fact that the telecommunications industry is highly capital-intensive and competition in the post-liberalization period has forced operators to keep payroll at the minimum. This has resulted in a rationalization of operations in which some functions have been outsourced. One key function so affected was the outside plant technical support services (e.g installations and maintenance/repair of fixed lines). Many indirect employment opportunities were created to provide support services to the telecommunications sector however comprehensive data have not been compiled on indirect employment.

Data collected from Inland Revenue Division indicates that employment peaked at 339 in 2006 (*Figure 3*). The number of persons employed dropped by 3% to 329 in 2007. This downward direct employment trend for licensed service providers may mean two things. First, it may mean that the small local market has reached saturation. Secondly, as indicated above, it may be the result of deliberate decisions on the part of these service providers to outsource certain services and engage independent private individuals and firms. For the latter reason, the fall in direct employment among these licensed providers may be more than compensated for by employment created among independent contractors.

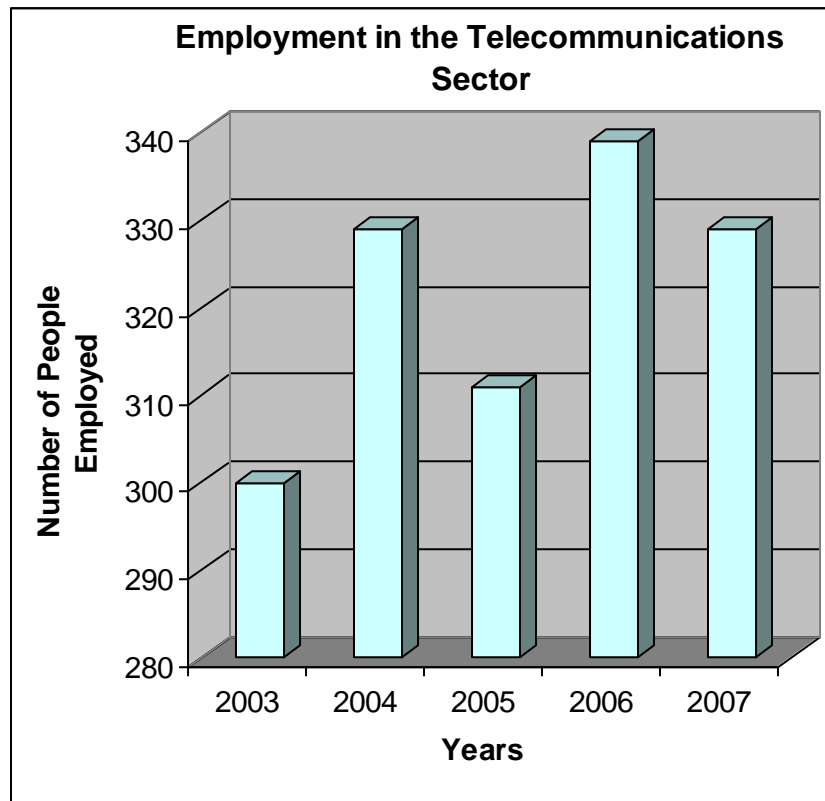


Figure 3: *Employment in the Telecommunications Sector*

Source: IRD Government of Dominica

Analysis of the composition of the jobs created directly by licensed service providers could not be determined as the requisite data was not submitted.

The telecommunications sector has provided significant income to persons employed in this sector. Information from the Inland Revenue Division reveals that the total payroll of eight (8) registered telecommunications providers in 2007 was \$13.3 million (*Figure 4*). This figure represents a 1% increase over the figure of \$13.1 million in 2006 and a 13% increase over 2003 payroll of seven (7) registered providers.

It is noteworthy that whereas the number of persons directly employed by service providers fluctuated around a mean of 320 persons, payroll increased steadily

from 2003 to 2007. From 2006 to 2007 payroll actually increased with a corresponding reduction in the numbers employed. This situation may be explained by pay increases to staff over that period and the employment of persons at higher operational and management levels. Gratuities paid out as a result of redundancies may also have contributed.

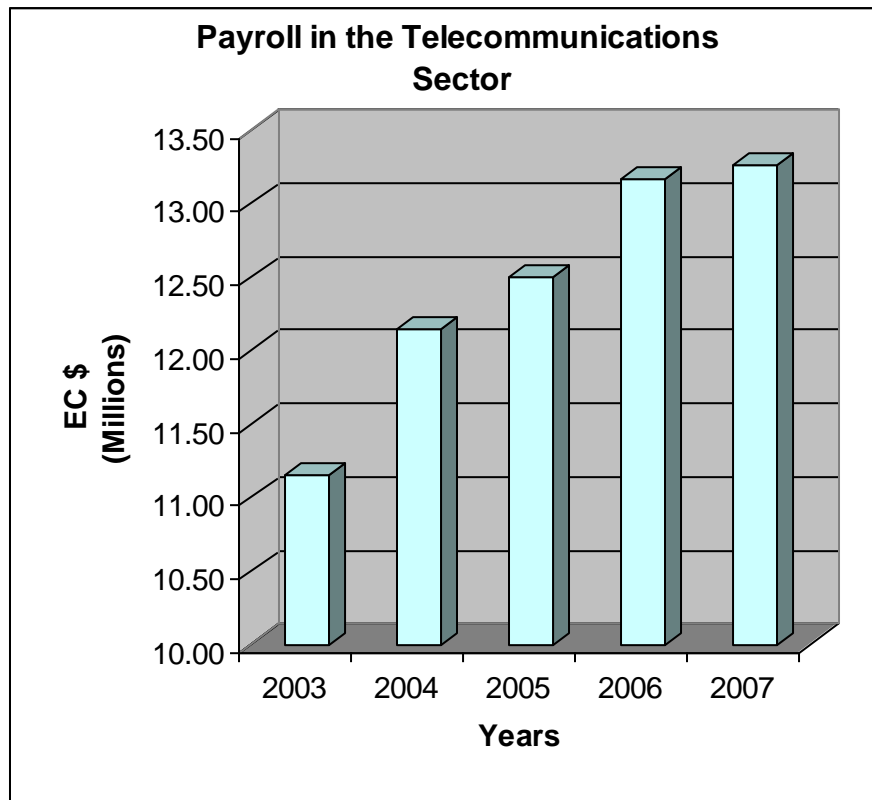


Figure 4: Payroll of Registered Telecommunications Service Providers (EC\$ M)

Source: IRD Government of Dominica

## 16. Impact on Investment

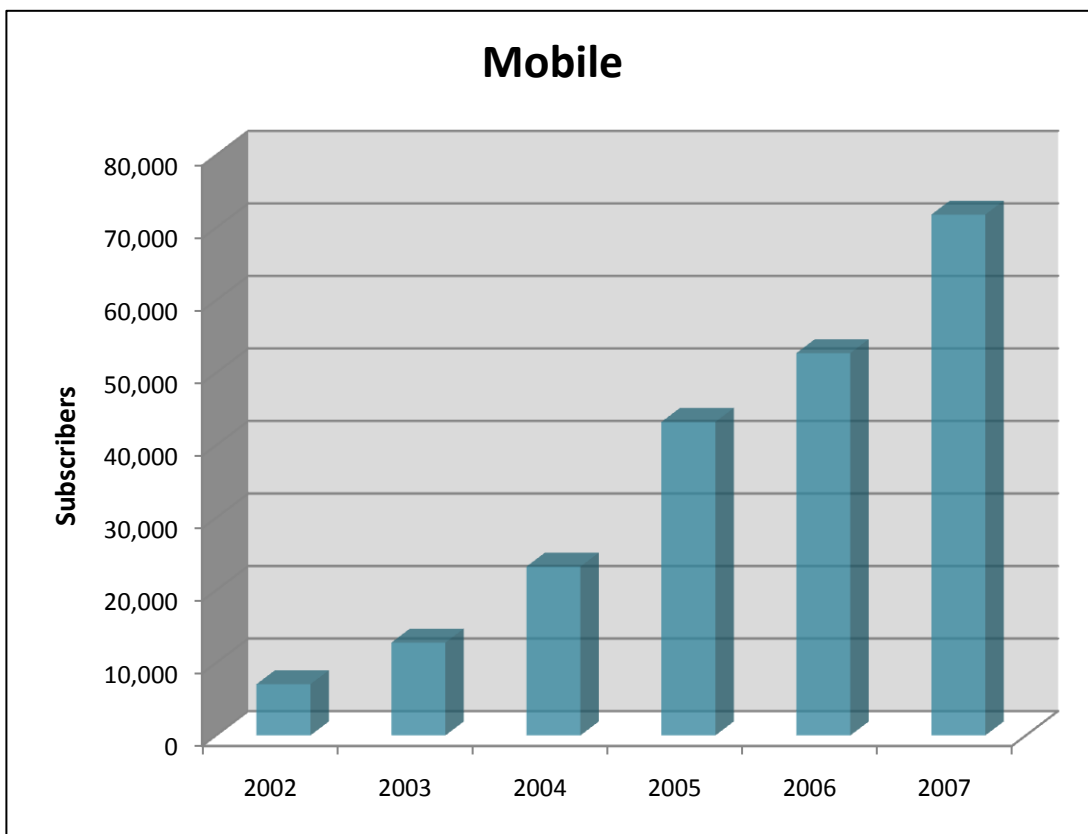
Traditional sectors of the telecommunications industry require massive capital investment for its efficient operations. Figures for investment are not presently available for the sector for year 2007. The Commission is hopeful that the providers will make the information available moving forward.



## 17. Market Trends

### 17.1 Mobile

Growth in mobile market continued in the double digit figure. Mobile customer base grew by 36% over previous period. The contributed expansion of the market was attributed to the aggressive marketing by the three (3) service providers, namely Cable & Wireless, Digicel and Orange. Digicel commenced operations in May 2006, after its acquisition of Cingular Wireless.



*Figure 5: Mobile Customer Base*

*Source: ECTEL/All operators*

Whilst there were no major reductions in the base prices, the competitive initiatives offered by the operators and the proliferation of low end handsets, accounted for growth experienced in the market.

Prepaid service appeals to a broader base of the market. This service accounted for approximately 95% of the customer base since customers use this pay-as-you-go proposition as a cost control mechanism. The service providers responded by offering more initiatives geared towards this customer base. Mobile penetration surpassed the 100% mark.

The expansion in the network continued as operators sought to improve their competitive edge by improving coverage.

## **17.2 Internet**

Customer base grew by 11% over previous period. The growth in the Internet market was as a result of the implementation of a more concerted marketing campaign towards this line of business, by operators. Growth can also be attributed to the offering of access devices [desktops and laptops] by one service provider together with other marketing initiatives such as higher speed offerings for a reduced price.

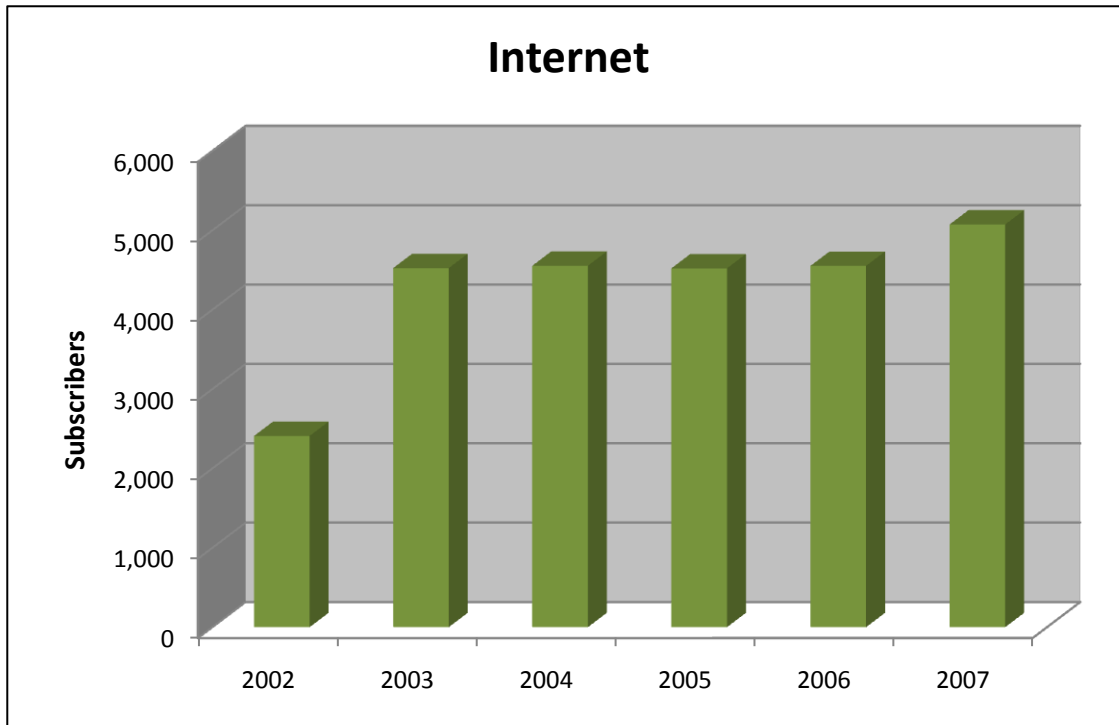


Figure 6: Internet Customer Base Comparison

Source: ECTEL/All operators

Despite the 33.2% growth in Internet customer base, population penetration still remained below 10%. Household penetration, however, stood at 24.2%. Dominica ranked 3rd among ECTEL states as it related to Internet population penetration.

Table 8: Internet Penetration in ECTEL States

ECTEL States	
St. Kitts & Nevis	18.8%
St. Lucia	7.3%
Dominica	7.1%
St. Vincent & Grenadines	6.9%
Grenada	6.6%

### 17.3 Fixed Line

The contraction in the fixed line business continued - 8.5% decrease over previous period. Fixed to mobile substitution remained as a main contributor to the reduction in fixed lines. Fixed line customer base dropped by approximately 6,000 (25%) from 2003.

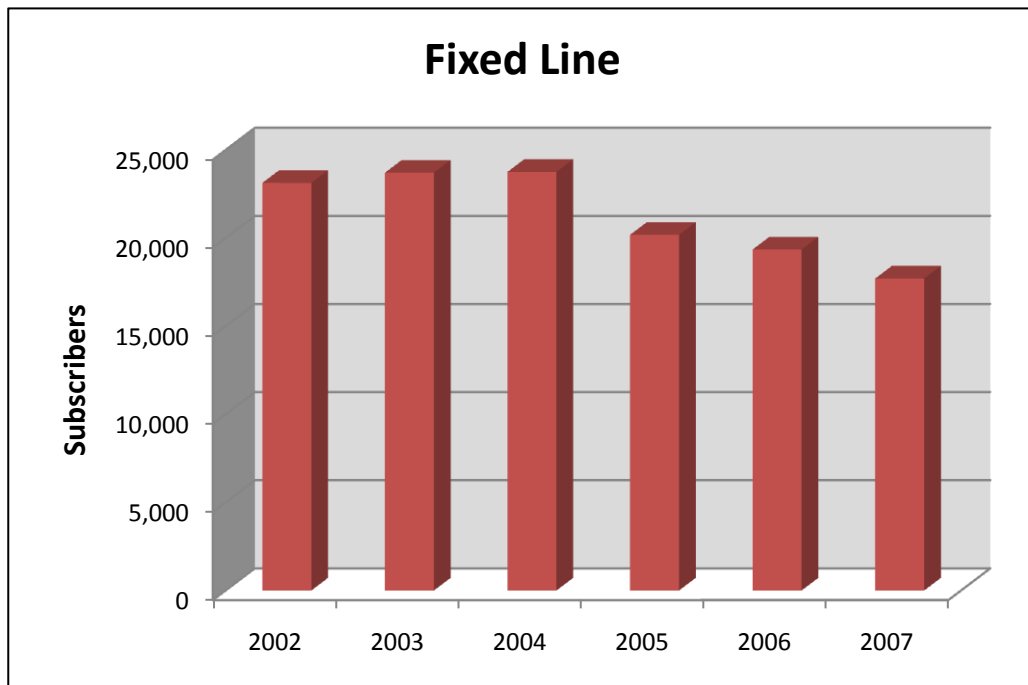
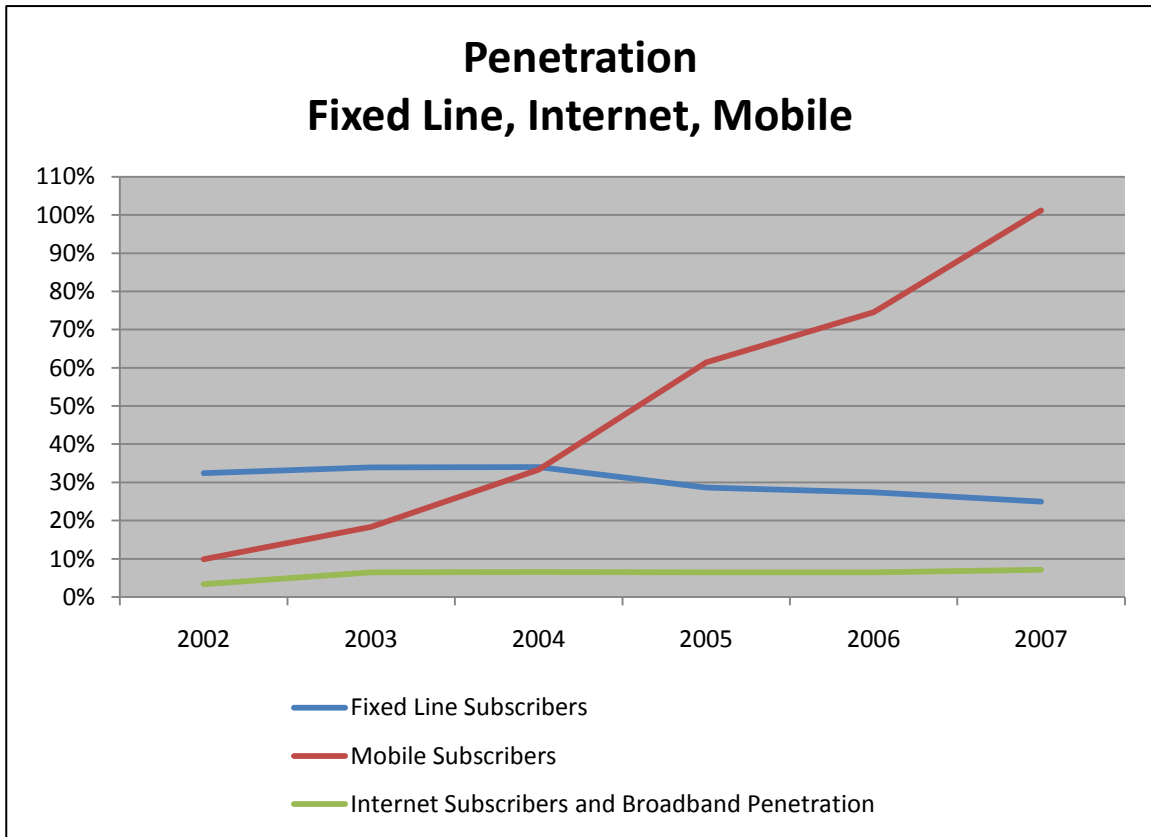


Figure 7: Fixed Line Customer base



*Figure 8: Movement in Penetration for all Lines of Business*

Fixed line penetration stood at 25%, 2 % points down from the previous period.

## **PART FOUR: RADIO BROADCASTING**

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### **18. State of Radio Broadcasting**

In the last report of the NTRC, it was reported that Broadcast Licence Templates had been developed and published. It was also stated that by the end of 2006 none of the existing broadcast stations were licenced.

During the period under review, existing radio stations applied (on the request of the NTRC) for Radio Broadcast licences. The applications were forwarded to ECTEL for review, pursuant to section 30 of the Telecommunications Act, 2000. Subsequently, ECTEL indicated that although broadcast licences were classified as individual licences, they were of the view that broadcast licences should be treated as class licences. ECTEL also informally indicated that broadcast licence applications were not able to satisfy the stringent requirements applied by ECTEL to other commercially oriented individual licence applications.

Subsequently, the NTRC received from ECTEL a consultation document soliciting views on the Classification of Broadcast Network Licences as Class Licences (dealt with under the Public Consultations section of this report). In August 2007, the classification of Broadcast Licences as Class Licences was approved.

At the end of the reporting period, the NTRC was awaiting ECTEL's recommendation to the Minister of Telecommunications regarding the reclassification of Broadcast Licences; and for the gazetting of the new classification (for Broadcast Licences) in accordance with section 7 (3) of the Telecommunications Act.

## **PART FIVE: CONCLUSION**

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### **19. Secretariat**

Staffing needs of the commission continue to pose challenges. Two new positions were created, Executive Director and Administrative Officer. Mr. Sylvester Vital was seconded from the post of Senior Engineer (Electrical) to the former post and Ms. Clementine Josephs assumed the latter role. While this move brought some much needed stability at the upper management level, the Commission continues to struggle with maintaining suitable candidates for the role of Assistant Engineer, which was filled for ten (10) months in the reporting period.

Various training workshops and seminars were sponsored by ECTEL. Administrative Assistant, Ms. Cheryl Tavernier attended one (1) workshop and Chairman Mr. Julian Johnson attended two (2). Mr. Sylvester Vital attended thirteen (13) workshops and conferences including workshops on cost models, open source software and draft universal service fund regulations and the Fifth and Sixth ECTEL/NTRC Consultative Forums.

### **20. Financial Performance**

The Commission collected a total of \$4,401,831.58 in licence fees and frequency authorization fees. 11% of that sum was used to finance the operations of the NTRC, 25% was remitted to ECTEL and 64% was remitted to the Government of Dominica.

## **21. Activities undertaken by the Commission**

The Commission met monthly and on exigent circumstances to make decisions on various matters. Thirty-four (34) applications for individual licences, Class Licences, and frequency authorizations were received, while thirty-three (33) applications were approved and issued during the reporting period.

## **22. Promotion of the ECTEL Treaty**

The Commission in keeping with the recommendations and guidelines of ECTEL took a number of actions which included public consultations, review of existing regulations and spectrum management and monitoring. Eleven (11) consultations were conducted during the review period with very little response from the general public. The Commission is of the view that greater resources need to be allocated toward public sensitization with the view of helping them understand the significance of their participation. ECTEL approved seven (7) of the consultations but none were promulgated into law. Two (2) regulations approved by ECTEL, the Telecommunications (Fees) Regulations and the Telecommunications (Dispute Resolution) Regulations in the previous reporting period were however promulgated. A draft framework for the *Determination of Dominance and Assessment of Market Competitiveness* was among the consultations published for comments.

## **23. The Economic Impact and Market Trend of Telecommunications**

The Telecommunications sector maintained its 6<sup>th</sup> position as a top contributor to GDP for the year 2007 at a corresponding monetary value of \$45.02 million. Taxes collected through corporate income tax, Pay As You Earn (P.A.Y.E) and VAT showed an increase of 27.5% from the previous year. Corporate income tax



increased by 37% and VAT increased by 39%. P.A.Y.E showed the smallest increase, a value of 5.6%. The Cost Insurance and Freight (CIF) value of imports dropped by 9.7% from the previous year indicating that possibly the mobile operators have reached an optimum deployment level and other factors besides coverage will have to be used as service differentiators.

Market growth trends associated with fixed line, mobile and internet subscribers continue to trend in an expected manner directionally. Mobile showed the most growth at 36%, followed by internet which showed growth of 33.2% with fixed lines showing growth of -8.5%.

## **24. Difficulties acquiring data and statistics**

The problems associated with collecting data continue to plague the NTRC. Direct employment data from the Telecommunications Operators were not received. Instead the P.A.Y.E figures received from Inland Revenue were used as a proxy to establish the state of employment. The NTRC is looking for ways to consolidate data acquisition and make the process less burdensome to the operators.

## **PART SIX: APPENDICES**

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### **APPENDIX 1**

### **THE COMMISSIONERS**

The Commissioners executing the functions of the NTRC at December 31<sup>st</sup> 2007:-

Mr Julian N Johnson	-	Chairman
Mr Willie Fevrier	-	Commissioner
Mr Valentine Joseph	-	Commissioner
Ms Careen Prevost	-	Commissioner
Mr Curtiss Winston	-	Commissioner

Other Commissioner(s) who served during the period under review:-

Mr Sylvester Vital	-	Commissioner
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Below is a brief summary on the background of each of the Commissioners: Mr Julian N Johnson, Mr Willie Fevrier, Mr Sylvester Vital, Mr Valentine Joseph, Ms Careen Prevost and Mr Curtiss Winston.

Mr Julian N Johnson: A Barrister-at-Law, Solicitor, mediator, and Notary Public, Mr Johnson has held acting appointments in the office of Registrar of the Supreme Court in Dominica and in the British Virgin Islands in 1984 and 1986 respectively. He is a retired public officer, with forty (40) years of experience in the Public Service of Dominica. He also served as a part-time teacher in the Department of Government at the University of the West Indies on all three (3)

campuses. He was appointed a Permanent Secretary in 1979 and held the position of Secretary to the Cabinet and Head of the Public Service for thirteen (13) years before his retirement in August 2004. He holds a Bachelor of Science Degree in Economics (Hons) UWI, Jamaica, (1970), a Certificate in Multi-Lateral Diplomacy from the United National Institute for Training Research (UNITAR), New York, Geneva and Vienna, (1980), a Bachelor of Law (LL.B) UWI, Barbados, (1985) and a Certificate in Legal Education from Hugh Wooding Law School, Trinidad & Tobago (1987). In November 2002 he was awarded the Sisserou Award of Honour for Meritorious Public Service.

He has written several papers (two of which were recently published namely:- “Constitution Review in St Vincent and the Grenadines – Some Points to Consider” (May 2003), and “The Role of the Public Service in Facilitating the Implementation of the Stabilisation Programme” (October 2002)), and a thesis on “The Doctrine of Ministerial Responsibility and the Position and Functions of a Permanent Secretary in Dominica” (U.W.I. Cave Hill 1985).

Mr Willie Fevrier:

Mr Fevrier is the Executive Director of the Dominica Planned Parenthood Association for the past sixteen (16) years. For twenty-four (24) years prior to this, he was a Primary and Secondary school teacher, Principal and Education Officer. Seven (7) of those years were spent in Bermuda where he taught at a

Secondary School. Mr Fevrier holds a Bachelor of Science Degree (BSc) in Natural Sciences (UWI) and a Master of Education Degree (M.Ed) in Educational Management and Supervision (Queens University).

Mr Sylvester Vital:

A public officer with over eighteen (18) years experience, Mr Vital heads the Electrical Division, Communications, Works and Housing. He has also served as Acting Chief Technical Officer (Telecommunications) and Coordinator of Disaster Preparedness. He is a qualified Engineer with a Bachelor of Science Degree (BSc) in Electronic and Electrical Engineering (Manchester, England) and a Master of Science Degree (MSc) in Computer Science and Computer Engineering (Tampa, Florida).

Mr Valentine Joseph:

Mr Joseph is currently employed as a Bailiff at Courts Dominica Ltd. He is a director on the Education Trust Fund Board, Deputy Chairman of the Vieille Case Village Council Treasurer of the Farmers Association of Vieille Case and a Part-Time Farmer.

Ms Careen Prevost:

Ms Prevost has worked in the private sector as an Entrepreneur and Retail Manager for over six (6) years. Currently she holds the position of Lecturer at the Dominica State College specializing in the areas of Business Finance, Marketing, and Small Business Management and has been with the

Dominica State College for the last SIX (6) years, assisting with the development of programs for the Business Administration Department. Ms. Prevost is also involved in Entrepreneurship Training for Dominican youth, serving as a trainer and Trustee of the Dominica Youth Business Trust. She holds a Bachelor of Business Administration Degree (BBA) in Management (1997) and a Master of Business Administration Degree (MBA) (2002) from Andrews University in Michigan.

Mr Curtiss Winston:

Mr Winston was born in Roseau and educated at the Dominica Grammar School. He attended Dalhousie University in Canada and attained a Bachelor of Science Degree with his major in Engineering. Other than a two-year stint with local government, his career in Canada was in the private sector and always was associated with information and communications technology. His experience includes eleven (11) years with Bell Canada, the then leading full service telephone carrier, and twelve (12) years with Unisys, a leading global technology company. He returned to Dominica in 1997 after thirty-seven (37) years in Canada. Mr. Winston is the principal consultant of Joranda International Inc., a consulting company engaged in providing expert advice in advanced information and communications technology to governments and the private sector in the Caribbean and beyond.

Below is a summary of the duties of the NTRC's Executive Director and the Administrative Officer. Summaries of the duties of other staff positions were listed in the previous reports.

Duties of Executive Director include:

- Implementing the decisions and directions of the Commission;
- Preparing for consideration and adoption by the Commission of recommendations to be made pursuant to the Telecommunications Act;
- Advising the Commission on all matters within its purview under the Telecommunications Act including matters dealing with emerging technologies, value added services, universal service/access, interconnection and internet;
- Directing the NTRC staff efforts to improve management effectiveness, operational efficiency, employee productivity and services to the public;
- Providing advice in the formulation of policy;
- Preparing briefing documents for NTRC meetings on new issues/matters to be dealt with by the Commissioners;
- Preparing agenda for meetings and attending meetings of the Commission;
- Reporting to the ECTEL Secretariat on operations of the Commission;
- Preparing NTRC work plans and programmes, including draft annual budget, for consideration by the Commission and ensuring the efficient use and management of the funds and other resources of the NTRC;
- Ensuring that procedures followed by the Commission comply with Legislation;
- Preparing the draft Annual Report for the consideration of the Commission in accordance with section 28 of the Act.

Duties of Administrative Officer include:

- Monitoring policy implementation of administrative directives with respect to operational activities;
- Tracking and managing NTRC deadlines/time lines for applications/responses and related matters;
- Attending meetings of the Commission and ensuring that minutes are prepared, preserved, bound and indexed;
- Ensuring that a record of attendance of Commissioners at Commission meetings is sent to the Minister quarterly;
- Tracking compliance with Government's obligations in Telecommunications;
- Ensuring that all licences issued, modified, renewed or revised are published in the Official Gazette;
- Supervising the collection of all fees prescribed and tariffs levied under the Act or Regulations and ensuring that fees are deposited/distributed according to law;
- Ensuring proper accounting of all monies received and payments made;
- Processing consumer complaints and preparing submissions as required;

<b>JANUARY – DECEMBER 2007</b>				
<b>CATEGORY OF LICENCES</b>	<b>NUMBER OF APPLICATIONS</b>	<b>RECOMMENDED BY ECTEL/NTRC</b>	<b>APPROVED</b>	<b>ISSUED</b>
<b>A. Individual</b>				
Fixed Telecommunications	-	-	-	-
Public Mobile/Cellular Telecommunications	1	-	-	-
Internet Networks/Services	1	-	-	-
Submarine Cable Landing	1	-	-	-
Broadcasting Radio/TV	-	-	-	-
<i>Sub-Total</i>	<b>3</b>	-	-	-
<b>B. Class</b>				
Private Networks/Services	-	-	-	-
Value Added Services	-	-	-	-
Internet Service Provision	-	-	-	-
International Simple Voice Resale	-	-	-	1
<i>Sub-Total</i>	-	-	-	<b>1</b>
<b><u>Class (Radio)</u></b>				
Land Mobile	2	2	2	2
Maritime Mobile	1	3	3	3
Aeronautical Mobile	-	-	-	-
Amateur Radio	26	26	26	26
Citizen Band Radio	-	-	-	-
<i>Sub-Total</i>	<b>29</b>	<b>31</b>	<b>31</b>	<b>31</b>
<b>C. Frequency Authorisation</b>				
Radio/TV Broadcasts	-	-	-	-
Mobile, Fixed & Internet Transmissions	2	-	-	1
Sub-Total	<b>2</b>			<b>1</b>
<b>D. Special</b>				
Radio Broadcast (Temporary)	-	-	-	-
Sub-Total				
<b><u>TOTAL</u></b>	<b><u>34</u></b>	<b><u>31</u></b>	<b><u>31</u></b>	<b><u>33</u></b>
Please note: The difference between the total number of applications and those recommended, approved and issued is due to processing of some applications received in the previous period.				



**APPENDIX 4A**

**APPLICATIONS FOR INDIVIDUAL LICENCE**

<b>INDIVIDUAL LICENCES</b>								
<b>CATEGORY OF LICENCE</b>							<b>APPLICATION STATUS</b>	
<i>ORGANISATION</i>	<i>Fixed</i>	<i>Public Cellular/ Mobile</i>	<i>Internet Networks/ Services</i>	<i>Submarine Cable Landing</i>	<i>Broadcasting</i>	<i>DATE RECEIVED</i>	<i>DATE</i>	<i>Remarks</i>
SES Americom			✓			September 25 2007		Recommendation Pending
21 <sup>st</sup> Century Telecom Network (Caribbean) Ltd		✓	✓			October 23 2007		Recommendation Pending

**APPENDIX 4B**

**APPLICATIONS FOR INDIVIDUAL LICENCES PENDING**

<b>INDIVIDUAL LICENCES</b>								
<b>(For Applications received before January 2007)</b>								
<b>CATEGORY OF LICENCE</b>							<b>APPLICATION STATUS</b>	
<i>ORGANISATION</i>	<i>Fixed</i>	<i>Public Cellular/ Mobile</i>	<i>Internet Networks/ Services</i>	<i>Submarine Cable Landing</i>	<i>Broadcasting</i>	<i>DATE RECEIVED</i>	<i>DATE</i>	<i>Remarks</i>
Marpin 2K4	✓		✓			March 24, 2005	April 20, 2005	Recommended by ECTEL with conditions
International Maritime Training & Development	✓					October 6, 2005	January 9 2006	Additional information requested

**APPENDIX 5**

**APPLICATIONS FOR TYPE A CLASS LICENCES PENDING**

TYPE A CLASS LICENCES (For Applications received before January 2007)							
ORGANISATION	CATEGORY OF LICENCE				DATE RECEIVED	APPLICATION STATUS	
	Private Networks/ Services	Value-Added Services	Internet Services	International Simple Voice Resale		Date	Remarks
CIS Enterprises		✓			March 19,, 2002	July 23, 2004	Recommended Approval & Issuance pending
Cyberland Inc			✓		August 6, 2002	April 16, 2003 May 6, 2003	Recommended. Approved. Issuance pending
GrandBay Village Council			✓		November 28, 2002	April 17, 2003	Application & waiver of fees recommended. Approval pending
Clemson University	✓				June 22, 2004	July 23, 2004	Recommended. Approval pending

**TYPE A CLASS LICENCES**  
**(For Applications received before January 2007)**

<i>ORGANISATION</i>	<i>CATEGORY OF LICENCE</i>				<i>DATE RECEIVED</i>	<i>APPLICATION STATUS</i>	
	<i>Private Networks/ Services</i>	<i>Value-Added Services</i>	<i>Internet Services</i>	<i>International Simple Voice Resale</i>		<i>Date</i>	<i>Remarks</i>
Krystallion Call Center			✓		November 14,2005		Pending
International Maritime Training & Development				✓	April 29, 2005		Pending
Network Solutions				✓	May 25, 2005	January 31, 2007	Licence Issued

**APPENDIX 6**

**APPLICATIONS FOR TYPE B CLASS LICENCES PENDING**

<b>TYPE B CLASS LICENCES</b>				
<b>JANUARY – DECEMBER 2007</b>				
<i>CATEGORY OF LICENCES</i>	<i>Number of Applications</i>	<i>Recommended by NTRC</i>	<i>Approved</i>	<i>Issued</i>
CLASS LICENCES (Issued to Radio Operators)				
Land Mobile	2	2	2	2
Maritime Mobile	1	3	3	3
Aeronautical Mobile	0	0	0	0
Amateur Mobile	26	26	26	26
Citizen Band Radio	0	0	0	0
<b>Total</b>	<b>29</b>	<b>31</b>	<b>31</b>	<b>31</b>

**APPENDIX 7A**

**APPLICATIONS FOR FREQUENCY AUTHORISATION**

<b>FREQUENCY AUTHORISATIONS</b>			
<i>ORGANISATION</i>	<i>DATE RECEIVED</i>	<i>APPLICATION STATUS</i>	
		Date	Remarks
SES Americom	September 25, 2007		Recommendation Pending
21 <sup>st</sup> Century Telecom Network (Caribbean) Ltd	October 23, 2007		Recommendation Pending

**APPENDIX 7B**

**APPLICATIONS FOR FREQUENCY AUTHORISATION PENDING**

<b>FREQUENCY AUTHORISATIONS</b> <b>(For Applications received before January 2007)</b>			
<i>ORGANISATION</i>	<i>DATE RECEIVED</i>	<i>APPLICATION STATUS</i>	
		Date	Remarks
Radio En Ba Mango	February 24, 2002	April 24, 2003	Provisional licence recommended by ECTEL. Pending licensing of broadcasting stations.
Island Communications Ltd	April 3, 2003		Pending licensing of broadcasting stations.
Nature Island Communications	July 24, 2002		Pending licensing of broadcasting stations.
Iristel (DA) Inc	December 5, 2006	September 3, 2007 September 21, 2007	Recommended Issued

**APPENDIX 8****TYPE APPROVAL**

<b>Type Approval 2007</b>			
	<b>ORGANISATION</b>	<b>EQUIPMENT/DEVICE</b>	<b>DATE ISSUED</b>
1.	Visteon Deutschland GmbH	Visteon Car immobilizer PATS XCVR - Inductive application manufactured by Visteon Inductive application manufactured by Visteon	5 <sup>th</sup> February 2007
2.	ALPS Automotive, Inc.	ALPS Automotive, Remote Keyless Entry (RKE) System, Models 8S4T-15k601-A and 8L3T-15K601-A	22 <sup>nd</sup> March 2007
3.	Ninetendo of America Inc.	Ninetendo Wii Game Console Model RVL-001 and Wii Remote Control Model RVL-003	29 <sup>th</sup> March 2007
4.	Intermec Technologies Corporation	Intermec 700C Handheld Computer	2 <sup>nd</sup> April 2007
5.	ALPS Automotive, Inc.	ALPS Automotive, Remote Keyless Entry (RKE) System, Models TFWB1U721 and TFWB1U722	18 <sup>th</sup> July 2007
6.	Siemens VDO Automotive	Siemens Vehicle Immobilizer (5WY7703) and Schrader Electronics LF TPM transmitter (8C2T-1A203-AB)	12 <sup>th</sup> October 2007



**APPENDIX 9**

**FEES COLLECTED**

Fees Collected January – December 2007									
Period	Category								Total
	<i>Individual</i>			<i>Class</i>			<i>Frequency Authorisation</i>		
	<i>Application</i>	<i>Initial</i>	<i>Annual</i>	<i>Application</i>	<i>Initial</i>	<i>Annual</i>	<i>Application</i>	<i>Annual</i>	
Jan – Dec 2007	3,000.00	50,000.00	2,756,215.25	796.43	2,000.00	6,819.90	2,000.00	1,581,000.00	4,401,831.58
<b>Total</b>	<b>3,000.00</b>	<b>50,000.00</b>	<b>2,756,215.25</b>	<b>796.43</b>	<b>2,000.00</b>	<b>6,819.90</b>	<b>2,000.00</b>	<b>1,581,000.00</b>	<b>4,401,831.58</b>

NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION

**FINANCIAL STATEMENTS**

YEAR ENDED SEPTEMBER 30th, 2007.

NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2007.

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WINSTON & CO  
-CHARTERED CERTIFIED ACCOUNTANTS-  
P.O.BOX 411 · 32 BATH ROAD · ROSEAU · COMMONWEALTH OF DOMINICA  
TEL/FAX (767) 448-8800

## **INDEPENDENT AUDITOR'S REPORT**

To the Commissioners  
National Telecommunications Regulatory Commission  
Dominica

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of National Telecommunications Regulatory Commission, which comprises of the balance sheet as at 30<sup>th</sup> September, 2007, and the statement of income and expenditure, statements of changes in accumulated fund and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 7 to 12.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or

error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Commission as of 30<sup>th</sup> September, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*(Sgd) Austin Winston*

.....

**Winston & Co.**

**23<sup>rd</sup> May, 2008**

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Austin Winston, (FCCA)

**BALANCE SHEET**

**NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Balance Sheet

As of September 30,2007

(expressed in eastern Caribbean Dollars )

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	Notes	2007 \$	2006 \$	2005 \$
<b>ASSETS</b>				
Current Assets				
Cash and Bank		691,088	410,235	341,914
Accounts Receivables	4	420,801	403,072	371,249
Prepayments		6,000	9,000	9,000
		<hr/>	<hr/>	<hr/>
<b>Total Current Assets</b>		<b>1,117,889</b>	<b>822,307</b>	<b>722,163</b>
Due from related party		-	-	-
Plant and equipment	8	130,599	170,524	210,824

<b>TOTAL ASSETS</b>		<u><b>1,248,488</b></u>	<u><b>992,831</b></u>	<u><b>932,987</b></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued liabilities		25,305	9,151	19,575
Due to related party	7	420,795	403,071	371,249
Due to the Government of the Commonwealth of Dominica		308,379	72	16,207
<b>Total Current Liabilities</b>		<u><b>754,479</b></u>	<u><b>412,294</b></u>	<u><b>407,031</b></u>
<b>ACCUMULATED FUND</b>				
Accumulated surplus		398,773	445,800	345,693
Capital Grants	8&9	95,236	134,737	180,263
Universal Service Fund		-	-	-
<b>Total accumulated fund</b>		<u><b>494,009</b></u>	<u><b>580,537</b></u>	<u><b>525,956</b></u>



**TOTAL LIABILITIES AND ACCUMULATED FUND**

**1,248,488**

**992,831**

**932,987**

The accompanying notes form an integral part of these financial statements.

Approved on Behalf of the Board this    day May 2008:

*(Sgd) Curtiss Winston*

..... **Chairman**

*(Sgd) Craig Nesty*

..... **Executive Director**

**Statement of Income and Expenditure**

**NATIONAL TELECOMMUNICATION REGULATORY COMMISSION**

Statement of Income and Expenditure

Year ended September 30, 2007

(expressed in Eastern Caribbean Dollars )

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	<b>Notes</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
		\$	\$	\$
<b>INCOME</b>				
ECTEL subvention	7	467,413	539,514	499,771
Government subvention	5	-	-	-
Application fees		-	-	-
		467,413	539,514	499,771
Interest Income		7,597	616	-
Other Income		28	17	725
Amortisation of Capital Grants	9	39,501	45,801	44,891
		467,413	539,514	499,771

<b>OPERATING INCOME</b>	514,539	585,948	545,387
General and administrative expenses	558,566	485,841	370,088
	<hr/>	<hr/>	<hr/>
<b>Surplus/(Deficit) for the year</b>	<b>(44,027)</b>	<b>100,107</b>	<b>175,299</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Statement of Changes in Accumulated fund

Year ended September 30, 2007

(expressed in Eastern Caribbean Dollars )

	Notes	Accum Surplus \$	Universal Service Fund \$	Total \$
Balance as of September 30, 2003		110,179		110,179
Surplus/(Deficit) for the year		60,215		60,215
Universal service fund received		-		-
Balance as of September 30, 2004		170,394		170,394
Surplus/(Deficit) for the year		175,299		175,299
Universal service fund received		-		-
Balance as of September 30, 2005		345,693		345,693
Surplus/(Deficit) for the year		100,107		100,107
Universal service fund received		-		-
Balance as of September 30, 2006		445,800		445,800
Surplus/(Deficit) for the year		(44,027)		(44,027)
Universal service fund received	13	-		-

Prior Year Adjustment - Prepaid rent 2005/2006	(3,000)		(3,000)
<b>Balance as of September 30, 2007</b>	<u><u>398,773</u></u>	<u><u>-</u></u>	<u><u>398,773</u></u>

The accompanying notes form an integral part of these financial statements.

**NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Statement of Cash Flows

Year ended September 30, 2007

(expressed in Eastern Caribbean Dollars )

	Notes	2007	2006	2005
		\$	\$	\$
Cash Flows from Operating Activities				
Surplus for the year		(44,027)	100,107	175,299
Adjustment for:				
Depreciation expense		48,712	52,377	49,816
Capital Grants	3 (b) &8	(39,501)	(45,801)	(44,891)
Prepaid Rent		(3,000)	-	-
		<u>(37,816)</u>	<u>106,683</u>	<u>1 80,224</u>
Operating Profit before working capital changes				
(Increase) Decrease in accounts receivable		(17,729)	(31,823)	2,091,639
(Increase) Decrease in prepayments		3,000	-	-
Increase (Decrease) in accounts payable and accrued liabilities		16,154	(10,424)	4,650
		<u>(36,391)</u>	<u>64,436</u>	<u>2,276,513</u>
Cash (used in) generated from Operations		(36,391)	64,436	2,276,513
Net Cash (used in) generated from Operating Activities		<u>(36,391)</u>	<u>64,436</u>	<u>2,276,513</u>

Cash flows from Investing Activity				
Purchase of plant and equipment	8	(8,787)	(12,077)	(12,240)
Net Cash used in Investing Activity		<u>(45,178)</u>	<u>52,359</u>	<u>2,264,273</u>
Cash flows from financing Activities				
Increase (Decrease) in due to related party		17,724	31,823	(2,091,639)
Universal service fund received				
Increase (Decrease) in Capital Grants	8&9	-	275	-
Increase (Decrease) in due to the Government of Dominica		<u>308,307</u>	<u>(16,135)</u>	<u>8,135</u>
Net Cash generated from Financing Activities		326,031	15,963	(2,083,504)
Net change in cash equivalents		280,853	68,321	180,769
Cash and Equivalents- beginning of year		410,235	341,914	161,145
<b>Cash and Cash Equivalents- end of year</b>	<b>3(g)</b>	<b><u>691,088</u></b>	<b><u>410,235</u></b>	<b><u>341,914</u></b>

*The accompanying notes form an integral part of these financial statements.*

## NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of General and Administrative

Year ended September 30, 2007

(expressed in Eastern Caribbean Dollars )

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	Notes	2007	2006	2005
		\$	\$	\$
Advertising and Promotion		10,716	10,358	5,939
Audit and accounting fees		5,623	4,500	4,650
Bank charges		105	24	71
Consultancies		3,500	-	15,000
Commissioners' allowances		69,000	75,500	54,832
Depreciation expense		48,712	52,377	49,816
Electricity expense		23,855	17,873	13,731
Miscellaneous expense		11,614	7,090	7,224
Subscriptions & donations		180	132	255
Application Fees (Re : Gov't)		-	48,790	-
Postage and delivery		458	3,614	289
Fuel expenses		1,074	879	883
Rent		44,160	37,530	36,000
Insurance office contents		3,727	3,515	3,400
Repairs and maintenance		5,918	3,250	2,928
Salaries and wages	12	301,044	199,949	155,577



Meetings & Conference Local &Overseas	1,084	2,721	1,019
Stationery and office supplies	1,012	2,835	3,717
Telephone and fax	8,349	4,785	3,846
Training	4,530	-	8,391
Travel & Accommodation & Entertainment	1,920	810	1,198
Vehicle Maintenance	1,453	1,886	1,099
Legal Fees	10,000	7,000	-
Water and sewage	532	423	223
	<u>558,566</u>	<u>485,841</u>	<u>370,088</u>

*The accompanying notes form an integral part of these financial statements.*

# **NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Notes to Financial Statements

Year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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## **1. Legal Status**

The National Telecommunications Regulatory Commission was established by the Commonwealth of Dominica Telecommunications Act No. 8 of 2000, which was assented to on September 5, 2000. The Commissioners were appointed with effect from April 1, 2001.

## **2. Principal Activities**

Its principal activities are to collect all fees and tariffs levied under the Act and to ensure compliance with the Government's international obligations on telecommunications.

## **3. Significant Accounting policies**

### **Basis of Accounting**

These financial statements are stated in Eastern Caribbean dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that could affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditure during the year. Actual result could differ significantly

from those reported. The significant accounting policies adopted in the preparation of these statements by the Commission are as follows:

**(a) Basis of preparation**

The measurement basis used is the historical cost, except for Note (8) where the value of Capital Grants has been estimated.

**(b) Plant and Equipment**

Plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on the straight-line method at rates, which are expected to write off the costs of the fixed assets over their estimated useful lives. The following annual rates are used:

Furniture and fittings	- 15%
Equipment	- 15%
Computers	- 20%

## **NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Notes to Financial Statements

Year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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### **3. Significant Accounting Policies (Cont'd)**

#### **(c) Foreign Currencies**

Foreign currencies are translated to Eastern Caribbean dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Eastern Caribbean dollars at the exchange rate ruling at the date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical costs are translated to Eastern Caribbean dollars at the foreign exchange rate ruling at the date of transaction.

#### **(d) Income tax**

The Commission liability to taxation is pending consideration of the government of the Commonwealth of Dominica.

#### **(e) Impairment**

The carrying amounts of the Commission's assets are reviewed at each date to determine whether there is indication of impairment. If any such indication exists, the assets recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment

loss in respect of investment property is recognized in the same way as a revaluation decrease. All other impairment losses are recognised in the income statement.

**(f) Revenue Recognition**

Revenue earned by the Commission is recognised on a receipt basis, except interest income, which is recognised on an effective yield basis.

**(g) Cash and Bank balances.**

For purposes of the cash flow, cash and bank balances represent balances at Banks and Petty Cash balances at year end.

# NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION

Notes to Financial Statements

For the year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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## 4. Accounts Receivable

	2007	2006
	\$	\$
<b>(f) License fees</b>		
Initial and Annual fees		
-Voice Tel Inc.	0	2,000
-Orange & Digicel	418,801	401,072
-Network Solutions	<u>2,000</u>	<u>0</u>
	<u>420,801</u>	<u>403,072</u>

## 5. Government Subvention

These represent estimated amounts paid by the government of the Commonwealth of Dominica for support services rendered.

## 6. Annual Fees

These are to be based on the licensee's gross revenue of the previous/current years of operations (See Note 4).

# NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION

Notes to Financial Statements

Year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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## 7. Due to/from related party

The amounts due to related party represent annual license fees payable to Government by telecommunications providers. The amounts due from related party represent budgeted income (obtained from frequency fees paid by licensees to ECTEL) receivable from the Eastern Caribbean Telecommunications Authority (ECTEL). The amounts are unsecured, non-interest bearing and have no stated repayment terms.

## 8. Plant and Equipment

	<b>Fixtures &amp; Fittings</b>	<b>Furniture &amp; Equipment</b>	<b>Computers</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At Cost</b>				
As of September 30, 2006		205,683	111,631	317,314
Additions		<u>684</u>	<u>8,103</u>	<u>8,787</u>
Balance September 2007		206,367	119,734	326,101

**Accumulated Depreciation**

As of September, 2006	89,475	57,315	146,790
Charge for the year	32,173	16,539	48,712

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Balance September 2007	121,648	73,854	195,502
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**Net Book Value**

As of September 30, 2006	116,208	54,316	170,524
As of September 30, 2007	84,718	45,881	130,599



## 9. Capital Grants

These are amounts given by the Government of Dominica and the Eastern Caribbean Telecommunications Authority (ECTEL). This is the regional advisory organization, which was established by the Organization of Eastern Caribbean States (OECS) governments to provide certain services to the National Telecommunications Regulatory Commission as outlined in the Eastern Caribbean Telecommunications Authority Treaty and the Telecommunications Act of 2000. The amounts are amortized at equivalent depreciation rates over the estimated life of the assets.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Balance at begin	134,737	180,263
Additions during year	0	275
Amortized during year	(39,501)	(45,801)
<b>Balance end of year</b>	<b>95,236</b>	<b>134,737</b>

## NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION

Notes to Financial Statements

Year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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### 10. Due to the Government of the Commonwealth of Dominica

The amount due to the government of the Commonwealth of Dominica represents license fees collected on behalf of the Government of the Commonwealth of Dominica. This amount is non-interest bearing and has no stated repayment terms. (See note 4)

	2007	2006
	\$	\$
Receipts during year	2,769,327	2,580,594
Payment during year	(2,461,420)	(2,580,594)
<b>Balance due</b>	<b>307,907</b>	<b>0</b>

### 11. Lease Commitments

The Commission has the following operational lease commitments that provides for a security deposit of two months rental to be held in an interest bearing account, which if not utilized shall be reimbursed to the tenant at the determination of his tenancy. The amount also includes a one-month advance payment of \$3,000 in the five-year lease term from 2004.

Expiring within one (1) year	36,000	36,000
Expiring in 2 to 3 years	<u>7,200</u>	<u>43,200</u>
	<u>43,200</u>	<u>79,200</u>

## 12. Personal Expenses

Administrative salaries wages and DSS		
Contributions	<u>301,044</u>	<u>199,949</u>

# **NATIONAL TELECOMMUNICATIONS REGULATORY COMMISSION**

Notes to Financial Statements

Year ended September 30, 2007

(Expressed in Eastern Caribbean Dollars)

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## **13. Universal Service Fund**

1. Under section 44 (1) of the Telecommunications Act 8 of 2000 there is provision for establishment of the Universal Service Fund, which is to be managed by the Commission in accordance with regulations by the Minister for telecommunications on the recommendation of ECTEL.
2. The fund shall be used by the Commission on the recommendation of ECTEL to compensate any telecommunications provider who is required to provide universal service by virtue of section 44 (4) or 45 (1) of the Act or otherwise promote universal service.

## **14. Financial Instruments**

### **a) Fair Value**

Due to the short-term nature of certain financial instruments, the Commission is of the opinion that their carrying values approximate fair value. These financial instruments include cash and bank, accounts payable and accrued liabilities, and amounts due to related party and the government of the Commonwealth of Dominica.

The estimates of fair values presented herein are subjective in nature and do not necessarily indicate the amount the Commission could realise in current market exchange. Assets such as prepayment expense are excluded from fair value. Thus, the total fair value amount cannot be aggregate to determine the underlying economic value of the Commission.

## **b) Credit Risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. To reduce exposure to credit risk, the Commission performs ongoing credit evaluations of the financial condition of its customers, in some case requiring collateral. The Commission invests its available cash with various financial institutions. Although, the Commission is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, it does not expect any counterparties to fail to meet their obligations given their credit ratings.