

CABLE AND WIRELESS

Response to TRC Consultation on

Commission Draft Annual Work Plan and Budget

2022/2023

COVER SHEET FOR RESPONSE TO A COMMISSION CONSULTATION

BASIC DETAILS

Consultation title: Commission Draft Annual Work Plan and Budget 2021/2022

Name of respondent: Mr. Ravindra Maywahlall

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Organisation: Cable and Wireless (BVI) Limited

CONFIDENTIALITY

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

Nothing

Whole response

Part of the response

Details of Confidential Information

If you want part of your response, your name or your organisation not to be published, we can still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the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

DECLARATION

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

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

Name: Ravindra Maywahlall

Signed (if hard copy)

1. INTRODUCTION

1.1 Cable and Wireless (BVI) Limited dba Flow is pleased to provide comments and remarks on the ‘**Commission Draft Annual Work Plan and Budget 2022/2023**’ (the Consultation Document) published May 19, 2022 with responses due by June 16, 2022.

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

1.3 Please send all responses to this Consultation Document and any matters arising to Ravindra Maywahlall at ravindra.maywahlall@cwc.com and Melesia Sutherland at melesia.sutherland@cwc.com.

2. 2022/2023 Strategic Overview and 2022/2023 Work Plan

Accountability

2.1 We are pleased to note that, consistent with Flow’s response to the Commission’s 2020/2021 Work Plan, the Commission has now attached dates to its major projects. This administrative improvement will help the industry to plan availability of resources to support the Commission’s Workplan and improve accountability of the Commission.

2.2 Consistent with its request since 2019, Flow has been requesting the Commission’s Annual Report. Yet again, Flow requests the Annual Report from the Commission for Financial Year 2021/2022 which is a requirement by statute. The production of the Annual Report is

entirely within the Commission's control and the Commission has all the information it needs to produce the report so there appears to be no impediment to the Commission doing so.

3. Budget for the 2022/2023 Financial Year

3.1 In summary, the Commission's budget increased by 4% in 2022 over 2021 despite a sharp decline in 'Conference, Training and Travel' expense due to the Covid-19 pandemic and no special projects for 2022. At the same time the Commission's budget, as Flow has commented on over the years, continues to be excessive in absolute terms. So, while a 4% increase in expenses for 2022 may be considered marginal, it becomes significant in the context of the Commission's typical bloated budget. Flow has seen little evidence of a Commission that is incentivized to reduce cost or increase efficiency.

3.2 The Commission advises that Total Operating Expenditure (OPEX) is anticipated to increase in 2022/2023 by 5% when compared to the previous year in lieu of steadfast efforts aimed at promoting policy objectives of the Commission. Flow is hoping that Commission keeps expenditure increase within the inflation rates over the periods. The Commission must be efficient in delivery of effective regulation and oversight of the telecommunications market. Flow is of the view that with the resource available to the Commission, the Commission should be more than able to provide effective, prudent, fit for purpose oversight and regulation.

3.3 Flow's comments on the Commission's specific budgetary line items for 2022/2023 also includes commentary on the Commission's budgets over the last five (5) years for comparative purposes which is instructive in determining the trend in the Commission's overall budget and specific line items. In this regard, reference is made to Table 1 below:

Table 1: Expenditure for Financial Year 2022

Expense Category	FY 2018 Budget	FY 2022 Budget	FY 2023 Budget	% 22/23	% 18/23
Non-Executive Members Honoraria and Expense	\$ 40,800	\$ 63,600	\$ 84,600	33%	107%
Employee Compensation	\$ 1,259,885	\$ 1,413,100	\$ 1,551,191	10%	23%
Government Fees and Staff Benefits	\$ 594,591	\$ 681,921	\$ 777,941	14%	31%
Professional Services	\$ 735,200	\$ 596,800	\$ 506,750	-15%	-31%
Conference, Training and Travel	\$ 343,937	\$ 60,400	\$ 115,349	91%	-66%
Rent and Utilities	\$ 397,223	\$ 447,391	\$ 451,603	1%	14%
Maintenance Expenses	\$ 59,502	\$ 90,433	\$ 90,240	0%	52%
Consumer Education and Public Relations	\$ 48,000	\$ 60,000	\$ 33,800	-44%	-30%
General and Administration	\$ 169,374	\$ 189,641	\$ 183,906	-3%	9%
Special Project	\$ 100,000	\$ -	\$ -	0%	-100%
Total	\$ 3,748,513	\$ 3,603,287	\$ 3,795,381	5%	1%

3.4 Flow's comments on the specific expense items are as follows, where Flow responds to the Commission's explanation of the budgetary item:

i. Non-executive Members Honoraria and Expenses: This represents the budgeted cost for all members of the Board of the Commission. This expenditure has increase by 33% over the prior year budget, as all members are being compensated.

Flow's Response

Flow is astounded by a 33% increase in this expense item over last year's figure. It is incumbent on the Commission to provide a more fulsome explanation for such an increase which the Commission has not provided. Such an increase is disappointing in the current climate of stringent economic conditions.

ii. Employee Compensation: This represents remuneration for all employees, inclusive of twenty (20) full time positions. Overall staff costs for the Commission have increased by 10% over the prior budget year which is due to: i. the proposed addition of new hires made

necessary by the volume of work expected during 2022-2023 period, and ii. ensuring the availability of sustainable human resources through effective succession planning and continued efforts to cross-train professional staff.

Flow's Response

Employee Compensation is a major expense category accounting for just over 40% of the Commission's budgeted total expenses. Employee expense at present is 23% over the level in 2018 and 10% above last financial period despite inflation being only 7% over 2018 levels and 3% above last period. This level of increase appears very exorbitant and warrants restraint. Whilst the Business is well aware that the Commission must be properly staffed to effectively carry out its functions, the Business is also of the view that these levels of increase do not appear to be reasonable. To this end, Flow continues to implore the Commission to exercise restraint in the increases of employee compensation and adds that the levels of increase are unsustainable.

iii. Government Fees and Staff Costs: This represents employer social security, NHI, PAYE, pension cost, health benefits, staff recognition program, housing allowance, travel allowance, telephone allowance, entertainment allowance, sub-committee allowances, performance management and gratuity scheme. This figure has increased by 14% over the prior budget year.

Flow's Response

An increase of 14% is well above inflation and 4% percentage points above Employee Compensation cost. This expense item is usually expected to move on par with inflation and any change in government policy that surrounds NHI, Pension policy and social security. With those things remaining the same, an increase of 5% in Government Fees and Staff Costs does not appear justifiable. The Business therefore is requesting that the Commission review this proposed increase with a strong view to reduce it and/or provide further details to warrant such a proposed increase in expenses. This expense is also 20% above the level it was 4 years

earlier. This is untenable and this trend must be curtailed. This represents another area of expense of the Commission that has ballooned out of proportion.

iv. Conferences, Training and Travel: This represents travel, local and internationally, for members of the Board and employees, to attend meetings, conferences, seminars, and workshops for continued development on behalf of the Commission. This figure has increased by 91% compared to the prior year's budget. The priority of the Commission is to ensure that each member of staff is adequately knowledgeable in their area considering ever-changing technology, while fostering business relationships with regulatory bodies worldwide. A resumption of in-person training for staff that aligns with their designation and long-term planning strategies.

Flow's Response

The Business is not quite convinced of the purpose to increase this conference category by 91% over the prior year. Whilst international travel may be slowly returning to pre-covid 19 levels it is still expected that many training programmes will continue in the online modality. This will keep travelling and associated expenses down considerably. The need to budget for such an increase is therefore not necessary or warranted. The Business therefore believes that there is an opportunity for the TRC to review and reduce this budget item.

vi. Rent and Utilities: This represents occupancy of the 2nd and 3rd floor of the LM Business Centre and a Disaster Recovery site. This figure has increased 1% over the prior budget year.

Flow's Response

vi. Maintenance Expenses: This represents automobile maintenance, building maintenance, cleaning and cleaning materials, computers, equipment and site, fuel, and office equipment. This figure has decreased by 0.2% over the prior budget year.

Flow's Response

Even-though this expense category is on par with last year's, it is still 52% above the level in 2018. The Business would welcome a continued containment of this expenditure in the ensuing years.

vii. Consumers Education and Public Relations: This represents initiatives aimed at educating and informing consumer on various aspects of the telecommunications sector, including community outreach; utilisation of other media avenues; and acknowledgement of various telecommunications days/events. This expenditure has decreased 44% over the prior budget.

Flow's Response

We welcome this reduction in expense over the prior year. It is refreshing to see this approach where the Commission embraces a better and more efficient utilization of resources to meet its objectives.

4. Conclusion

4.1 The TRC's budget remains substantially elevated and on par with the TRC's bloated budgets from the past four (4) years which Flow has highlighted in its comments on the previous Workplans and Budgets.

4.2 All the costs in the TRC's budget are funded by industry. The current economic environment remains fragile, and therefore the TRC must seek to play its part by reducing its regulatory cost to the industry. This is important to ensure a viable telecommunications sector, which, as we have seen, has become even more important to improving and sustaining businesses, education, health and private life in the face of the COVID-19 pandemic.

4.3 Finally, Flow will continue to advocate for greater accountability from the TRC.

END