



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Our ref: 15C/1
(Please quote in reply)

August 6, 2015

Robert Watson - Chief Executive
The Regulatory Authority of Bermuda
3rd Floor, Cumberland House
1 Victoria Street,
Hamilton HM 11

Dear Mr. Masters,

Re: Regulatory Authority Budget 2015-16.

Pursuant to Section 43(4)(c) of the Regulatory Authority Act 2011, the undersigned Minister of Finance, hereby approves the Regulatory Authority's proposed expenditure budget totaling \$3,557,500 for financial year 2015-16 as submitted with the RA's 2015-16 Proposed Work Plan and Budget on December 31, 2014.

A handwritten signature in black ink, appearing to read 'E.T. Bob Richards', with a long, sweeping flourish extending to the right.

The Hon. E.T. Bob Richards, JP, MP
Minister of Finance

c.c. Hon. E. Grant Gibbons, JP, MP, Minister of Economic Development



BERMUDA
**REGULATORY
AUTHORITY**

**Proposed Work Plan and Budget
2015-16 Fiscal Year**

Matter: WP-1516-2014
Date: 31 December 2014

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1 EXECUTIVE SUMMARY

1. In accordance with Section 43(3) of the Regulatory Authority Act 2011 (RAA) the Regulatory Authority ("Authority" or "RA") is required to submit to all Ministers responsible for regulated industry sectors and to the Minister of Finance the Authority's proposed work plan and budget for the next financial year. The Authority is required to make this proposal not later than 3 months before the commencement date of the next financial year and it must give due consideration to the comments submitted during the public consultation on the proposed work plan and budget.
2. The Authority proposes to adopt a work plan for financial year 2015-16 that seeks to facilitate the achievement of the following strategic goals: (a) Striving for Organizational Excellence; (b) Promoting and Facilitating Sustainable Competition; (c) Promoting and Protecting the Interest of Consumers; (d) Facilitating Innovation and Investment; and (e) Providing Timely Advice and Information to the Government.
3. The Authority proposes to adopt, subject to the approval of the Minister of Finance, an expenditure budget of \$3,557,500.

2 INTERPRETATION

4. In this document, except insofar as the context otherwise requires, words or expressions shall have the meaning assigned to them by the RAA, the Electronic Communications Act 2011 ("ECA"), and Interpretation Act 1951.

3 INTRODUCTION

3.1 Legislative Context

5. RAA Section 43(3) requires the Authority to submit to the Minister responsible for the electronic communications industry (the Minister of Education and Economic Development) and the Minister of Finance, a proposed Work Plan and budget taking into account any comments submitted during the Consultation on its Work Plan.

3.2 Scope of this Work Plan

6. This document is the Regulatory Authority's plan for the period April 2015 to March 2016. It includes a report on work likely to be held over from last fiscal year, the Authority's strategic goals, priorities, the major activities it anticipates undertaking for the upcoming fiscal year, and its proposed budget for the period.
7. This work plan assumes that electronic communications will continue to be the only sector that the Authority will have oversight of during the 2015/16 fiscal year. For the avoidance of doubt, the work plan does not include work to be undertaken or associated costs incurred by the Authority to prepare for the regulation of any other sector for which the Authority may be assigned by the Government.
8. The work plan reflects the RA's current mandate, enunciates its strategic goals and sets out its strategic priorities and planned activities for the 2015-16 fiscal year.
9. The work plan also deals with non-regulatory work-streams such as any policy development tasks that may be assigned by the Minister for Education and Economic Development ('the Minister'). These work streams require coordinated action between the Minister together with the relevant Government Departments under his purview and the RA. Such coordination could include the express delegation of certain tasks to the RA together with the provision of funding by the Minister to enable the RA to carry out such tasks on behalf of the Minister. These work streams cannot be addressed until the Government has established the relevant policies and/or regulations and/or has provided funding to the Authority to develop the necessary policy recommendations.

3.3 Carry Over of Activities from 2014-15 Work Plan

10. Section 3.3 identifies the work streams that are included in the Authority's 2014-15 work plan and are likely to be carried over from the 2014-15 work plan into the 2015-16 year.

3.3.1 Work Streams Not Dependent on Government Input

3.3.1.1 Review of Broadband Access Markets (Markets 12 and 13)

11. Wholesale Access Broadband Access Markets (Markets 12 and 13) (as defined by the Authority's 2013 Market Review) may be the subject of a review in the upcoming financial year. The Authority throughout the balance of the 2014-15-year will monitor the urgency of such a review. These markets specifically relate to the wholesale of Broadband access, which, for the most part, has been facilitated by the Model Access and Interconnection Agreement ("MAIA") obligations placed on SMP operators in these markets. The MAIA negotiations and implementation was concluded with both Significant Market Power Operators (SMP Operators) in January

2014. The purpose of a review of Markets 12 and 13 would be to ensure that these markets are competitive and functioning.

3.3.1.2 Review of Wholesale Network Infrastructure Access Market (Market 21)

12. An important element of competition is the ability of service providers to have equal access to infrastructure networks on a non-discriminatory basis. The preparation work for this review has commenced. There have been informal information gathering discussions and correspondence between the relevant SMP Operators and access seekers in the market. It is anticipated that the formal consultation on the issue will be released in 2015.

3.3.1.3 New ICOL Entrants Policy

13. January 2016 will find the Authority in operation for 3 years. Section 75 of the Electronic Communications Act 2011 (“ECA”) provides for a moratorium on the issuance of new ICOLs and Communications Operating Licences (“COLs”) (save in specific instances) to remain in place until after a review is carried out by the Authority to determine whether additional ICOLs and/or COLs should be offered. That review must be carried out no later than January 2016. The Authority is committed to ensuring sustainable development of the electronic communications industry. Informal consideration of a lifting of the moratorium has already begun. The Authority will continue to monitor the market and the interest from potential new entrants in securing any ICOLs prior to the market review.

3.3.1.4 Radio Communications Equipment Online Payment Portal

14. The Authority has commissioned third party developers to assist in the development of this capability within its licencing database. Work on the tool is underway and is anticipated to be complete during the upcoming fiscal year (2015-16).

3.3.2 Work Streams Dependent on Government Input

15. The following work streams are contingent in whole or in part on the input of the Bermuda Government.

3.3.2.1 Universal Service and Broadband Policy

16. The Authority will continue to monitor the effect of the introduction of ICOLs on the electronic communications sector in Bermuda on the ability of Bermuda residents to gain access to a minimum level of suitable electronic communications services and broadband access speeds and will assist the Minister in formulating and implementing any of the policies that may be considered by the Minister under section 32 of the ECA.

3.3.2.2 Legislative Changes to RAA and ECA

17. The Authority has continues to review the ECA and RAA to ensure its effectiveness. In the upcoming financial year, the Authority will submit a report to the Minister making recommendations on any changes to these key pieces of legislation.

4 STRATEGIC GOALS

18. The Authority has established the following strategic goals that will drive its priorities and activities for the ensuing years:
 - (a) **Striving for Organizational Excellence:** to be a highly efficient and effective organization that supports and enables its staff to achieve the Authority's objectives.
 - (b) **Promoting and Facilitating Sustainable Competition:** to apply effective and proportionate regulation to facilitate dynamic and sustainable competition within the sectors it regulates.
 - (c) **Promoting and Protecting the Interests of Consumers:** to safeguard the interests of the consumers of electronic communications services by protecting and empowering them.
 - (d) **Facilitating Innovation and Investment:** to provide regulatory certainty within the sectors under its responsibility. This will include the fair application of rules, market evaluation and enforcement of breaches of the rules of the game. This, in turn, will support investment into the relevant sectors.
 - (e) **Providing Timely Advice and Information to the Government:** on policy and legislative changes which may be required to enhance the success of the electronic communications industry or its regulatory framework, and to promptly respond to legally mandated directives from the Minister.

4.1 Proposed Activities and Projects

4.1.1 Striving for Organizational Excellence – Activities and Projects

19. **Priority 1** - the Authority will continue to strengthen the capacity, knowledge base and skills of its staff and will undertake the following activities and projects to address this priority:
 - (a) Develop a strategic alliance with respected overseas and local regulatory bodies. The Authority will seek to enter into agreements, formal and informal, with other regulatory bodies with a view to sharing of resources and information;
 - (b) Provide targeted training to the Authority's members of staff to ensure they are well equipped to perform at the highest standard;
 - (c) Assess the staffing levels required for the optimum performance of the Authority.
20. **Priority 2** - the Authority will ensure the transparent preparation of its work plans (including budgets) and the timely reporting of its actual performance and will undertake the following activities to address this priority:
 - (a) Issue a public consultation on its proposed Work Plan and Budget for the 2016-17 fiscal year by October 2015;
 - (b) Submit its proposed work plan and budget for the 2016-17 fiscal year, together with recommended Regulatory Authority and Government Authorization Fees for the period, to the Minister of Economic Development and Education and the Minister of Finance by 1 January 2016;
 - (c) Prepare and issue a report and financial statement covering the period 2014-15 by 31 July 2015.

21. **Priority 3** - the Authority will facilitate regular engagement of key stakeholders to keep up to date on their needs and issues and will undertake the following activities to address this priority:
 - (a) The Authority will initiate discussions with ICOL holders, consumer advocacy groups, government departments and other groups and organizations that are affected by its work. This will take the form of regular one to one meetings, consultations, media outreach and educational forums;
 - (b) The Authority will continue its policy of transparency in the conduct of its affairs.
22. **Priority 4** - the Authority will ensure that its internal governance and operations is continually improving and of a standard commensurate with its standing as a national regulatory body and will undertake the following activities to address this priority:
 - (a) The Authority, will regularly review and update its policies and procedures for internal and external interactions to ensure that good standards of operations and governance are upheld within the Authority at all levels.
 - (b) The Operations of the Authority, including training and capacity.
23. **Priority 5**- the Authority will ensure the appropriateness of its internal controls and will undertake the following activity to address this priority:
 - (a) The Authority will ensure that its internal controls are reviewed and any identified deficiencies are corrected.

4.1.2 Promoting and Facilitating Sustainable Competition – Activities and Projects

24. **Priority 1**- the Authority will promote innovation in the electronic communications sector through infrastructure and service based competition and will undertake the following activities to address this priority;
 - (a) Review the market for access to infrastructure in order to examine the question of whether or not there is a need for additional remedies to be imposed on the relevant SMP Operators within this market;
 - (b) Consider the establishment of an industry working group to obtain consensus and to recommend a formal set of guidelines and procedures governing the provisioning of wholesale access to infrastructure facilities.
25. **Priority 2** -the Authority will ensure compliance with and/or the effectiveness of any remedies, conditions and administrative determinations imposed by the Authority and will undertake the following activities to address this priority:
 - (a) Undertake a review of those markets affected by affiliated companies which have the ability to leverage collective market power in an anti-competitive manner to ensure that remedies currently imposed are effectively promoting sustainable competition;
 - (b) Monitor the compliance with and effectiveness of the conditions imposed on the parties to the Bermuda Cablevision / Bermuda Telephone Company changes in ownership.
26. **Priority 3** –the Authority will ensure regulation remains focused and responsive to the needs of a changing environment and will undertake the following activity to address this priority:

- (a) consider the impact of Over the Top Internet based services (such as NetFlix, WhatsApp, Skype, etc.) on the Bermuda market and determine whether and to what extent its regulatory strategy could be adjusted to accommodate these new services;

4.1.3 Promoting and Protecting the Interests of Consumers

- 27. **Priority 1** - the Authority will ensure that providers of electronic communications services treat their customers in a fair and transparent manner. To address this priority, the Authority will undertake the following activities:
 - (a) The Authority proposes to conduct a consultation on the billing practices of electronic communications service providers;
 - (b) seek the views of Bermuda's consumers and carriers on the treatment of data on the internet on a non-discriminatory basis (i.e. including not charging differently by user, content, site, platform, application, type of attached equipment, or mode of communication).

4.1.4 Facilitating Innovation and Investment

- 28. **Priority 1** - the Authority will ensure that ICOL holders operate in an environment where the in which they understand the financial implications of non-compliance with remedies, conditions and administrative determinations and will undertake the following activities to address this priority:
 - (a) Issue a general consultation concerning guidelines to be used to establish the amount of any financial penalty levied against an ICOL holder under the RAA;
 - (b) Consult with key stakeholders about the process by which a complaint about predatory pricing can be made.
- 29. **Priority 2** - the Authority will promote Bermuda as an attractive place to set up and operate electronic communications businesses and will undertake the following activities to address this priority:
 - (a) continue to develop its relationship with the Business Development Agency with a view to sharing resources and advising where possible, on potential arrangements to allow testing and pilot programs within Bermuda for new and innovative technologies and services;
 - (b) work with the relevant government departments and ministries to facilitate a one stop shop for those wishing to register their ships or aircraft and acquire any required electronic communications licences in Bermuda.

4.1.5 Providing Timely Advice and Information to the Government

- 30. **Priority 1** - the Authority will strive work with the Government to ensure legislation is relevant and the Authority will undertake the following activity to address this priority:
 - (a) submit a report to the Minister after informal consultation (within the RA's sole discretion) on proposed recommendations for changes to enhance the utility of the RAA and the ECA.

4.1.6 Other Administrative Functions

31. Parallel to the key projects and activities planned for the upcoming year, there are other administrative functions the Authority is obliged to undertake in the fulfilment of its responsibilities on an as needed basis. These include, but are not limited to:
 - (a) Consumer Awareness;
 - (b) Collection and Verification of ICOL, Government Authorization and other Sector related fees;
 - (c) The management of spectrum resources for special events;
 - (d) The issuance of class radio licences;
 - (e) Consideration of applications for market concentrations within the regulated sector;
 - (f) Handling and investigation of consumer and inter-carrier complaints; and
 - (g) Monitoring compliance of ICOL holders with licence conditions and other regulatory obligations and taking appropriate action warranted.
32. These activities have been taken into account when estimating the potential workload and budget expenditure for this work plan, however, unforeseen and particularly demanding tasks may impact on the Authority's ability to complete or even commence some the projects as planned.

4.2 Contextual Overview of Projects and Activities for 2015-16

33. A summary of the priority projects and activities that will contribute to the achievement of the identified strategic goals during 2015-16 are shown in Appendix A.
34. The Authority will work to ensure that these priority work-streams are adequately resourced to ensure delivery of its planned objectives. Where additional resource requirements arise in the course of the year due to unexpected developments, these priority areas will take precedence over other areas of activity.
35. In those instances where it is feasible to do so, the Authority outsources requirements for services when this involves the need for specific expertise that it not available within the organization, or where it needs such services quickly. At the same time the Authority is committed to effectively managing contractors with a view to achieving the best possible results. Certain areas of work will need the assistance of specific expertise that is not available within the Authority.
36. The activities and outputs listed in Appendix A represent the Authority's current best view of the work that the Authority's will be undertaking during 2015-16. However, there are a number of factors that may impinge on the work program, namely:
 - (a) External dependencies that may affect timing;
 - (b) Interdependencies between streams of work, that may entail knock-on effects in the event of delays; and
 - (c) External events that are difficult to predict to which the Authority will be required to respond.
37. The Authority intends to retain flexibility within the 2015-16 work program, in order to allow it to respond to changes and new issues arising as necessary.

5 PROPOSED BUDGET AND PROJECTED REVENUES

38. This section sets out the Authority's proposed expenditure budget proposed Regulatory Authority Fees and projected revenue for the work plan period 2015-16.
39. The highlight of the 2015-16 budget is the proposed reduction in the Regulatory Authority Fee from 1.75% to 1.55%. The reduction is proposed the following reasons:
 - (a) The Authority has the benefit of actual spending data from the previous years' accounts. When compared with budget amounts, it was recognized that the Authority's fees could be adjusted whilst still fulfilling its mandate.
 - (b) There is very little growth (if any) across the electronic communications sector on a global basis. The Authority is keen to ensure that its fees do not hinder the growth of the ICOL holders.
 - (c) A large portion of the biggest earners in the sector will be required to pay fees for Spectrum in the upcoming financial year. In an effort to help offset this additional cost center, the Authority proposes a reduction in its fees of approximately 11%.

5.1 Proposed Expenditure Budget

40. Subject to the approval of the Minister of Finance, the Authority proposes to adopt an expenditure budget of \$3,557,500 for financial year 2015-16. The proposed budget is shown below.
41. The Authority's proposed total expenditure budget for financial year 2015-16 is more than its approved expenditure budget for the financial year 2014-15 by \$40,600. The major changes in the proposed budget for financial year 2015-16 when compared to the approved budget for 2014-15 are as follows:
 - (a) an increase in staffing costs of \$229,600 in Employee costs to make provision for possible pay increases and additional staff that will likely be required to establish a more optimal staffing level and reduce the Authority's reliance on consultants, partially offset by;
 - (b) a decrease of approximately \$100,000 in the provision of Consulting services. As the Authority's members of staff become more experienced in regulatory matters, reliance on consultants will become less frequent. It is anticipated that this trend will continue; and
 - (c) net total decreases in various other expenditure categories, totalling approximately \$89,000.
42. Upon review of the proposed budget contained in the Planning Consultation document, the Authority noted that an expense of \$41,500 for depreciation costs was erroneously included in 2014-15 and 2015-16 budgets. This entry was eliminated because section 43(1) of the RAA requires an estimate of, among other things, capital expenditures, not depreciation. The restated figures reflect a corresponding decrease in overall expenses and a corresponding increase in anticipated surplus.

5.2 Proposed Regulatory Authority Fees and Projected Revenue

43. The Authority does not propose to recommend that, for the financial year 2015-2016, the Minister increase service fees or other Government Authorization Fees on Class Licensees or on persons who hold licences issued pursuant to the

Telecommunications Act 1986 for specialized uses of spectrum, such as amateur, marine small craft and maritime operators. The Authority therefore proposes to continue to rely on Regulatory Authority Fees paid by ICOL holders to fund its operations during the financial year 2015-16.

44. As noted above, the Authority has concluded that it should adopt a financial year 2015-16 expenditure budget of \$3,557,500. The Authority estimates that the ICOL holders' annual relevant turnover during financial year 2015-16 will be approximately \$236 million and would generate revenues of approximately \$3,658,000 for the Authority if the Regulatory Authority Fee is reduced from the current level of 1.75 per cent of relevant turnover to 1.55% for the financial year 2015-16.
45. As per Appendix D the Authority, therefore recommends that the Minister make a regulation providing for a reduction in the Regulatory Authority Fee to be paid by ICOL holders during financial year 2015-16 to 1.55 per cent of relevant turnover.
46. The Authority also intends to recommend to the Minister that there be no increase in the current level Government authorization fees imposed on the electronics communications industry sector under the Government Fees Act 1965 which are currently set at 2.05% of licensee's relevant revenue.

	PROPOSED 2015/16	APPROVED 2014/15	INC (DEC)
REVENUES	\$3,658,000	\$3,600,000	\$58,000
Employees	\$1,873,600	\$1,644,000	\$229,600
Training	\$80,000	\$80,000	\$0
Consulting services	\$700,000	\$800,000	(\$100,000)
Meetings & Conferences	\$35,000	\$35,000	\$0
Subscriptions	\$12,500	\$12,500	\$0
Public Relations	\$70,000	\$70,000	\$0
Office Space	\$258,600	\$258,600	\$0
Office Services	\$197,800	\$186,800	\$11,000
Provision for Mediation & Litigation	\$200,000	\$200,000	\$0
Travel	\$30,000	\$30,000	\$0
TOTAL OPERATING EXPENSES	\$3,457,500	\$3,316,900	\$140,600
Furniture	\$10,000	\$10,000	\$0
Office Equipment	\$10,000	\$10,000	\$0
IT Equipment	\$80,000	\$120,000	(\$40,000)
Price Portal	\$0	\$60,000	(\$60,000)
Spectrum Management	\$0	\$0	\$0
TOTAL CAPITAL EXPENDITURES	\$100,000	\$200,000	(\$100,000)
TOTAL EXPENDITURES	\$3,557,500	\$3,516,900	\$40,600
ANTICIPATED SURPLUS / (DEFICIT)	\$100,500	\$83,100	\$17,400

47. The projected revenues for 2015-16 for the Authority and Government are :

REVENUE FORCAST	ELECTRONIC COMMUNICATIONS	SPECTRUM FEES[a]	RADIO COMMUNICATION LICENSES	HANDSET FEES	TOTAL
Regulatory Authority	3,658,000				3,658,000
Government	4,840,000	1,900,000	375,000	5,412,000	12,527,000
TOTAL	8,498,000	1,900,000	375,000	5,412,000	16,185,000

Note [a]: For projection purposes only, this figure is calculated on the assumption that the allocation of spectrum will be the same in 2015-16 as it was at the beginning of 2014-15.

5.3 Description of Budget Categories

5.3.1 Operational Expenses

48. The following categories consist of recurring costs that the Authority is expected to incur each year (although the amount budgeted in any category is likely to vary from year-to-year):

- (a) **Employees:** This category includes honoraria for the three Commissioners and staff salaries and benefits.
- (b) **Training:** This category includes the costs of training and workshops for the Authority staff.
- (c) **Consulting Services:** This category includes the costs of the legal, regulatory, and technical support the Authority will require in connection with the tasks to be carried out in 2015-16 work plan.
- (d) **Meetings and Conferences:** This category includes the costs the Authority will incur to conduct and/or participate in on and off-site meetings, workshops and conferences with the industry and public.
- (e) **Subscriptions:** This category includes the cost of books, periodicals, and subscriptions the Authority will require to remain abreast of industry events and trends.
- (f) **Public Relations:** This category includes the cost to further develop and maintain the Authority's website, placement of notices in local publications and the conduct of a public relations program.
- (g) **Provision for Mediation & Litigation:** This category makes provision for litigation as well as the cost of any proceedings conducted by the Authority under the RAA.
- (h) **Office Space:** This category includes the rent, taxes, utilities, and insurance associated with leasing a 3,050 square foot office on the 3rd Floor South of Cumberland House, 1 Victoria Street, Hamilton. Also included are the associated telephone, internet, and mobile communications expenses.
- (i) **Office Services:** This category includes IT service support, payroll and accounts preparation, financial audit, human resources, and maintenance and cleaning contracts.

- (j) **Travel:** This category includes the costs of meetings, conferences, and seminars attended by the Authority Commissioners and/or members of staff.

5.3.2 Capital Expenditures

- 49. The following categories consist of one-time expenses required to enable the Authority to begin its operations:
 - (a) **Furniture and Fittings:** This category includes the costs of furniture and fittings for the Authority's offices. Included in this category is furniture for the staff, reception area and conference room.
 - (b) **Office Equipment and Supplies:** This category includes office equipment, such as a copier, projector and miscellaneous office equipment. This category also includes general office supplies, stationery and basic cleaning and kitchen supplies.
 - (c) **IT Equipment:** This category includes the cost of an internal computer network for the Authority's offices, including workstations for the Commissioners and staff, associated software, and backup facilities.

6 CONCLUSION

50. The Authority has set out, what it believes to be achievable objectives and plans to address them in a logical priority. It proposes to do so whilst reducing the financial burden on ICOL holders by way of a significant reduction in fees and has sought to apply a balanced approach to the number of consultations it proposes this year. Despite making great strides during its previous work plan years, there remains a great deal of work to be done. We look forward to working with ICOL holders as well as their Consumers develop an excellent electronic communications sector.

APPENDIX A

KEY PROJECTS AND ACTIVITIES PLANNED FOR 2015/16

KEY PROJECTS AND ACTIVITIES PLANNED FOR 2015/16

STRATEGIC GOAL	ACTIVITY	OUTPUT
Striving for Organizational Excellence	Board and Management Review of Governance Policies	Report on Outcome Implementation of any recommendations accepted by Board and CE
	Strategic Alliance with Respected Overseas Regulatory Body(ies)	Formalized alliance in place with overseas Regulatory Body(ies).
	Internal Controls	Internal controls reviewed and any identified deficiencies corrected
	Engagement with key stakeholders	Regular meetings held with various stakeholders.
	Assessment of Staffing Levels	Implementation of any changes resulting from review.
	Work Plan and Budget	Consultation Submission of Work Plan to Minister
	Annual Report and Financial Statement	Annual Report and Financial Statements for period 2014-15 issued
	Ongoing Training	Targeted training completed

KEY PROJECTS AND ACTIVITIES PLANNED FOR 2015/16 (continued)

STRATEGIC GOAL	ACTIVITY	OUTPUT
<p align="center">Facilitating Sustainable Competition</p>	Review of Market 21: Wholesale Supply of Access to Facilities used to Construct Fixed Local Networks	Consultation Administrative Determination
	Change of Ownership (BTC/BCV) Compliance Review	Compliance review completed and any necessary actions taken.
	Review of Competition Practices of Affiliated Companies	Review Report on Review Decision Implementation of Remedies as Necessary
	Over the Top Review	Policy Paper
<p align="center">Promoting and Protecting the Interest of Consumers</p>	Billing Consultation	Consultation Administrative Determination Implementation of Decision
	Consultation on Treatment of Data on Internet	Consultation

KEY PROJECTS AND ACTIVITIES PLANNED FOR 2015/16 (continued)

STRATEGIC GOAL	ACTIVITY	OUTPUT
<p align="center">Facilitating Innovation and Investment</p>	Penalty Guidelines	Consultation Administrative Determination
	Predatory Pricing Guidelines	Consultation Administrative Determination Implementation of Decision
	Bermuda as Test Bed Jurisdiction	Ongoing discussions with BDA
	Maritime/Radio Licence Efficiencies	Discussions with Key Government Groups to discuss feasibility.
<p align="center">Providing Timely Advice / Information to Government</p>	Review of the RAA and ECA	Report to Government on recommended changes to RAA and ECA

APPENDIX B

SUMMARY OF RESPONSES TO WORK PLAN PLANNING CONSULTATION

SUMMARY OF RESPONSES TO WORK PLAN PLANNING CONSULTATION

1 INTRODUCTION

1. The Regulatory Authority Act 2011 (RAA) section 42(2) requires the Regulatory Authority (the 'Authority') initiate a public consultation regarding its work plan for the upcoming financial year not later than six months before the commencement of each financial year. Pursuant to this obligation Planning Consultation WP-1516-2014 ('the Work Plan Consultation') was published by the Authority on 31 October 2014. Interested third parties were invited to respond to the Consultation by 17 November 2014. This response date was extended to 24 November 2014.
2. During the Consultation Period the Authority received written non-confidential comments on the Work Plan Consultation from:
 - (a) Logic Communications Limited (Logic);
 - (b) Digicel Bermuda Limited (Digicel); and
 - (c) The Bermuda Environmental and Sustainability Task Force (BEST)
3. The Authority's Work Plan Consultation sets out a report on the activities carried over from the 2014-15 Work Plan, the Authority's Strategic Goals and its Proposed Budget and Revenues for the upcoming fiscal year.
4. A full text of the submissions made in response to the Work Plan Consultation can be found on the Authority's website at www.rab.bm.
5. The Authority is grateful for the responses received to this consultation. All comments have been carefully considered by the Authority as a part of its process to refine its Work Plan for 2015-16. The following "Summary of Responses Received" summarizes the key comments made by Logic, Digicel and BEST and provides the Authority's responses. For the avoidance of doubt, a failure to address, directly, or indirectly, any matter raised by a respondent to the Work Plan Consultation in this document is not an indication of the Authority's failure to take that matter into account or an acceptance or rejection of the position.

1.1 Logic

6. Logic sought further information and/or disclosure of data relating to comparative and actual figures for the previous year's work plan, the Authority's staffing levels and compensation and the Authority's use of surplus funds.
7. The Authority has provided appropriate information and figures available for release, and has taken into account, and will continue to, take into account surpluses when setting its budgets. The Authority is mindful that surplus funds are required to be distributed in accordance with section 41 of the RAA.

1.2 Digicel

8. Digicel stated that there was a lack of account taken of stakeholder's responses in respect of the Authority's previous Work Plan Consultations. The Authority has considered all of Digicel's responses to Consultations, as it has in this immediate case. It provided its response to Digicel's comments in respect of the 2014-15 Work Plan Consultation on 12 January 2014.
9. Digicel requested that the Authority reduce its expenditure in real terms. The Authority has, and will continue to ensure that it sets its fees in a manner which takes into account the needs of the industry and the Authority's mandate to achieve the various objectives under the ECA and the RAA. The proposal to reduce the amount of fees charged to industry for

the upcoming year by way of Regulatory authority fees is a direct result of these considerations.

1.3 BEST

10. The submission from BEST focused primarily on Radio Frequency Emissions from mobile towers and devices. The many suggestions put forward by BEST will be reviewed and considered in accordance with other priorities and the Government's policies and standards.

APPENDIX C

**REQUEST TO APPROVE THE REGULATORY AUTHORITY'S
BUDGET FOR FINANCIAL YEAR 2015-16**

**REQUEST TO APPROVE THE REGULATORY AUTHORITY'S
BUDGET FOR FINANCIAL YEAR 2015-16**

1. Pursuant to sections 43(3) and 43(4) of the Regulatory Authority Act 2011, the Regulatory Authority hereby requests that the Minister of Finance, after making “any modifications” to the budget proposed by the Regulatory Authority that he “deems necessary and proper” issue a decision approving the Regulatory Authority’s proposed expenditure budget totaling \$3,557,500 for financial year 2015-16 as set out above.

APPENDIX D

**REQUEST AND RECOMMENDATION TO MAKE A REGULATION REGARDING
REGULATORY AUTHORITY FEES FOR FINANCIAL YEAR 2015-16**

**REQUEST AND RECOMMENDATION TO MAKE A REGULATION REGARDING
REGULATORY AUTHORITY FEES FOR FINANCIAL YEAR 2015-16**

1. Pursuant to Section 44(1) of the Regulatory Authority Act, the Regulatory Authority hereby recommends that the Minister make a regulation ensuring that the Regulatory Authority fees to be paid by Integrated Communications Operating Licence (ICOL) holders during financial year 2015-16 be reduced from 1.75 per cent to 1.55 percent of Annual Relevant Turnover.
2. The Regulation made by the Minister should have the following effect;
 - (a) During financial year 2015-16, ICOL holders shall pay general regulatory fees equal to 1.55 per cent of relevant turnover.
 - (b) Relevant turnover shall be calculated by determining the ICOL holder's "total turnover" (i.e., the revenue that the ICOL holder receives from the provision of electronic communications services to end-users and other Communications Operating Licence ("COL") holders in Bermuda) and then subtracting the payments made by the ICOL holder to other licensees with Communications Operating Licences (COLs) in Bermuda only for wholesale electronic communications services related to the provision of the ICOL holder's electronic communications services.
 - (c) ICOL holders shall make four payments quarterly in arrears.

APPENDIX E

**RECOMMENDATION REGARDING GOVERNMENT
AUTHORIZATION FEES FOR FINANCIAL YEAR 2015-16**

**RECOMMENDATION REGARDING GOVERNMENT
AUTHORIZATION FEES FOR FINANCIAL YEAR 2015-16**

1. Pursuant to Section 52(2) of the Regulatory Authority Act 2011, the Regulatory Authority hereby submits this recommendation to the Minister regarding the Government authorization fees to be adopted for financial year 2015-16. The Regulatory Authority recommends that there be no change to the Government Authorization fees related to the electronic communications sector for the 2015-16 year other than fees for spectrum licences that were recently introduced.