



Draft Telecommunications (Accounting Separation) Regulations

Maintenance History		
Date	Change Details	Version
December 6, 2006	First Draft (Incorporated within the Telecommunications Regulations (Pricing))	0.1
June 27, 2008	Second Draft	0.2
September 1, 2010	Final Document	1.0
February 29, 2012	Edited	1.1

Introduction

Objectives of Accounting Separation

Accounting separation requires concessionaires to provide separate financial statements for each business segment as if it were a stand-alone business. Separating the segments will enable the Authority to ascertain whether there are anti-competitive cross-subsidies among services provided by a concessionaire, or whether a concessionaire is engaging in any form of anti-competitive pricing. Accounting separation will also be used to assist in ensuring that charges for telecommunications services are cost-based, transparent and non-discriminatory.

Accounting separation requires the preparation of separate accounts for each of the different businesses operated by the same concessionaire, by identifying and allocating the costs and revenues associated with each business as well as the dealings between them.

The Authority is aware that a number of telecommunications regulators require that business operations be structurally divided into separate business units (retail and wholesale business, and/or fixed and mobile) so that charges between the two segments may be explicitly observed. The Authority may consider structural separation in the future, if it is determined that this is required to ensure fair competition. While structural separation is not required at this time, concessionaires will be required to keep separate accounts as defined by the Authority.

The Authority is equally aware that some regulators are looking at alternative models of operational separation, in which the access network is separated from the core network so that equivalent access services can be offered to all competing network and service providers. This model may become important in the future as well, particularly with the moves towards next generation IP networks and the convergence of services (e.g. between fixed and mobile, and between telecoms and broadcasting). For these reasons the Authority may consider operational separation in the future, but it is not a requirement at this time.

Requirement for Accounting Separation

Section 24(1) of the Telecommunications Act 2001, the “Act” states that

“...a concession for a public telecommunications network or a public telecommunications service shall require the concessionaire to adhere, where applicable, to conditions requiring the concessionaire to...

(h) account for cost and keep such books of accounts and where the Authority prescribes by regulation the manner in which books are to be kept, to keep such books of accounts in accordance with such regulations”.

In adhering to the Act, section A32 of the concession document stipulates that when directed in writing, the concessionaire shall implement such accounting practices as may from time to time be required by the Authority in accordance with Regulations made under the Act. This statement gives the Authority the option of prescribing, if necessary, regulations for the maintenance of the books of accounts of concessionaires.

These draft regulations would, if promulgated, require concessionaires, where necessary, to provide separate books of accounts for all services offered. These regulations should be read in conjunction with the Guidelines for Accounting Separation published by the Authority. Also, the Authority has proposed definitions for the relevant markets to which these services will be classified in the *Proposed Price Regulation Framework for Telecommunications Services in Trinidad and Tobago*, and will use these markets to guide the process of the separation of accounts.

Review Cycle

As the telecommunications sector grows and develops into more efficient and competitive markets with new and innovative telecom services the need will arise for the Authority to revise and update the guidelines to be used for accounting separation, which revision may necessitate changes to the regulations and in particular to the Templates attached to the regulations.

Consultation Process

On December 4th 2006, the Authority published the first draft of regulations which addressed accounting separation, within the document entitled Telecommunications (Pricing) Regulations, and invited the comments and recommendations from all interested parties. The first consultation period ended on January 29th 2007. The Authority received comments from the various parties.

The Authority determined based on comments received from stakeholders in that first round of consultation, that the issue of Accounting Separation would best be addressed in a separate document, rather than within the Pricing Framework and Regulations. The Authority therefore prepared the Draft Telecommunications (Accounting Separation) Regulations, taking into consideration the comments and recommendations received in the first consultation round and published the document for further consultation on June 28th, 2008 for consultation together with a “Decisions on Recommendations” (DOR) Matrix detailing all the comments and recommendations received in the first round of consultation and summarising the Authority’s decisions in respect of those (see Annex II).

The second consultation period ended on 27th September 2008. The Authority received comments from various parties including TSTT, Digicel and Columbus Communications Trinidad Limited. The Authority has now prepared the final Draft Telecommunications (Accounting Separation) Regulations, taking into consideration the comments and recommendations received in the second consultation round. A “Decisions on Recommendations” (DOR) Matrix has been included at Annex I, which provides all the comments and recommendations received in the second round of consultation and summarises the Authority’s decisions in respect of those.

The Authority has now submitted this final revised document to the Honourable Minister of Public Administration for consideration and laying in Parliament in accordance with

section 78 of the Act, following which the Regulations will be implemented by the Authority.

Draft Telecommunications (Accounting Separation) Regulations

REPUBLIC OF TRINIDAD AND TOBAGO

THE TELECOMMUNICATIONS ACT (ACT NO: 4 OF 2001)

REGULATIONS

Made by the Minister under section 78 (1) of the Telecommunications Act

DRAFT TELECOMMUNICATIONS (ACCOUNTING SEPARATION) REGULATIONS, []

PART I PRELIMINARY

- Citation
1. These Regulations may be cited as the Telecommunications (Accounting Separation) Regulations, [], hereinafter referred to as "**the Regulations**".
 2. These Regulations, primarily made pursuant to section 24 of the Act seek to ensure that concessionaires accounts are prepared and maintained in a manner which facilitates the effective regulation of the telecommunications sector in Trinidad and Tobago.
- Interpretation
3. (1) In these Regulations:

“Concessionaire” means a person or an entity authorized to operate a public telecommunications network or provide a public telecommunications service under section 21 of the Act;

“Separated accounts” means accounts submitted in the manner and form required by these Regulations;

“Separated Accounts Templates” means the detailed templates for the preparation of separated accounts as set out in Schedule A.

(2) Terms not otherwise defined in these Regulations shall have the meanings defined in the Act.

(3) A reference to a Regulation or subsection is a reference to the relevant Regulation or subsection of these Regulations.

(4) A reference to a Schedule is a reference to the Schedule to these Regulations.

PART II ACCOUNTING SEPARATION

Requirement for Accounting Separation 1. Any concessionaire that provides two or more services shall prepare, maintain and submit to the Authority its accounts in accordance with the applicable Separated Accounts Templates set out in Schedule A.

Amendment of Schedule 2. The Minister, acting on the advice and recommendation of the Authority, may by order amend Schedule A or any part thereof.

(2) Where the Authority recommends the amendment of the Schedule it shall have regard to the following principles:

- a) separated accounts must be prepared annually and must be based on a transparent cost allocation method;
- b) the transparent cost allocation method must be based on the principle of cost causality;
- c) allocations must not be intended to bring, or have the effect of bringing, advantage to the concessionaire at the expense of its competitors;
- d) separated accounts must be prepared in accordance with generally accepted accounting conventions, unless such conventions are shown to be irrelevant;
- e) the allocation methodology must be applied consistently between accounting periods or, where a change in the method of application can be objectively justified, the change must be noted and comparative data provided between the original and revised bases of allocation;
- f) the separated accounts must be subjected to independent annual audit at the concessionaire's cost, and to standards required by the laws of Trinidad & Tobago.

Preparation of separated accounts

3. Separated accounts shall be:
 - a) prepared in the format set out in the applicable Separated Account Templates;
 - b) consistent with the Accounting Separation Guidelines as published by the Authority on its website from time to time;
 - c) consistent with Generally Accepted Accounting Practice, and;
 - d) audited.

Submission of separated accounts

4. A concessionaire required by Regulation 1 to separate its accounts shall:
 - a) Within twenty-eight (28) days of the coming into force of these Regulations, advise the Authority in writing of the concessionaire's financial year end date, and of all services currently provided by the concessionaire;
 - b) in respect of its financial year immediately preceding the coming into force of these Regulations, submit its separated accounts to the Authority within three (3) months of the coming into force of these Regulations or within nine (9) months of the end of that financial year, whichever is later, and;
 - b) thereafter, submit its separated accounts to the Authority annually within three (3) months of the end of its financial year.
5. The Authority shall, within forty-two (42) days of receiving separated accounts from a concessionaire, notify the concessionaire in writing of all aspects in which the accounts fail to conform to the requirement for separated accounts. The concessionaire shall rectify any defects within twenty-eight (28) days of receiving notice from the Authority.
6. Upon the completion of the requirement to submit separated accounts, and the resolution of any defects in accordance with Regulation 5, the Authority shall confirm to the concessionaire in writing the concessionaire's compliance with the requirement to submit separated accounts.

**PART III
COMPLIANCE**

- | | | |
|-----------------------------------|----|--|
| Penalty for breach of Regulations | 7. | A concessionaire that breaches or fails to comply with any provision of these Regulations, without prejudice to any other applicable remedies under the Act or otherwise, or any compensation payable in any dispute resolution proceedings, commits an offence and shall be subject to a fine of up to fifty thousand dollars (\$50,000). |
| Inspection | 8. | The Authority may take such steps as it considers appropriate to verify any information provided pursuant to these Regulations, including exercising its inspection powers under the Act. |

**PART IV
GENERAL REGULATIONS**

- | | | |
|---------------------------------------|-----|---|
| Publication | 9. | Unless otherwise specified, where the Authority is required by these Regulations to publish any matter, the requirement shall be satisfied by the publication in the Gazette and one daily newspaper with circulation in Trinidad and Tobago, a notice to that effect. |
| Issuance of guidelines and directions | 10. | The Authority may issue written directions to any concessionaire for the purpose of compelling compliance with these Regulations. A concessionaire shall comply promptly with any direction made by the Authority pursuant to this regulation. |
| | 11. | The Authority may from time to time for the purpose of clarification, by publication, issue guidelines on any aspect of these Regulations. Such guidelines may either be of general application or specific to a proceeding. |
| Extension of timeframes | 12. | Where these Regulations provide a timeframe for the doing of any act by a concessionaire, the Authority shall in its sole discretion have the power to extend such timeframes. Such extension shall be in writing to the concessionaire, and may be granted upon the request of the concessionaire or otherwise as the Authority considers appropriate. |

Schedule A

Account Separation Templates (Regulation 1)

Template A: Statement of Comprehensive Income – Core Network Business

STATEMENT OF COMPREHENSIVE INCOME

	Current Period	Prior Period
Turnover:		
From Retail	X	X
Other operators	<u>X</u>	<u>X</u>
<i>Total Turnover</i>	X	X
Operating Costs	X	X
Of which		
Depreciation	X	X
Personnel Costs	X	X
Wages & Salaries		
Subsistence & Traveling	X	X
Overtime	X	X
CCA Adjustments ¹	<u>X</u>	<u>X</u>
Total Operating Costs	X	X
Return ²	<u>—</u>	<u>—</u>
Return on Capital Employed		
Return	X	X
Mean Capital Employed	X	X
Return on Mean Capital Employed	X%	X%

¹ Current Costs Accounting (CCA) Adjustment - The change to historical costs arising from the revaluation of assets on a current cost basis. In the statements for individual business areas the adjustments comprise the unrealised holding gains or losses arising from changes in asset values, together with the effect on asset values and depreciation of the appropriate allocation of modern equivalent assets between businesses.

² The calculation of the return should be consistent with the basis on which the cost of capital is calculated.

Template 2: Statement of Financial Position – Core Network Business³

STATEMENT OF FINANCIAL POSITION as at

	Current As at	Prior As at
Fixed Assets		
Tangible Fixed Assets	X	X
Intangible Fixed Assets	X	X
Investments	X	X
	<hr/>	<hr/>
Total Fixed Assets	X	X
	<hr/>	<hr/>
Working Capital		
Inventory	X	X
Trade Receivables	X	X
Other Assets	X	X
Cash on hand & Bank Deposits	X	X
	<hr/>	<hr/>
Total Working Capital	X	X
	<hr/>	<hr/>
Liabilities		
Trade Payables	X	X
Fund for liabilities & Charges	X	X
Other Liabilities	X	X
	<hr/>	<hr/>
Total Liabilities	X	X
	<hr/>	<hr/>
Total Capital Employed	X	X
	<hr/>	<hr/>
Yield on Capital Employed	X	X
	<hr/>	<hr/>

³ All entries in the “balance sheet” should be average values for the year to which they relate. Where possible and material the average values shown should be weighted averages. If information is not available, a simple average of opening and closing balances may initially be used

Template 3: Statement of Comprehensive Income – Local Access Network Business

STATEMENT OF COMPREHENSIVE INCOME

	Current Period	Prior Period
Turnover:		
Transfer charges to Retail	X	X
From other operators (if any)	<u>X</u>	<u>X</u>
<i>Total Turnover</i>	<i>X</i>	<i>X</i>
Operating Costs	<u>X</u>	<u>X</u>
Of which		
Depreciation	X	X
Personnel Costs	X	X
Wages & Salaries		
Subsistence & Traveling	X	X
Overtime		
CCA Adjustments	<u>X</u>	<u>X</u>
Total Operating Costs	X	X
Return (excluding ADCs ⁴ , if any)	<u>X</u>	<u>X</u>
	—	—
ADCs (if any)		
From OLOs	X	X
From Retail	X	X
Total ADCs	<u>X</u>	<u>X</u>
	—	—
Return (including ADCs, if any)	<u>X</u>	<u>X</u>
	—	—

RETURN ON CAPITAL EMPLOYED

As for Core Network

STATEMENT OF FINANCIAL POSITION

As for Core Network

⁴Access Deficit Contributions (ADCs) - Contributions payable by other licensed operators (OLO) and the Retail Businesses to the Access Business for losses it sustains on the provision of services on the access network.
Telecommunications Authority of Trinidad and Tobago
February, 2012

Template 4: Statement of Comprehensive Income – Retail Fixed Business

STATEMENT OF COMPREHENSIVE INCOME

	Prior Period	Current Period
Turnover		
Connection Charges	X	X
Installation Charges	X	X
Other Connection Charges	X	X
Subscription Charges		
Residential	X	X
Single Line Business	X	X
Other Business (non-single Line)	X	X
Call Master Services Charges	X	X
Other Subscription Charges	X	X
On-Net Toll Charges		
Intra Exchange Toll Charges	X	X
Inter Exchange Toll Charges	X	X
Off-Net Toll Charges		
Outgoing Toll (Mobile)	X	X
Incoming Toll (Mobile)	X	X
(Outpayments)	X	X
International		
Incoming Toll	X	X
Outgoing Toll	X	X
(Outpayments)	X	X
Other International Charges	X	X
Domestic Calling Cards	X	X
International Calling Cards	X	X
Paystations	X	X
Local 800	X	X
Centrex	X	X
Operator & Director Assistance Charges	X	X
Other Turnover	X	X
Total Turnover	X	X

Operating Costs:		
Operating Costs specific to Fixed Retail	X	X
Transfer Charges from Fixed Core Network	X	X
Transfer Charges from Fixed Access Network	X	X
ADCs paid to Access Network (if any)	X	X
Depreciation	X	X
Personnel Costs		
Wages & Salaries	X	X
Subsistence & Traveling	X	X
Overtime	X	X
Other Costs	X	X
CCA Adjustments	X	X
	—	—
Total Operating Costs	X	X
	—	—
Return (excluding Universal Service Contribution, if any)	X	X
Universal Service Obligation Contributions from OLO	X	X
	—	—
Return (including USO Contribution, if any)	X	X
	—	—

RETURN ON CAPITAL EMPLOYED

As for Core Network

STATEMENT OF FINANCIAL POSITION

As for Core Network

Template 5: Statement of Comprehensive Income – Data Services

STATEMENT OF COMPREHENSIVE INCOME

	Current Period	Prior Period
Turnover	<u>X</u>	<u>X</u>
Dial-up Internet	X	X
xDSL Subscription	X	X
xDSL Connection	X	X
Lease lines	X	X
Other data Services	<u>X</u>	<u>X</u>
<i>Total Turnover</i>	<u>X</u>	<u>X</u>
Operating Costs		
Operating costs specific to Data Service	X	X
Transfer charges from Core Network	X	X
Transfer charge from Local Access Network	X	X
Depreciation	X	X
Personnel Costs	X	X
Wages & Salaries	X	X
Subsistence & Traveling	X	X
Overtime	X	X
ADCs paid to Local Access Network (if any)	X	X
CCA Adjustments	<u>X</u>	<u>X</u>
Total Operating Costs	X	X
Return (excluding USO Contribution, if any)	X	X
USO Contribution from OLO	X	X
Return (including USO Contribution, if any)	<u>X</u>	<u>X</u>
	—	—

RETURN ON CAPITAL EMPLOYED

As for Core Network

STATEMENT OF FINANCIAL POSITION

As for Core Network

Template 6: Statement of Comprehensive Income – Retail Mobile Business

STATEMENT OF COMPREHENSIVE INCOME

	Current Period	Prior Period
Turnover		
Handsets Charges	X	X
Activation Charge	X	X
On-Net Charges	X	X
Off-Net Charges		
Outgoing (Fixed)	X	X
Incoming (Fixed)	X	X
(Outpayments)	X	X
Outgoing (Mobile)	X	X
Incoming (Mobile)	X	X
(Outpayments)	X	X
International		
Incoming	X	X
Outgoing	X	X
(Outpayments)	X	X
Roaming		
Inbound		
Incoming	X	X
Outgoing	X	X
Outbound	X	X
SMS		
On-Net	X	X
Off-Net	X	X
(Outpayment)	X	X
MMS		
On-Net	X	X
Off-Net	X	X
(Outpayment)	X	X
Data Services charges	X	X
Subscription	X	X
Other Turnover	X	X
Total Turnover	X	X

Operating Costs:		
Operating Costs specific to Retail	X	X
Operating Costs specific to Network	X	X
Depreciation	X	X
Personnel Costs		
Wages & Salaries	X	X
Subsistence & Traveling	X	X
Overtime	X	X
Other Costs	X	X
CCA Adjustments	X	X
	<hr/>	<hr/>
Total Operating Costs	X	X
	<hr/>	<hr/>
Return (excluding Universal Service Contribution, if any)	X	X
Universal Service Obligation Contributions from OLO	X	X
	<hr/>	<hr/>
Return (including USO Contribution, if any)	X	X
	<hr/>	<hr/>

Template 7: Statement of Financial Position – Retail Mobile Business

STATEMENT OF FINANCIAL POSITION as at

		Current Period		Prior Period
Fixed Assets				
Tangible Fixed Assets		X		X
Intangible Fixed Assets		X		X
Investments		X		X
Total Fixed Assets		X		X
Working Capital				
Inventory		X		X
Trade Receivables		X		X
Other Assets		X		X
Cash on hand & Bank Deposits		X		X
Total Working Capital	X	X	X	X
Liabilities				
Trade Payables	X		X	
Fund for liabilities & Charges		X		X
Other Liabilities		X		X
Total Liabilities		X		X
Total Capital Employed		X		X
Yield on Capital Employed		X		X

Template 8: Other Business Activities

STATEMENT OF COMPREHENSIVE INCOME

	Current Period	Prior Period
Turnover	<u>X</u>	<u>X</u>
Total operating costs	X	X
Return	<u>—</u> <u>X</u>	<u>—</u> <u>X</u>

RETURN ON CAPITAL EMPLOYED

As for Core Network

STATEMENT OF FINANCIAL POSITION

As for Core Network

Template 9: Inter Business Transfer Charges Summary

From/To → ↓	Fixed Access	Fixed Network	Fixed Retail Services	Mobile Business	Total
Fixed Access		X	X	X	X
Fixed Network	X		X	X	X
Retail Services	X	X		X	X
Mobile Business	X	X	X		X
Total	X	X	X	X	X

Template 10: Statement of Transfer Charges

Costs/Services	<i>Fixed Retail Services</i>	Intra-Exchange	Inter-Exchange	Calls to Mobile	Public Payphone	Directory Enquiry	International Outgoing Call	International Incoming Call	Data Circuits	Internet Service	Remaining Services	<i>Mobile Business</i>
Fixed Access	X	X	X	X	X	X	X	X	X	X	X	X
Fixed Network	X	X	X	X	X	X	X	X	X	X	X	X
Fixed Retail Services	X	X	X	X	X	X	X	X	X	X	X	X
Mobile Business	X	X	X	X	X	X	X	X	X	X	X	X
TOTAL	X	X	X	X	X	X	X	X	X	X	X	X

Template 11: Network Statement of Costs

	Operating Costs TT\$	Capital Employed TT\$	Rate of Return %	Capital Costs TT\$	Total Operating and Capital Costs TT\$	Total Volume Minutes	Average Cost TT\$/Minute
<i>Traffic Sensitive</i>							
Subscriber Unit	X	X	X	X	X	X	X
Primary Switch	X	X	X	X	X	X	X
Secondary Switch	X	X	X	X	X	X	X
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	X	X	X	X	X	X	X
Primary to Primary Link	X	X	X	X	X	X	X
Primary to Secondary Link	X	X	X	X	X	X	X
Secondary to Secondary Link	X	X	X	X	X	X	X
Secondary to Tertiary Link	X	X	X	X	X	X	X
Tertiary to Tertiary Link	X	X	X	X	X	X	X
<i>Transmission - Length Dependent</i> <i>(Split as above)</i>							
<i>International Transmission</i>	X	X	X	X	X	X	X
<i>Directory Enquiry</i>	X	X	X	X	X	X	X
<i>International Directory enquiry</i>	X	X	X	X	X	X	X
<i>Private Circuits \ Leased Lines</i>	X	X	X	X	X		
<i>Interconnect connections and rentals</i>	X	X	X	X	X		
<i>Other categories will be included as appropriate</i>	X	X	X	X	X	X	X
Total Conveyance	X	X	X	X	X	X	X

Template 12a: Costs of Network Services

<i>Traffic Sensitive</i>	Subscriber Unit	Primary Switch	Secondary Switch	<i>Non-Length Dependent</i>	RSU to Primary/Secondary Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	<i>Length Dependent</i> (Split as above)		International Transmission	Directory Enquiry	International Directory enquiry	Private Circuits\Leased Lines	Interconnect connections and rentals	Other cost categories will be included as required
Average Cost TT\$/Minute ⁵	X	X	X		X	X	X	X	X	X	X	X			
Total Costs ⁶										X	X	X	X	X	X
Usage Factors (Routing or Percentage)															
<i>Retail Services</i>															
Intra Exchange Calls	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Inter Exchange Calls	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
International Calls	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>(Other retail services as appropriate)</i>															
<i>Other Activities Services</i>															
Apparatus Supply	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>(Other services as appropriate)</i>															
<i>RIO Services</i>															
Call Termination															
Primary	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Tandem	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>(Other RIO services as appropriate)</i>															

⁵ From Statement of Network Costs Schedule

⁶ Ibid

Template 12b: Statement of Costs of Network Services (Con't)

	<i>Traffic Sensitive</i>			<i>Non-Length Dependent</i>				<i>Length Dependent</i>							
	Subscriber Unit	Primary Switch	Secondary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Secondary to Secondary Link	(Split as above)	International Transmission	Directory Enquiry	International Directory enquiry	Other cost categories will be included as appropriate		Gradient	Call Conveyance Cost
Average Cost Per Minute															
<i>Retail Services</i>⁷															
Intra Exchange Calls	X	X	X	X	X	X	X	X	X	X	X	X		Peak X Off - peak X Weekend X	X X X
Inter Exchange Calls <i>(Other retail services as appropriate)</i>	X	X	X	X	X	X	X	X	X	X	X	X		Peak X Off - peak X Weekend X	X X X
<i>Other Activities Services</i>															
Apparatus Supply <i>(Other services as appropriate)</i>	X	X	X	X	X	X	X	X	X	X	X	X		Peak X Off - peak X Weekend X	X X X
<i>RIO Services</i>															
Call Termination Primary	X	X	X	X	X	X	X	X	X	X	X	X		Peak X Off - peak X Weekend X	X X X
Tandem <i>(Other RIO services as appropriate)</i>	X	X	X	X	X	X	X	X	X	X	X	X		Peak X Off - peak X Weekend X	X X X

⁷ Those costs are obtained from multiplying the average cost per minute by the usage factors, both of which are shown on page 34. These costs reflect the conveyance element of the service only.

Made this day of 20[].

Minister of Public Administration

Laid in the Senate this day of 20[].

Clerk of the Senate

Laid in the House of Representatives this day of
20[].

Clerk of the House

ANNEX I: Decisions on Recommendations

The following summarizes the comments and recommendations received from stakeholders on the second draft of this document, dated June 27th, 2008 and the decisions made by TATT as incorporated in this final document, dated 1st September 2010.

Document Sub-Section	Submission Made By: Stakeholder Category⁸	Comments Received	Recommendations Made	TATT's Decisions
ACCOUNTING SEPARATION				
Part II: Accounting Separation – Amendment of Schedule	DIGICEL	In sub-section 2f, the Authority states that <i>“the separated accounts must be subject to audit...”</i>	The Authority should clarify who will be responsible for selecting the auditor. Also we would like the Authority to explain what type of audit is to be conducted, the length of the audit, the cost of the audit, the implications if the audit fails, to whom is the auditor reporting and whether the audit is to be conducted before/after/during the financial year.	The Audit of separated accounts should be carried out at the same time as the concessionaire’s regular audit, which is usually recommended to be conducted within six (6) months of the period to which the accounts relate. The Auditor is expected to be the concessionaire’s auditor who should be provided with the guidelines for separated accounts.
Part II: Accounting Separation – Submission of Separated	DIGICEL	In sub-section 4b, the Authority says <i>“a Concessionaire... is required to submit its separated accounts within 3 months of</i>	Audited separated accounts can only be prepared no less	The Authority expects that the concessionaires would make the

⁸ Regional regulatory or Governmental agencies, Existing service and/ or network provider and affiliates, Potential service and/ or network providers and affiliates, Service/ Network Provider Associations/ Clubs/ Groups, General Public

Document Sub-Section	Submission Made By: Stakeholder Category⁸	Comments Received	Recommendations Made	TATT's Decisions
Accounts		<p><i>the coming into force of these Regulations... thereafter submit ... within 6 months of the end of its financial year”</i></p> <p>After the close of its financial year, Digicel usually requires at least 6 months for its own financial statements to be completed. Only upon completion of same would we be able to commence the work necessary for submitting separated accounts. Therefore, the period suggested by TATT is impractical.</p>	<p>than nine (9) months after the financial year end. Regulations 4c should be amended accordingly and Regulation 4b should be revised to the earlier of that date or the three (3) month period.</p>	<p>preparation of separated accounts part of their preparation of year end accounts, and would not await completion of year end accounts before commencing same. Notwithstanding this, the Authority agrees to the proposed amendment.</p>
General Comment		<p>CCTL finds that consulting on policy and regulations concurrently inefficient. Since policy informs regulations, a more efficient and effective approach in our view, is to complete (or substantially complete) policy, before doing the regulations.</p>	<p>We recommend that for future consultations, policy is done before regulations.</p>	<p>The Authority has implemented a change for future consultations where appropriate. Consultations will commence with the first round of the policy and consultation on regulations will commence with the second round of the policy document. It is noted that Regulations are subject to additional safeguards by virtue of being laid in Parliament, and open to Parliamentary debate if requested in accordance with the rules governing negative resolution.</p>

Document Sub-Section	Submission Made By: Stakeholder Category⁸	Comments Received	Recommendations Made	TATT's Decisions
1.1 Objective of Accounting Separation		<p>The Authority indicates that: <i>“The objective of accounting separation is to provide separate financial statements for each business entity as if it were a stand alone business.”</i></p> <p>It is our view that more appropriate language could be used to articulate the objective for accounting separation. An objective is an end result that one is trying to achieve. In other words, accounting separation is not an end in itself, but rather the means to the end.</p> <p>The end here is that the regulator would have a tool to address anti-competitive concerns such as price discrimination, unfair cross subsidies and predatory pricing.</p>	We recommend that the objective is restated.	The objective has been restated.
Part II 1. Accounting Separation		<p>The requirement for accounting separation is given as “any concessionaire that provides two or more services.” This is not a proper basis on which to require accounting separation. CCTL refers TATT to our detailed comments on this issue in our response to the consultation “<i>Proposed Accounting Separation Guidelines for the Telecommunications Sector</i>”.</p> <p>Further, as stated above in the section on the objective of accounting separation, the propose (<i>sic</i>) is to provide the regulator with a tool to address anti-competitive concerns.</p>	We refer the Authority to recommendations in our response to “ <i>Proposed Accounting Separation Guidelines for the Telecommunications Sector</i> ”.	The Authority does not disagree with CCTL’s statement of the purpose of Accounting Separation but disagrees with the proposed change.

Document Sub-Section	Submission Made By: Stakeholder Category⁸	Comments Received	Recommendations Made	TATT's Decisions
Preparation of Separated Accounts (3a) (d)		<p>CCTL is not in a position to comment on the templates as the policies are still under consultation.</p> <p>The audit is a very key part of the accounting separation process. Once information such as audit standards have been agreed in the policy, they should be reflected here.</p>		The Authority agrees. Audit standards have been included in these Regulations, and the Regulations have been updated to remain consistent with the policy document.

ANNEX II: Decisions on Recommendations

The following summarizes the comments and recommendations received from stakeholders on the first draft of this document, dated December 6th 2006, and the decisions made by TATT as incorporated in the second draft document dated June 27th, 2008.

Document Sub-Section	Submission Made By: Stakeholder Category⁹	Comments Received	Recommendations Made	TATT's Decisions
ACCOUNTING SEPARATION				
Requirements of Accounting Separation Section 31	Telecommunications Services of Trinidad and Tobago (TSTT)	<p>TSTT has provided a detailed response to the Authority's Accounting Separation Consultation which should be read together with this response. TSTT believes that regulations for accounting separation should be drafted once the policy has been set. There are a number of significant differences between the policy and the regulations. Whilst the policy is not clear on what basis a concessionaire is determined to be subject to the requirement to produce separate accounts, the regulations set out a number of criteria. However, even with the very basic criteria that are set out, the regulations do not sufficiently explain the principles of clear market failures or overriding public policy concerns which rightly ought to be examined before requiring accounting separation.</p> <p>Regulators generally follow a two-stage process to determine if ex-ante measures, such as accounting separation, are necessary. The first stage is to define relevant markets that</p>		<p>The Regulations provide the process for the implementation of Accounting Separation.</p> <p>The Authority strongly disagrees with TSTT's suggestion that dominance in a particular market</p>

⁹ Regional regulatory or Governmental agencies, Existing service and/ or network provider and affiliates, Potential service and/ or network providers and affiliates, Service/ Network Provider Associations/ Clubs/ Groups, General Public

Document Sub-Section	Submission Made By: Stakeholder Category⁹	Comments Received	Recommendations Made	TATT's Decisions
		<p>may be subject to ex-ante regulation and to assess the degree of competitiveness, barriers to entry and availability of substitute products and assessing the degree of competition on that relevant market. The assessment must be consistent with Significant Market Power Guidelines. If dominance exists, a second stage would involve determining what market failure or public policy concern would result from that dominance and considering what, if any regulatory remedy is necessary to deal with that concern. TSTT believes the regulations as drafted do not provide adequate guidance on the due regulatory process that must be followed before accounting separation could be required of a concessionaire.</p>		<p>is a pre-condition to a requirement for accounting separation. Accounting separation is used to address possible actions that are anti-competitive or improper whether conducted by a concessionaire who is dominant or otherwise, for example cross-subsidy. The Authority further notes that many of the processes mentioned by TSTT would be facilitated by the keeping of separated accounts by concessionaires who provide multiple services within the sector. The Authority notes that Accounting Separation is a regulatory measure which enables and facilitates the other regulatory measures that might be undertaken.</p>
Sections 33-36.	Ministry of Public	It may be advantageous to distil the accounting separation regulations from this document into separate document. Please		This has been done.

Document Sub-Section	Submission Made By: Stakeholder Category⁹	Comments Received	Recommendations Made	TATT's Decisions
	Administration and Information, (MPAI)	see MPAI's comments regarding the Accounting Separation Guidelines.		
Section 33	Telecommunications Services of Trinidad and Tobago (TSTT)	<p>The requirement to deliver separated accounts within 3 months of being given notice to do so is too onerous for a number of reasons. First, as is clear from the proposed accounting separation policy, the Authority is going to have to determine or at least validate a methodology before it is implemented with any concessionaire's accounts. This may involve new accounting software, restructuring of cost centres and creation of numerous processes to deliver information for cost allocation. Second, of necessity, separated accounts have to be done after financial accounts have been completed. Logically the financial year for separated accounts will have to be the same as the statutory year. The Authority cannot arbitrarily set a three month timeframe as a reasonable timeframe for the provision of separated accounts. It is our considered view and after reviewing the situation in several markets where separated accounts is a requirement, that a minimum of six months after a statutory year end would be required before separated accounts for that period could be prepared. In fact for the provision of the first set of accounts a longer period of nine months is a more suitable period.</p>		<p>The methodology is included in the relevant documents. The regulations have been amended to reflect adherence to concessionaire's financial years. The Authority notes, however, that there is no reason why the preparation of separated accounts should commence only after the completion of financial accounts.</p> <p>The proposed timeframe has been extended.</p>

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		TSTT would point to markets such as UK, Jamaica and Ireland. In Jamaica six months is allowed for the publication of regulatory accounts. In the UK where BT has had years of experience in publishing regulated accounts, in August of 2006, the period for publication was extended by two months. The requirement is now no later than six months after the period to which they relate. In the case of eircom in Ireland, the current publication timeframe is five to six months after the financial year end. TSTT would strongly urge the Authority to follow international best practice in setting regulations for separated accounts.		
Section 36	Telecommunications Services of Trinidad and Tobago (TSTT)	Any timeframe set by the Authority should be reasonable.		
PART V : COMPLIANCE				
37. Penalty for breach of Regulation	Windward Telecom	The maximum fine for a breach of the Regulations has been limited TT\$50,000. We believe that this maximum does not provide enough of an economic deterrent to concessionaires, particularly large dominant carriers. For example, we would note that simple under-pricing of inbound termination by		The proposed fine is the maximum possible under the Telecommunications Act 2001.

Document Sub-Section	Submission Made By: Stakeholder Category⁹	Comments Received	Recommendations Made	TATT's Decisions
		US\$0.01 per minute to thwart competition involves a revenue "opportunity" of TT \$93,000 per day. TSTT's proposed DS-3 interconnection charge of US\$82,600 per month exceeds the causal cost of such facilities by at least US\$79,000 (TT\$490,000) per month. The proposed fines will not induce dominant carriers to comply with the regulations.		
Inspection Section 38	Telecommunications Services of Trinidad and Tobago (TSTT)	TSTT repeats its concern that the information requested by the Authority must be demanded in such a way that a concessionaire understands why the information is being requested, exactly what information is required and observance by the Authority of the established confidentiality procedures/guidelines as provided by the Authority in furtherance of the relevant provisions of the Telecommunications Act, 2001.		The regulation limits requests only to those required to verify information submitted. The issue raised by TSTT is therefore irrelevant.