

The Ministry Of Public Utilities  
(MPU) Submission to the Public  
Accounts Enterprise Committee

The Eighth Report of the Public Accounts (Enterprises) Committee on the examination of the Audited Financial Statements of the Telecommunications Services of Trinidad and Tobago (TSTT) for the years 2017 to 2021

Issues &  
Recommendations

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# Issues and Recommendations

In the Committee's examination of TSTT, the following issues were identified, and the corresponding recommendations and endorsements proposed:

## **1. Management of High Employee Costs**

Controlling costs should be a strength of the current system and an overall approach to planning and long-term sustainability to achieve value for money. TSTT views the management of reducing the high employee costs as pivotal to its goal of achieving its planned profitability/savings. The company indicated that every cost saving avenue would be examined as the organization continuously identifies initiatives to reduce both operational and administrative costs. Over the period 2017 to 2021 the company's Personnel Costs were an estimated \$2.8 billion and as such, TSTT implemented several cost reduction initiatives to improve profitability included:

1. A restructuring exercise in November 2018 based on the extent of funding at the time which resulted in reduced headcount of approximately 700 full-time employees coupled with natural attrition where certain positions were not backfilled yielded a Personnel cost savings of more than TT\$200m. The headcount moved from 2,188 in 2017 to 1,388 in 2021; an 807-headcount reduction over the period.; and
2. The removal of non-personnel cost savings of \$160m annualised which was achieved via:
  - a. Negotiations with vendors on both rate and volume discounts.
  - b. Reverse Auctions
  - c. Tenders
  - d. Digitization and enhancing skillset to bring some functions in-house (with no incremental headcount)
  - e. Implementation of a Maintenance Committee to review and rationalisation of all maintenance cost.

f. Management of all variable costs relative to changing activity levels.

On May 31, 2022, TSTT and its employees' majority representative trade union agreed to another restructuring exercise, with four hundred and sixty-eight (468) employees receiving retrenchment notices. The company will transition from having one thousand and fifty-seven (1,057) employees before the restructuring to five hundred and eighty-nine (589) after the process has been completed. The need to restructure TSTT was urgent and critically necessitated both by the impact of challenging economic conditions brought on by the Covid-19 pandemic and the drastic effect of changes in technology on the company's operation and performance

**Recommendation:**

**TSTT should provide a cost breakdown of the restructuring exercise across divisions/departments that came into effect on May 31, 2022, as well as the annual cost savings the company benefit from this exercise to the Parliament by April 24, 2023**

**TSTT Response**

On May 31, 2022, TSTT concluded extensive consultations (which started on the 1<sup>st</sup> of Feb 2022) with its employees and its employee representative unions, the Communication Workers' Union and the Estate Police Association, regarding the restructuring of the Company. The restructuring commenced on May 31, 2022, when 465 employees received retrenchment notices in accordance with the provisions of the respective Collective Agreements as well as the Retrenchment and Severance Benefits Act, Chapter 88:13. As a result of post retrenchment notice consultation the actual number of employees who separated from the Company with effect from the 15<sup>th</sup> July 2022, was 463.

As a consequence of the restructuring, the establishment count (inclusive of vacant positions) moved from 1342 employees to 604 employees (inclusive of vacant positions)

The table below shows the detailed cost breakdown of the restructuring exercise across the various divisions/departments within the New Organisation.

<b>Division</b>	<b>Total</b>
<b>Chief Financial Office Total</b>	33,010,386.69
<b>Chief Legal Counsel &amp; Corporate Secretary Office Total</b>	388,764.54
<b>Chief Technology Office Total</b>	35,328,574.99
<b>Emerging Services Total</b>	210,721.50
<b>Enterprise Services Total</b>	57,066,099.95
<b>Shared Services Total</b>	52,948,763.29
<b>Traditional Services Total</b>	117,587,832.15
<b>Wireless Services Total</b>	123,975,915.48
<b>Grand Total</b>	<b>420,517,058.58</b>

With respect to cost savings, the Company will benefit from annual cost savings of ~\$150M.

**Recommendation:**

**TSTT should provide an update to Parliament by April 24, 2023, on how the plans to further reduce spending would demonstrate and deliver long-term and sustainable efficiency in expenditure.**

**TSTT Response:**

- The need to recalibrate cost to revenue was pivotal in ensuring TSTT's sustainability, particularly as Fixed and Mobile switched voice calling, International Incoming revenues and Overseas Calling have been on the decline over several years. The reduction in these revenues are mainly driven by increased usage of Over the top (OTT) services such as WhatsApp, Skype & Viber. The revenue decline was further exacerbated with the onset of the Covid -19 pandemic.
- According to the Telecommunications Authority of Trinidad and Tobago ("TATT") annual market reports, between 2009 and 2021, the telecommunications industry in Trinidad and Tobago has changed dramatically. Locally, over that period fixed calls have declined from 550 million calls per annum to 143 million calls per annum or a 74% decline. Between 2009 and 2021 mobile switched voice calling has declined by 22%, accelerated in the last two years from 280 million minutes per annum to 219 million minutes. This decline in switched voice calling not only applies to local calls but also to international incoming and international outgoing calling which has collapsed. International incoming traffic has declined by 81% between 2009 and 2021 from 400 million minutes per annum to 74 million minutes per annum and international outgoing in that period has declined by 83% from 259 million minutes per annum to 41 million minutes. This drastic decline in switched calling has negatively impacted the telecommunications industry in Trinidad and Tobago from a revenue perspective. Fixed voice revenue declined from \$643M in 2017 to \$348.9M in 2021, while mobile voice revenue has declined from \$1.5B to \$958M during that same period.
- Through the various cost rationalisation projects, excess cost in the organisation which has now been removed permanently is driving favourable Operating Efficiency ratios which are more in line with best practice and industry standards. For example, Personnel cost as a % of revenue

was 25% in 2017. Based on Bain and Company's review, the industry average is 15% of revenue. TSTT is currently trending just below that benchmark (Bain & Company is an American management consulting company headquartered in Boston, Massachusetts that provides management consulting services primarily to Fortune 500 companies).

- With the reduction in costs, TSTT's FY2022/23 Income Statement outlook is projected to be a Profit after tax. This signals TSTT's return to a Profit after Tax position last achieved in the financial year 2016/17. This level of expected profitability will be achieved despite a reduction in revenue of circa One Billion dollars from FY16/17 to FY22/23 and demonstrates that the cost rationalisation programs have moved TSTT to a more financially sound position.

## **2. Zero Copper Initiative**

In 2018, TSTT announced that as part of its digital transformation thrust, the Company would be decommissioning its copper plant infrastructure and migrating customers to wireless and fibre solutions; both of which are better suited to meet the needs of customers in this digital age. TSTT stated that the cost of maintaining an outdated aging copper plant that was no longer capable of delivering internet speeds that customers demand and need was significantly higher than the revenue it will generate due to customer preferences for alternative technologies. These costs were expected to grow over time, worsening the loss-making impact to the company. Implementing wireless technologies will not only remove copper from the network but also eliminate any physical 'last mile' plant that needs to be maintained. The phasing out of TSTT's legacy copper networks was intended to be completed by September 30, 2021, but the Covid-19 Pandemic public health regulations instituted in 2020 prevented work from being carried out on schedule. With copper vandalism and theft becoming an increasing problem across Trinidad and Tobago fueled by the significant increase experienced in the commodity price of copper on the international market recently, the Minister of Public Utilities announced and confirmed a new deadline for TSTT to shutter its legacy copper networks by the end of August 2022<sup>9</sup>.

<sup>9</sup> Minister: TSTT to complete shift from copper to wireless by end of August <https://www.guardian.co.tt/news/minister-ts-tt-to-complete-shift-from-copper-to-wireless-by-end-of-august-6.2.1496920.f77eb4f7f6>

**Recommendation:**

**TSTT should submit a status report on the current execution and expected completion of its Zero Copper Initiative to Parliament by April 24, 2023.**

**TSTT Response:**

- TSTT's Zero Copper Initiative comprises two distinct activities including Migration and Copper Wrecking to ensure the least negative impact to TSTT's residential and business customers.
- There are two customer segments that require migration off the copper network i.e. the residential customers and the business customers. They are either migrated to WTTx (Fixed Wireless Access Network) or to fiber infrastructure, based on the coverage and services required. Through investments in WTTx, the Company has migrated both Residential and Business customers from the aged legacy copper plant to its Wireless Fixed Access Network (WTTx).
- Copper Wrecking has been focused upon aerial and underground lines, attached to District Serving Areas (DSAs) in geographic zones, which were determined to be prone to cuts and / or acts of vandalism. 1,282 DSAs in TSTT's copper plant have to be removed.

**Current Status**

**Migrations to date, (as at 24<sup>th</sup> March 2023) under the Zero Copper migration project :**

- Overall the Company has migrated 90,004 Residential copper customer migrations to WTTx and 7,376 - Residential copper customers to Fiber. This represents 94% of TSTT residential Customer Base and in absolute numbers 97,400 residential customers have been migrated from legacy copper plant to WTTx or Fiber infrastructure.
- In the business segment, the company has migrated 4,551 Business line to WTTx and 1,571 Business customer lines were migrated to Fiber.

**The outstanding copper customer migrations to be completed are:**

- 5,382 - Residential customers



- 11,938 - Business lines. In the business segment many customers have multiple business lines and as such cannot be accommodated on the WTTx network. They will have to be migrated either to TSTT's existing fibre infrastructure and in some instances new fibre build will have to be undertaken for areas where neither TSTT nor Amplia has any fibre footprint.

**In summary:**

- Ninety-nine (99) DSAs or 8% of the TSTT's Copper Plant have been removed.
- Overall, TSTT has migrated a total 103,522 customers or 83% of its Residential and Business from copper with the remaining copper customers to be migrated by 31<sup>st</sup> March 2024. Additional technical resources have been assigned to ensure target date achievement.
- The Copper Wrecking of TSTT's plant is scheduled to be completed on time with a target completion date of March 31<sup>st</sup>, 2024.

### **3. Management of Vacation Leave Liability**

TSTT's leave liability was accumulated over a time span of more than a decade. Over the last three years TSTT has been exploring several options to reduce this leave liability. TSTT's Management has sought to employ various mechanisms to quickly reduce the leave liability to manageable levels. Against this background the selling of leave was one of the options employed by Management. However, this option was not exercised in isolation. Before any leave was sold the employee must apply for and obtain approval to proceed on normal vacation leave. In addition, there were several other mechanisms applied by Management to reduce the leave liability. These are as follows:

- a. The purchasing of phones; and
- b. The purchasing of laptops/computers.

In 2018, TSTT developed a threshold/average vacation leave liability for the organization of 49,774 days and \$46.3M. By setting this target, the organization was in a better position to monitor and manage deviations. In the effort to ensure that the thresholds were not breached, a combination of initiatives were implemented to further reduce the liability and eliminate the excess leave. These included:

- a. Development and implementation of a Vacation Leave Management Policy (Oct 2018) – This policy was implemented to govern the number of days an employee is allowed to accrue

annually as well as define the roles and responsibilities of each stakeholder.

- b. Creating buy-in from management by incorporating the reduction of leave as an objective in their performance management document.
- c. Roll-out of leave sale and liquidation options (Oct 2019) – the aim of this initiative was to reduce the excess vacation liability to ensure employees’ leave balances were either equal to or below their annual entitlement.
- d. Timely approval of all scheduled Vacation Leave (VL) on the Human Capital Management System (HCMS) – This initiative facilitated and supported accurate monitoring and reporting.
- e. Identification of all employees in breach of their maximum entitlement based on the subsisting Collective Agreements, Management Contracts and the Vacation Leave Management Policy - Persons in excess were targeted with reminders based on their annual leave schedule.
- f. Generation of weekly notifications to managers of all employees who are in breach or about to breach their maximum entitlement – This ensured that all managers were aware of the leave balances for their subordinates as well as share the responsibility for the management of leave.
- g. Escalation of all leave deferrals to the Line General Manager, Chief Human Resources Officer and HR for approval – This initiative provided oversight to executive management of all changes to reduce the risk of potential abuse.
- h. Roll-out of leave management roadshows to educate both management and non-management staff of the implications of an increasing leave liability.

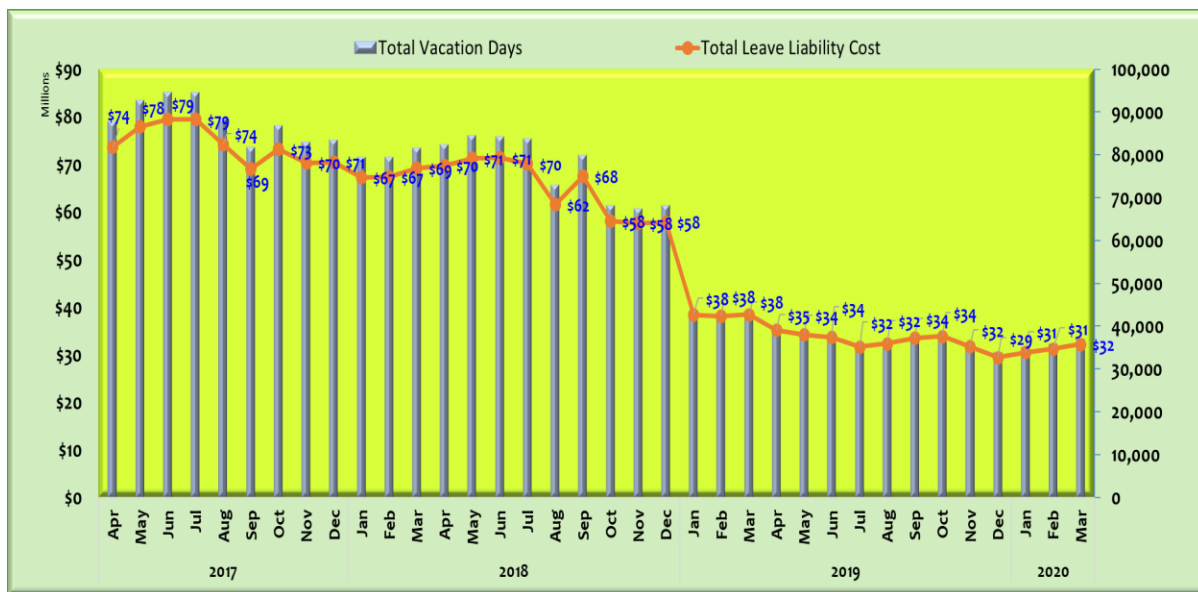
The mechanisms employed collectively contributed to a reduction in the liability over the three (3) year period April 2017 – March 2020. Further to the communication of the Vacation Leave Management Policy in October 2018 to all employees, there was a reduction in the liability cost by 11.4% i.e., (\$70M to \$62M) in the following month, a 14.7% reduction from October to November 2018 from \$68M to \$58M and maintenance of the liability at an average cost of \$34M for the twelve-month period (Jan’19 – March’20).

The vacation leave sale and liquidation option implemented in 2019 was expected to reduce the Leave

Liability by \$5.3M as at October 2019. However, only 30% of Management Staff (47 persons) and 50% of Estate Police (13 persons) with excess leave participated in the initiative which resulted in the liquidation of 1,258 excess days or \$1,760,519.87 the net result was a 5.8% reduction in the liability cost from \$34M to \$32M.

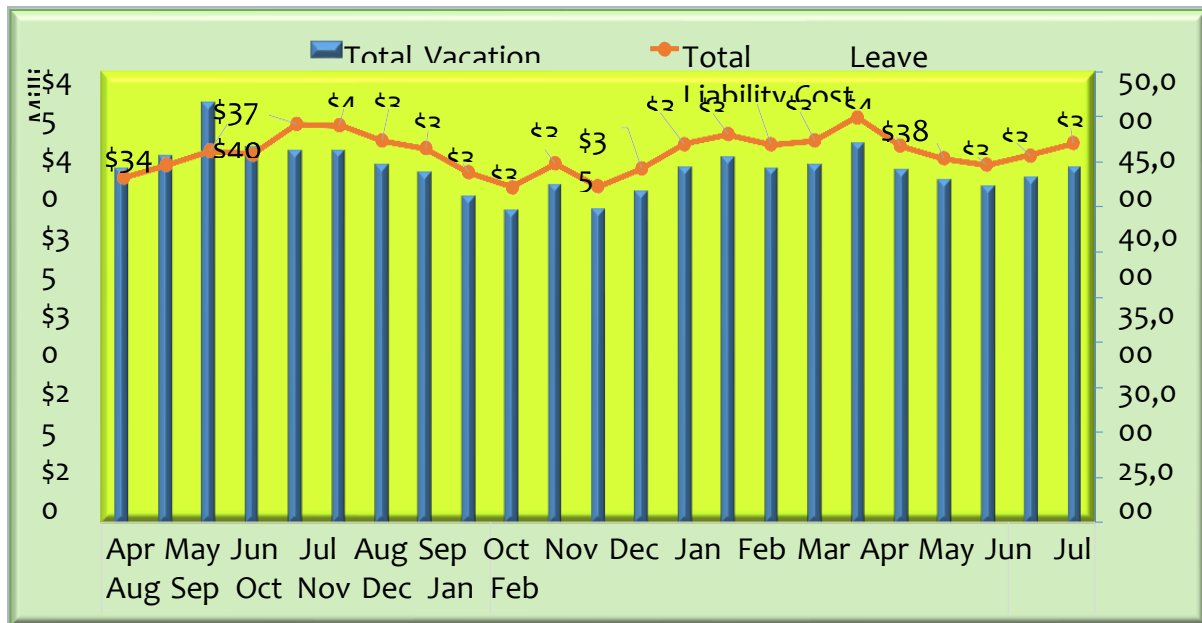
The outcome was severely affected by the injunction filed by the Communication Workers’ Union preventing the rollout of the Vacation Leave Liquidation Option to Junior and Senior Staff (Non-Management). This inhibited a further reduction in the Leave Liability by approximately 4,440 days or \$3.6M. This is illustrated in the graph below.

**Monthly Liability trend (Apr’2017 – Mar’2020)**



- For the period April 2020 to February 2022, the initiatives collectively contributed to the liability being maintained at an average cost of \$40.2M, which is below the defined benchmark of \$46.3 M. This is illustrated in the graph below.

### Monthly Liability trend (Apr'2020 – Feb'2022)



**Observation:**

The Committee noted the attempts made by TSTT to reduce its Vacation Leave Liability, especially since it increases every time salary negotiations are effected.

**Recommendation:**

TSTT should provide an update on the injunction filed by the Communication Workers' Union that prevented the rollout of the Vacation Leave Liquidation Option to Junior and Senior Staff (Non-Management) to Parliament by April 24, 2023.

**TSTT Response:**

The following is an update in respect to the above recommendation.

- TSTT's Recognized Majority Trade Union (RMU) the Communications Workers Trade Union (CWU) through their Attorney wrote the Company by letter dated October 11, 2019, and requested that the Company withdraw any offers of Vacation Leave Liquidation Options to members of the Junior and Senior Staff bargaining units failing which the Union indicated that they would approach the Court for urgent injunctive

relief.

- The Company responded by letter on the same date indicating their willingness to complied with the Union's request.
- As such, the Communication Workers' Union did not file an injunction relative to Vacation Leave Liquidation Options.
- To date the Company has maintained its position and has not extended any offers relative to Vacation Leave Liquidation options to members of the bargaining unit.

#### **4. Fraud Occurrences during the period 2017 to 2021**

After its appearance before the Committee in May 2017, TSTT developed, approved and implemented an official Internal Fraud Policy document titled *'TSTT's Internal Fraud Risk Management Policy'* effective from October 1, 2018. When asked to provide a breakdown of any instances of fraud occurring at the company for the period 2017 to 2021, TSTT supplied the following table:

Year	Matter
2017	Joanne Duntin-Noel reported that employee RYAN RANSOME made several fraudulent transactions on mobile units at West Mall Retail Store.
2018	Rennie Ambrose reported that a 'TSTT' contractor submitted invoices and received payments for work not actioned.
2018	Program Manager Mr. Renaldo Grant reported that contractors from a specific company were given wireless installations to be completed in various districts, however, customers were checked, and several Installations were reportedly not done.
2021	Senior Manager Customer Experience reported that a total of 12 PTP Transactions were placed on Account No.12531031 (Account Manager LISA HESSICK SOOBHANATH). Said Transactions according to the complainant has been done without Authorization
2021	Senior Manager Sales and Services reported that several PTP's has been placed on Account No. 12562828 and 35052318 said accounts belong to employee.

TSTT further stated that given the success of its Internal Fraud Policy in identifying fraudulent activities, the company discerned that the instances highlighted in the table above did not cause a need to review and revise its existing Internal Fraud Policy.

**Recommendation:**

**TSTT should submit a status update detailing whether any disciplinary actions taken against each perpetrator involved in each fraudulent activity the company detected during the period 2017 to 2021 to Parliament by April 24, 2023**

**TSTT Response:**

The table below provides an update on disciplinary actions taken against each perpetrator reportedly involved in a fraudulent activity.

Year	Matter	Update (30-Mar-2023)
2017	Joanne Duntin-Noel reported that employee RYAN RANSOME made several fraudulent transactions on mobile units at West Mall Retail Store.	Both Mrs. Joanne Duntin-Noel and Mr Ryan Ransome are no longer employed with TSTT
2018	Rennie Ambrose reported that a TSTT contractor submitted invoices and received payments for work not actioned.	Claim could not be substantiated
2018	Program Manager Mr. Renaldo Grant reported that contractors from a specific company were given wireless installations to be completed in various districts, however, customers were checked, and several installations were reportedly not done.	Investigations were conducted and the matter was presented to TIPS Fraud Squad however there was insufficient evidence to pursue the matter. The contractor has been suspended from operations within TSTT

Year	Matter	Update (30-Mar-2023)
2021	Senior Manager Customer Experience reported that a total of 12 PTP Transactions were placed on Account No.12531031 (Account Manager LISA HESSICK SOOBHANATH). Said Transactions according to the complainant has been done without Authorization	Investigations were conducted and there was sufficient evidence to support the allegations. Employee invited to Disciplinary Hearing and following completion she was <b>suspended from duty without pay for two (2) months.</b>
2021	Senior Manager Sales and Services reported that several PTP's has been placed on Account No. 12562828 and 35052318 said accounts belong to employee.	Investigations were conducted and there was sufficient evidence to support the allegations. Employee was invited to a Disciplinary Hearing and following completion he was <b>suspended from duty without pay for two (2) months.</b>

**Recommendation:**

**TSTT should provide an update on its diligence process and the lessons learnt from the implementation of the existing Internal Fraud Policy going forward to Parliament by April 24, 2023.**

**TSTT Response:**

TSTT has established and maintains a long-standing system of detecting and treating Fraud over the years. The implementation of the 'Internal Fraud Risk Management Policy' has served to strengthen and reinforce the Company's resolve in treating with these fraud matters and also to clearly outline the roles and responsibilities of all stakeholders. Additionally, the implementation of the Policy has affirmed the Company's commitment to the highest legal, ethical and moral standards, and has worked well in conjunction with other related policies to maintain a culture of honesty and articulation of a zero-tolerance approach to fraudulent activities across the company. The implementation of the policy was

well-planned and cascaded throughout the organisation, and the policy is now well embedded into TSTT's corporate culture.

## **5. Dynamism of the Telecommunications Industry**

Given how dynamic in nature telecommunications operations due to constantly changing business and operations model to adjust to customer demands, grow market share, and increase efficiencies, telecommunications operators like TSTT also need constant transformation to keep up. TSTT's current business model was not in alignment with industry standards for the most efficient operators particularly as it relates to metrics concerning revenue per employee and personnel costs. Regionally, and internationally, networks have been under strain, internet traffic is growing exponentially with the resulting effect of the price per gigabyte declining rapidly. Combined with the decline in demand for voice (fixed and mobile) services, TSTT has seen depressed revenue growth and margins over the last two financial years and overall losses instead of profits. In particular, the Company saw an 18% decline in revenue between fiscal years 2020 and 2021 equating to approximately a TT\$453 million reduction between the two years.

Even when Trinidad and Tobago move out of the Pandemic, TSTT does not expect market demand for voice services to return to former levels and the expectation is that these services will only continue to decline. The shift to data-driven customer demands and the negative impact of calling applications like WhatsApp as well as Zoom, Microsoft Teams, Google meet and similar voice services, are permanent.

With all those factors needing to be taken into consideration, TSTT was currently undergoing a transformation and restructuring exercise to meet the challenges of the current environment.

### **Recommendation:**

**TSTT should submit a status report on the current transformation and restructuring exercise the company is undergoing as it tries to meet the challenges of the current telecommunications environment to Parliament by April 24, 2023.**



## **TSTT Response:**

There are a number of elements in transforming an organisation that ensures the success intended out of the exercise is achieved. Some of the transformation elements such as restructuring and reorganizing are short term while others are ongoing programs such as Change Management and Employee engagement. The latter are essential in the building of a new culture for the organisation. An update on the various elements of TSTT's transformation exercise is provided below.

### **Re-structuring and Reorganization**

TSTT was guided by the collective bargaining process as well as the provisions of the Retrenchment and Severance Benefits Act, Chapter 88:13, and the need to meet and treat with employees represented by the recognized majority trade union the CWU as well as members of staff who fell under the Estate Police Association, and other staff.

- Therefore on January 17, 2022, TSTT invited its employee representative unions, i.e. the Communications Workers' Union ("CWU") and the Estate Police Association ("EPA") collectively the Recognized Majority Unions ("RMUs"), as well as employees comprising the management cadre and exempt staff to consultations in relation to a proposed restructure of the Company and refinement of its business/operating model.
- On May 17, 2022, after approximately four (4) months period of an extensive and comprehensive consultation process (meeting & treating as per TSTT's collective agreements and good industrial relations practice), during which the Company exchanged over thirty (30) pieces of correspondence, involving thousands of pages of information, the RMUs were invited to state their final views on all matters relating to the proposed restructuring on or before May 20, 2022. On May 31, 2022, the Company advised the RMUs and management staff that the consultation period had ended, and retrenchment notices were dispatched to affected employees.
- During consultations, and prior to the issue of notices of retrenchment on May 31, 2022, the Company identified in the new organization certain suitable and comparable positions, that the Company proposed to deploy an aggregate number of 282 employees (whose positions were identified as being surplus to the Company's requirements), as an alternative to their retrenchment.

- The Company also provided the RMUs and the management cadre and exempt staff with copies of the job descriptions of the proposed alternative positions. 282 employees were not selected for retrenchment (and were not issued notices of retrenchment on May 31, 2022), but were selected for redeployment, without a break in service, as outlined in the tables below comprising of:

Executive	Management & Exempt	Junior and Senior Staff
0	98	184

On May 31, 2022, a total of four hundred and sixty-five (465) notices of retrenchment were issued, comprising of:

Junior and Senior Staff	Estate Constables	Management & Exempt
377	27	61

- The CWU reported to the Registrar of the Industrial Court, by letter dated May 31, 2022, an industrial relations offence ("IRO") against the Company and also filed an ex parte application for injunctive relief in respect of the said IRO. Following the hearing on May 31, 2022, the Company and the CWU entered into settlement discussions concerning the IRO and the Union's application for injunctive relief. The Company had been empowered by virtue of express provisions in the respective Collective Agreements to make a payment in lieu of notice in the case of retrenchment.
- Subsequently, the Company and the CWU, signed a Consent Order on June 13, 2022 (which was approved by the Industrial Court) by which inter, alia, the parties agreed to resolve all of the issues the subject of the IRO and the Union's Application for Injunctive Relief. As soon as the stay was lifted by virtue the Consent Order, the Company undertook the following actions:
  - a) Replacement Notices of Retrenchment were issued on June 17, 2022
  - b) The Company continued to meet with the CWU during the said 45-day period, that is, between May 31, 2022, and July 15, 2022, as agreed to continue and to advance post retrenchment-notice discussions with a view to agreeing upon an acceptable solution.

- c) The parties met virtually on 27th June 2022 at 9.00 am and continued to exchange correspondence.
- As a result of post retrenchment notice consultation the actual number of employees who separated from the Company with effect from the 15<sup>th</sup> July 2022, was 463.

### **The Transformation and Change Management**

- TSTT, having completed its restructuring exercise in July of 2022, with significant changes in its operational structure, needs to establish and articulate a clear purpose as a rallying call for employees. The main focus has been on developing employee change readiness capabilities and providing the tools, processes, systems, and policies that are necessary to support and sustain the implemented change. The goal is to increase employee commitment while creating the required alignment with the organization's goals, which will lead to the company's overall success.
- The organizational-wide transformation programs are in process with the change management programmes supporting the new operating model by initiating change in the following areas:
  - a) Employee Engagement and Internal Communication
  - b) Leadership Development
  - c) Cultural and Behavioral Change
  - d) Productivity Improvements

### **Employee Engagement and Internal Communication**

- A pivotal element of the transformation plan is the development and implementation of TSTT's internal communication plan. This plan ensures that timely and relevant information on strategic initiatives is communicated to the employees and stakeholders, providing timely updates to ensure everyone is updated and aligned to support the company's strategic direction and business success.

- As part of the employee engagement process on 18th July 2022 which was the first business day of the new organization a video featuring the CEO of the company discussing the transformation and need for the restructuring while providing details around TSTT strategic Plan and Initiatives were prepared and circulated throughout the company. This was followed up with an off-site meeting on the 15<sup>th</sup> of July 2022 with the CEO and Executives and Senior Management staff of TSTT to once again explain the rationale for the restructuring but more importantly to chart the way forward for the organization and to obtain feedback from the team about any lingering concerns regarding the impact of the restructuring.
- Additionally, line management meetings were also held to further discuss the role, structure, and function of each new divisions/line of business in the new organisation and to ensure that employees receive the right support and training to settle into their new positions. Employee assistance was also provided support throughout the transitional process.
- To ensure full engagement and to give the employees an opportunity to engage with the senior management team. TSTT undertook a series of Town Hall and departmental meetings designed around disseminating critical transformation information that has a direct impact on them. The meetings provided a forum for management to directly:
  - a) Collaborate with employees.
  - b) Disseminate critical company information and decisions to the wider organization at the same time and solicit immediate feedback.
  - c) Strengthen and build team dynamics and reorient staff with their colleagues.
  - d) Reinforce and communicate employees' role in the organization's transformation process.
  - e) Raise concerns and have them addressed.

These meetings are ongoing and will continue to serve as a forum for the continuation of the discussion around change and transformation as well as the dissemination of important company information with the goal of building trust and developing a high-performance culture throughout the organization .

### **Realigned Vision, Mission and Values Creation**

The Company reviewed and realigned its Mission, Vision and Core Values to reflect the objectives set out in the Company's new strategic plan 2023-2026. The establishment of a clear and common sense of purpose is a critical step as the organization transforms and changes. Change is always a challenge, and the Company recognizes this and so it has taken the necessary steps in understanding what employees consider to be their own individual purpose and how this is aligned with TSTT core values. As part of the process the Company employed surveys and focus group meetings to solicit feedback from employees.

### **Leadership Development**

The Company held a three-day Executive Retreat in the month September 2022 to reinforce the roles the leadership plays and to create alignment at the leadership level to drive the successful delivery and outcomes of initiatives leading to organizational success.

### **Culture Change and Transformation**

The project is currently at the diagnosis and design stage. During Q2 of calendar year 2023 the current culture will be assessed to determine those cultures that the organization can leverage to support the strategy and those that present a barrier to goal achievement. This stage will take the form of surveys, focus group sessions and interviews.

## **6. Covid-19 Impact on Revenue**

Following the onset of the Covid-19 pandemic in March 2020, TSTT's revenue was negatively impacted due to the covid-19 restrictions and impact on the economy. For the financial year 2021 TSTT's revenue has been impacted by approximately \$202 million. This shortfall was mainly driven by lower roaming due to closure of borders, lower interconnect revenues from lower switched voice calling and lower prepaid revenues. The demand for mobile calling decreased significantly during this period as subscribers were mostly home due to covid-19 restrictions and/or working from home which led to increased use of OTT (Over the top) type calling applications (E.g., WhatsApp) utilizing their fixed data; therefore, negatively impacting TSTT's Mobile voice and data revenues. The decrease

in Mobile revenue was also attributed to the loss of jobs or lower income for some subscribers, making them unable to purchase prepaid top ups and in some cases pay their post-paid bills. TSTT also suffered lower than expected one time equipment sales as some business customers were not willing to invest large sums of money given the economic state at that time.

TSTT continued to feel the adverse effects of the pandemic into the current financial year (April 2021 to March 2022) with some relief when Trinidad and Tobago's borders were opened and the steady removal of Covid-19 restrictions. See below extracts from TSTT's audited financial statements for the year ended March 31, 2021, showing the decline in revenues between 2020 and 2021.

## 17. Revenue from contracts with customers

### Disaggregation of revenue

In the following table, revenue is disaggregated by major products/service lines, timing of revenue recognition, contract duration, and sales channels.

<b>2021</b>	<b>Converged</b>	<b>Carrier</b>	<b>Enterprise</b>	<b>Mobile</b>	<b>Security</b>	<b>Legacy</b>	<b>Total</b>
<b>Timing</b>							
Transferred at a point in time	–	–	17,770	8,113	490	–	26,373
Transferred over time	<u>516,489</u>	<u>62,180</u>	<u>448,847</u>	<u>882,931</u>	<u>107,069</u>	<u>1,580</u>	<u>2,019,096</u>
<b>Total</b>	<b><u>516,489</u></b>	<b><u>62,180</u></b>	<b><u>466,617</u></b>	<b><u>891,044</u></b>	<b><u>107,559</u></b>	<b><u>1,580</u></b>	<b><u>2,045,469</u></b>
<b>Customer type</b>							
Residential	503,212	–	–	891,044	21,510	–	1,415,766
Commercial	<u>13,277</u>	<u>62,180</u>	<u>466,617</u>	–	<u>86,049</u>	<u>1,580</u>	<u>629,703</u>
<b>Total</b>	<b><u>516,489</u></b>	<b><u>62,180</u></b>	<b><u>466,617</u></b>	<b><u>891,044</u></b>	<b><u>107,559</u></b>	<b><u>1,580</u></b>	<b><u>2,045,469</u></b>
<b>Contract duration</b>							
Short term	331,828	–	17,770	488,312	490	–	838,400
Long term	<u>184,661</u>	<u>62,180</u>	<u>448,847</u>	<u>402,732</u>	<u>107,069</u>	<u>1,580</u>	<u>1,207,069</u>
<b>Total</b>	<b><u>516,489</u></b>	<b><u>62,180</u></b>	<b><u>466,617</u></b>	<b><u>891,044</u></b>	<b><u>107,559</u></b>	<b><u>1,580</u></b>	<b><u>2,045,469</u></b>

17. **Revenue from contracts with customers** (continued)

**Disaggregation of revenue** (continued)

<b>2020</b>	<b>Converged</b>	<b>Carrier</b>	<b>Enterprise</b>	<b>Mobile</b>	<b>Security</b>	<b>Legacy</b>	<b>Total</b>
<b>Timing</b>							
Transferred at a point in time	–	–	29,653	9,590	25,604	–	64,847
Transferred over time	<u>671,142</u>	<u>82,952</u>	<u>402,147</u>	<u>1,024,162</u>	<u>246,684</u>	<u>6,311</u>	<u>2,433,398</u>
<b>Total</b>	<b><u>671,142</u></b>	<b><u>82,952</u></b>	<b><u>431,800</u></b>	<b><u>1,033,752</u></b>	<b><u>272,288</u></b>	<b><u>6,311</u></b>	<b><u>2,498,245</u></b>
<b>Customer type</b>							
Residential	659,402	–	–	1,033,752	12,749	–	1,705,903
Commercial	<u>11,740</u>	<u>82,952</u>	<u>431,800</u>	<u>–</u>	<u>259,539</u>	<u>6,311</u>	<u>792,342</u>
<b>Total</b>	<b><u>671,142</u></b>	<b><u>82,952</u></b>	<b><u>431,800</u></b>	<b><u>1,033,752</u></b>	<b><u>272,288</u></b>	<b><u>6,311</u></b>	<b><u>2,498,245</u></b>
<b>Contract duration</b>							
Short term	480,449	–	29,653	580,911	583	–	1,091,596
Long term	<u>190,693</u>	<u>82,952</u>	<u>402,147</u>	<u>452,841</u>	<u>271,705</u>	<u>6,311</u>	<u>1,406,649</u>
<b>Total</b>	<b><u>671,142</u></b>	<b><u>82,952</u></b>	<b><u>431,800</u></b>	<b><u>1,033,752</u></b>	<b><u>272,288</u></b>	<b><u>6,311</u></b>	<b><u>2,498,245</u></b>

**Recommendation:**

TSTT should submit a status update on the revenue generating initiatives the company intends to execute to capture the customer driven shift towards data driven services and fend off the increased use of calling applications by subscribers to the Parliament by April 24, 2023.

**TSTT Response:**

TSTT has recognized the impact of OTT types of services on its revenues particularly around the traditional streams of revenues as outlined above. Therefore TSTT's Strategic Plans 2021-2023 and its current approved strategic Plan 2023-2026 is set around a fundamental approach of promoting revenue growth along the Telecommunications Value Chain utilizing TSTT's digital infrastructure, through the development of a new suite of digital services, and other revenue generating initiatives.

**The overall revenue growth for the Company will be driven by the following strategies:**

1. **Base Management-** Retention Strategies to maintain TSTT's current customer base, including but not limited to improved customer experience.
2. **Expansion and the Development-** of new suite of digital products and services, mainly

under TSTT's new Emerging Services and Innovation group.

3. **Revenue generating CAPEX Investments-** such as the expansion of TSTT Cloud Infrastructure, an accelerated Fiber Expansion Program and expansion of TSTT Wireless Networks both Mobile and Fixed Wireless Network (WTTx).

**In the Area of Consumer Business-** The business has engaged in a number of revenue generating initiatives to favorably position its products and services as the viable alternative to the use of OTT applications and other competing products, whilst ensuring the push towards digital transformation supported by data driven solutions to meet customers' needs. The impact of the overall strategy is reflected in the revenues with 2% YOY growth YTD, and 2% performance over AOP in February 2023. Initiatives for 2022-2023:

- Bundling Open Market SIM Cards with Data
- Prepaid and Postpaid Port-In Incentives with Data Plans
- Prepaid Data Portfolio Plan Rationalization
- Postpaid Plan Portfolio Data Rationalization
- Introduction of Enhanced packages for Wireless Home Broadband

a. **In the Area of Business Sales-** the business has and continues to grow its revenue through a number of revenues generating initiatives. Additionally these efforts have not only minimized revenue loss but resulted in a 1.6% growth year on year (2021 vs 2022). This was achieved via 4% growth in Mobile and 62% growth in cloud sales. Business Sales Revenue Growth Initiatives are shown below :

- Increase sales on Hosted PBX services.
- Increase sales of IAAS Data Centers Services
- Increase of Electronic Security sales in non MNS segments

In the next financial year 2023-2024, it is the intention to continue to grow revenue in the Business Sales division by at least 5% YoY via the following strategic initiatives:

- Continued growth of our Electronic Security Business



- Growth of SME mobile and data circuit business
- Growth of cloud and data centre services to support Government and Corporate businesses.
- Launch of new products and services to enable business digital transformation activities.
- Expand regional footprint of Corporate Product and Services.

b. **In the Areas of Emerging & Innovation-** TSTT has undertaken a diversification strategy, shifting focus to three (3) core areas to drive growth in core new data driven products and services for the organization as follows:

c. **Non-Regulated FINTECH Business**

**Electronic Payment Gateway (“e-PAY”)**

e-Pay is a payments aggregation platform which allows customers seamless options to pay via Credit/Debit Cards and Cash along with (soon to launch) TSTT’s Mobile Wallet, Google Pay, Apple Pay and PayPal. The first customer on e-PAY, the HDC went live January 2023 as a ‘Proof of Concept.’ This platform provides HDC customers with additional options to make their rental and mortgage payments It facilitates an easy payment option for relatives living abroad to make payments on behalf of homeowners and tenants living in Trinidad and Tobago.

**e-Commerce (“PARLOUR”)**

A new e-Commerce platform PARLOUR designed for local and regional businesses to highlight and sell their products online was launched in August 2022. This platform, with its multi-mode payment features, (to be augmented with TSTT’s own Mobile Wallet) will empower artisans to sell their products to the local, regional, and international markets, and facilitate B2C e-commerce sales for Public and Private Sector organizations.

d. **Regulated FINTECH Business**

**Mobile Wallet Services (“PAYPR”)**

The Central bank of Trinidad and Tobago awarded TSTT a provisional e-money issuer registration in Feb’23, for an initial period of 6 months, with effect from March 1st, 2023. The provisional registration

allows TSTT to conduct activities such as the Issuance of e-money accounts, Cash-In and Cash-Out transactions, Provision of payment services and Money transfer remittances. The Mobile Wallet is being developed and will be launched in-line with five (5) critical characteristics required to be dominant in the market, as part of the operational planning framework:

- Best-in-class technology
- Ease of use functionality
- Top-of-mind Brand name
- Largest Merchant Network
- Widest and most diverse loyalty program

e. **Software as a Service (“SaaS”)**

**Electronic Health SaaS (“e-Health”)**

The TSTT e-Health platform is a full-featured, state-of-the-art, Digital Health Platform that facilitates end-to-end medical, inventory management and pharmacy processes. The comprehensive solution digitizes all medical processes and departments including registration, scheduling, billing, outpatient clinics, pharmacy, e-prescription, inpatient treatment, wards, surgery, labs, radiology and imaging, specialized practices, and unlimited, secure access by all physicians and staff. It is also designed to be patient-centric, providing a 360-degree view of patients which allows physicians and medical staff to interact with patients. Patients can also access their information and interact with services via a user-friendly patient portal and mobile app. The focus in 2023-2024 is on expanding the e-Health platform to non-government agencies and undertaking a comprehensive marketing strategy and developing an online Pharmacy coupled with brick-and-mortar presence for a combined National e-Pharmacy and Telehealth service.

**Electronic Cashbook (“e-Cashbook”)** As part of the SaaS diversification strategy, an e-Cashbook SaaS solution for the TTIFC was developed in 2022. This is in keeping with the mandate from the Ministry of Finance that a receiver of Revenue conducting Electronic Funds Transfer (EFT) is required to maintain accounting books and records for all methods of payments in an electronic format. The Government Ministries can use the solution to record data pertaining to all money transactions including

Credit/Debit cards, Online payments, Cash, Cheques, Prepaid Vouchers etc. for reporting, reconciliation, and auditing by the Treasury department.

### **Electronic Procurement (“e-Tender”)**

e-Tender is the #1 utilized Public Procurement software in Trinidad and Tobago, presently adopted in the Banking, Construction, Education, Manufacturing, FMCG and Healthcare sectors. Winner of the Telecommunications Authority of Trinidad and Tobago’s (“TATT”) Innovative Business Model Award 2019, e-Tender facilitates the end-to-end management of the entire procurement process from the Pre-Qualification of Vendors to the post award management of contracts and Vendor performance. Allowing entities to digitize their Procurement Value Chain.

## **7. Covid-19 Impact on TSTT’s Operations**

The Covid-19 pandemic introduced short-term disruptions and threatened long-term disturbances in TSTT’s Operations. In an attempt to weather the storm TSTT quickly implemented hybrid working systems whilst ensuring it met its telecommunication deliverables to all of its stakeholders. TSTT’s number one priority is the safety and health of its employees and customers during this ever-evolving Covid-19 pandemic which started impacting Trinidad and Tobago on the March 12, 2020. TSTT balanced creating a safe work environment for all employees whilst meeting our business needs and requirements, particularly as TSTT’s operations were designated as “Essential Services” during the Pandemic.

However, supply Chain issues particularly during the Covid-19 pandemic period of 2020 -2021 led to delays in the receipt of equipment based on shipping and logistics as well as reduced availability arising from a decline in manufacturing during this period. Coupled with the uncertainty of the availability of foreign exchange, deviations to the timelines on the completion of several key projects and initiatives had to be made.

### **Recommendation:**

**TSTT should submit a status update on its handling of the supply chain issues that the company has encountered during and after the Covid-19 pandemic period to Parliament by April 24, 2023.**

### **TSTT Response:**

As part of TSTT's budgeting cycle the business has in built lead times for the receiving of goods and supplies from vendors. The covid -19 pandemic disrupted supply chains globally and resulted in delays in the receiving of ordered goods. Given the travel restrictions there were some delays in services that required on island consultants or support resources. However the company utilized technology in terms of virtual support and implemented the following measures to mitigate supply chain issues :

- Employment of stringent forecast management and monitoring of on-hand supplies to facilitate decision making, and the timely ordering of goods as well as the minimization of stock outs. Orders are also placed with suppliers for at minimum a six (6) to twelve (12) month supply and partial receipts accepted.
- Leveraged its long-standing relationships with suppliers to benefit from 'prioritized treatment' ensuring that TSTT is supplied with sufficient inventory to maintain operations.
- Widened its vendor base to include multiple suppliers and in some cases differing regions or countries.

### **Recommendation:**

**TSTT should submit a status report on the projects that were deviated because of the company's limited access to foreign exchange and how the company intends to circumvent this challenge by going forward to Parliament by April 24, 2023.**

### **TSTT Response:**

There were four (four) major TSTT projects that were then impacted by the company's limited access to foreign exchange in 2021-2022. These have been identified below along with the current status.

1. **Wireless Long-Term Strategy 2021/ 2022 Programme** (Project Timeline and Budget Impacted)
  - Current Status
    - Site Adaptation Project - In progress
    - Hardware, Software and Services Project – Completed

2. **IT Services Cloud Expansion Phase 1 2021/ 2022** (Project Timeline, Scope and Budget Impacted)
  - Current status – Completed.
  
3. **Replacement of DC Power Batteries at Five (5) Sites 2021/2022** (Project Timeline and Budget Impacted)
  - Current status - In progress
  
4. **IT Replacement of Failing End of Life Critical Core Network Equipment** (Project Timeline Impacted)
  - Current status – Completed.

It should be noted that TSTT has employed several initiatives that have minimized the impact of foreign exchange availability to the business including :

- Reviewing and utilizing alternative local vendors where possible.
- Payment Plans developed and agreed with foreign vendors where possible as opposed to up-front payments.
- Successful negotiations with vendors:
  - To accept partial payment in TTD; and
  - To accept alternative hard currencies where possible and when other hard currencies were more easily available.

Given the above it is important to note that company now has sufficient inflows of foreign exchange to cover all of its Foreign Exchange obligations as a result of the initiatives mentioned above, along with Central Bank of Trinidad and Tobago allocation of USD to TSTT.

**Recommendation:**

**TSTT should submit a report on the lessons learnt from this pandemic to combat any similar situations in the future to Parliament by April 24, 2023.**

**TSTT Response:**

The COVID-19 pandemic introduced unprecedented challenges to telecommunication companies while significantly disrupting the telecommunication industry globally and locally, TSTT was no exception. The new working environment with COVID-19 regulations and restrictions along with supply chain issues and the uncertainty had the potential to significantly disrupt efficient business operations. This was new and uncharted waters for the local industry and the company. TSTT recognized early the potential impact of the pandemic and the instrumental role that it had to play as the national telecommunication provider. Some of the lessons learnt out of the pandemic that has now been embedded in TSTT operations include:

- The continuous review of existing systems and development of a Pandemic Response Plan not just a COVID-19 Plan. As soon as the World Health Organization declared pandemic status, TSTT's immediately implemented hybrid working arrangements and a Pandemic Management System geared toward seamless and continuous delivery of service to our customers whilst prioritizing the safety and health of our employees.
- This experience highlighted the need for flexibility and responsive digital processes and continuous improvement in the area of organization resilience.
- The widespread utilization of the Company's digital platforms, reliable high-speed internet, mobile devices (laptop and tablets) and VPN access for all work functions.
- TSTT's implementation of work from home and job rotation was seamless, however, synergy of processes when work methods changed presented a minor challenge due to our inability to bring people together to brainstorm or discuss sensitive and critical matters. TSTT, like many other organizations managed the mental health of our employees due to the restrictive measures implemented to protect employees during the pandemic.
- Communication is critical during a pandemic or times of uncertainty. TSTT made concerted efforts to provide accurate and reliable information to staff regularly given that disinformation

was readily available on social media. . In the case of the COVID 19 pandemic the company aligned all of its messages to the World Health Organization and Ministry of Health guidelines to ensure that all information disseminated to staff was obtained from reliable and credible sources.

- COVID-19 highlighted the crucial role of health and safety in pandemic management systems. TSTT recognized that understanding the ever change COVID-19 virus with associated symptoms and developing supporting protocols was a symbiotic relationship. Protocols were implemented to assist with the detection of COVID-19 whilst measures were imposed to prevent the spread of the virus within the workplace. These systems, developed during COVID-19 pandemic will help in detecting, combating and managing other pandemics or national health events, in the future.
- From a technological perspective the company deployed a number of collaborative tools to host meetings remotely and utilized technology and applications to support both TSTT and its customers during the pandemic. The company expanded its Wetside Internet capacity to meet the increase bandwidth demands as more people began to work from home, and as such required more data Additionally the company also expanded its Caching facilities, allowing internet users to access the most utilized websites, locally without having to connect to remote servers, providing a better internet service.
- From a supply chain perspective, the company will continue post the pandemic to maintain multiple sources of supply of goods, and from different regions. E.g. Using fiber cables suppliers to include China, USA and Spain. Additionally, the continuance of vendor management and maintaining good relationships with strategic suppliers of inventory items such as Fiber cables, Splice Enclosures, Optical Network terminals (ONT) and CAT 6 cables to benefit from:
  - Early notification of pending shortages of goods or components used in manufacturing and the opportunity to pre buy.
  - Maintaining a ‘prioritized customer’ status and benefiting from preferential treatment and access to goods in times of shortage.

In closing, TSTT’s management will continue to focus on achieving the best productivity with the least possible exposure to our employees. The Pandemic Management Plan was an effective tool; but as with

all tools and plans these must be routinely recalibrated and tested to ensure continued relevancy. From a technological perspective, the company performed creditably by ensuring the levels of service on all its networks were at benchmark levels. Continuing network planning and capacity improvements with headroom calculations is essential to ensure that the company has the required bandwidth to serve its customers in times of disasters or sudden surges in demand. The business will also continuously monitor the supply chain market to allow for early awareness of likely supply chain disruptions, while maintaining a robust cash flow forecasting cadence to ensure improved outpayment and vendor management processes.



## 8. Expansion of TSTT's Wireless Network

There are several specific initiatives outlined in TSTT's 2022-2023 approved Strategic plan, designed to improve TSTT's Wireless Network coverage and capacity over the next several years. These include deployment of new sites including pole solutions and towers, additional spectrum deployment and the expansion of TSTT's Fiber Infrastructure. During the execution of its 2016-2021 Strategic Plan, TSTT experienced several delays to initiatives relating to the enhancement of the wireless network which may still serve as challenges under the 2022-2023 Strategic Plan. These challenges included:

- a. The delay in the granting of the 700MHZ spectrum by the Telecommunications Authority of Trinidad and Tobago (TATT) delayed the deployment of the Mobile 4G LTE mobile network utilizing 700 MHz Spectrum and associated revenues from its deployment. TSTT anticipated acquisition from TATT in 2016 but was only obtained in October 2020.
- b. The ability to access land to build towers to expand the TSTT's Wireless networks is another challenge from the perspective of obtaining Town and Country approval, which is usually a long and drawn-out process, as well as getting communities to accept the installation of cellular towers that will serve these said communities.
- c. Additionally, access to foreign exchange was a critical challenge, over the period of the 5-year plan. This impacted the timely purchase of equipment from foreign vendors and equipment manufacturers to whom payments must be made in US dollars.

### **Recommendation:**

**TSTT should indicate the reasons for the company's four (4) year delayed receipt of the LTE 700 MHZ Spectrum from the TATT to Parliament by April 24, 2023.**

### **TSTT Response:**

- The issuance of Spectrum in Trinidad and Tobago is within the sole remit of the Telecommunications Authority of Trinidad and Tobago, ("TATT"), the telecommunications regulator, TSTT cannot speculate as to why there was such a considerable delay in the award of the 700 MHZ spectrum.

**Recommendation:**

**TSTT should submit a status update on the rollout of the Mobile 4G LTE mobile network utilizing 700 MHz Spectrum and the revenue the company calculated it lost as a result of the project's delayed deployment to Parliament by April 24, 2023.**

**TSTT Response:**

- TSTT, having received the License for the LTE 700 MHz Spectrum from TATT on October 1<sup>st</sup> October 2020 began the deployment of the 700MHz spectrum across its wireless network consisting of a total of 282 sites, with the first site being fully deployed and commissioned on 17th November 2020. The first tranche of 252 sites were completed by 31<sup>st</sup> March 2021 with the remaining 30 sites completed around 4<sup>th</sup> April 2022.
- It would be a challenge to provide a dollar value for revenue that the company would have forgone given the delay in the granting of the spectrum license. What TSTT can say is that the delay represented an opportunity cost and the impact of the delay meant that TSTT's mobile customers were denied the benefit of improved quality of service as a result of the 700 Mhz spectrum. The 700 Mhz frequency by its nature has better inbuilding propagation characteristics and earlier deployment would have resulted in a better quality of service for customers and improved coverage.

**Recommendation:**

**TSTT should submit a status report of its process of acquiring/accessing land to build cellular towers and how the company deals with the challenges associated with acquiring/accessing land to build cellular towers to Parliament by April 24, 2023.**

**TSTT Response:**

TSTT has a comprehensive process that is utilized in acquiring/accessing land to build cellular towers. That process involves multiple teams in TSTT i.e. Technology , Legal, and Procurement as well as assistance from the Association of Real Estate Agents of Trinidad and Tobago.

The process is as follows:

- TSTT's Technology Team determines the geographic areas that need improved or increased coverage for in any given fiscal year.
- Search rings are then generated along with required solution types.
- The expertise of the Association of Real Estate Agents of Trinidad and Tobago (AREATT) is used to procure the sites using a rate band provided by TSTT.
- Technology seeks the relevant statutory approvals (inclusive of TATT and TCPD).
- Internal financial approvals are sought.
- Once obtained, TSTT's Legal Department provides the license agreement or Lease for consideration by the licensor or Lessee.
- Once agreed to and signed off by both parties, Technology is informed that it can take possession of the site.
- The Vendor Addition process is engaged with TSTT's Procurement Team.
- The licensor or Lessee is added to the Monthly Rent Schedule where payment commences as outlined in the terms of the agreement.

There are some challenges with acquiring lands for either building new sites or relocating towers. The company employs several strategies with regard to the challenges experienced. These include:

- Where residents express concerns over radiation, face-to-face Town Meetings with TSTT and TATT representatives are held in the respective communities.
- Proper indemnities are included in the agreements where required especially if ownership of land may be challenged.
- Cell Sites on Wheels (COWs) or rooftop solutions may be implemented if the community is uncomfortable with permanent or obtrusive solutions.
- Co-location with other providers is considered where a suitable location cannot be found, or the area is regarded as high-risk.

## 9. Implementing Shorter Termed Strategic Plans

TSTT 's 2016-2021 strategic plan was for a five (5) year period but given the rate of change of technology and generally the dynamics of the telecommunications industry over the last few years, TSTT's Management decided that it was best to focus on a short term two-three (2-3) year strategic plans as opposed to a five (5) year plan. TSTT stated that a short-term plan would facilitate adjustment to the changes in technologies, consumer demands and behavior as well macroeconomic factors, all of which ultimately impact on revenue projections. In this regard, TSTT's current Strategic Plan 2021/2022 and 2022/23, is a short-term plan, and it provides the opportunity to recalibrate based on changes to the assumptions that drive the plan outcomes, as compared to TSTT's previous 2016-2021 Strategic plan. TSTT's Board of Directors approved a two-year Strategic Plan for the Company (2021/22 and 2022/23) at Board meeting #1 of 2021 held on February 10, 2021. The second year of the Strategic Plan as manifested in the Annual Operating Plan 2022/23 was approved at Board Meeting #2 of 2022 held on Thursday March 24, 2022.

**Observation:**

**The Committee notes TSTT's shift to using short to medium term Strategic Plans as opposed to the long-term Strategic Plans previously in use given how transformative and volatile the telecommunications industry is.**

## 10. Delinquent Customer Accounts

TSTT defines delinquent customer accounts as an account where the customer has debt beyond ninety (90). The Committee was told to note that despite there being customers who were active and still making payments on their account, if it has not been brought to account within ninety (90) days, the account would still be deemed delinquent. Below is a summary of TSTT's delinquent accounts as at February 2022.

Customer Category	No of customer accounts (active)
Government & State Agencies	176
Enterprise	3,032
Residential	21,122

**Recommendation:**

**TSTT should submit a status report on how the company treats inactive accounts and delinquent accounts in arrears for more than 365 days to Parliament by April 24, 2023.**

**TSTT Response:**

- TSTT’s credit policies provide that all Enterprise and Residential Accounts are written off at day 365. Note that written off accounts are still collectable and remain due.
- When all Internal collection processes (outlined below) have failed, collection efforts are referred to debt collection agencies.
- Government accounts are not written off or referred to debt collection agencies. Account Managers are responsible for the respective accounts and will negotiate with directly with the Ministry’s personnel to collect debts outstanding on the accounts.

**Recommendation:**

**TSTT should submit a report on its debt collection initiatives and indicate whether they differ when dealing with Government & State Agencies, Enterprise and residential customers to Parliament by April 24, 2023, and how those initiatives could be realistically achieved given the scale of the problem concerned.**

**TSTT Response:**

Collection activities begin at Invoice generation with TSTT’s Internal Collections and Disconnection (Dunning) process. The process for each customer category is outlined below:

**Residential - Fixed and Mobile Services**

- Day 30 – Customer payment becomes due.
- Days 31-33 – Collection calls are made to customers, IVR and Email notices sent to customer to advise of overdue balances.
- Days 35-44 – Soft Disconnect (Customer has one-way services on Fixed Services and Data only on Mobile Services)

- Day 45 – Full Disconnection (Customer has no service)

Management is currently evaluating various collections plans and initiatives for Residential customers such as debt forgiveness programs, payment plan options and discounts to incentivize customers to bring their accounts in good standing. When initiatives are launched the results would be reviewed and adjusted accordingly.

### **Enterprise - Fixed and Mobile Services**

- Day 30 – Customer payment becomes due.
- Days 31-59 – Collection calls are made by Account Managers followed by warning letters advising of tentative disconnection.
- Days 60 – Soft Disconnect (Customer has one-way services on Fixed Services and Data only on Mobile Services)
- Day 75 – Full Disconnection (Customer has no service)

### **Government - Fixed and Mobile Services**

Day 30 – Customer payment becomes due.

Days 31-179 – Collection calls are made by Account Managers to Ministry Representatives followed by letters requesting settlement of accounts.

Days 180 – Soft Disconnect (Customer has one-way services on Fixed Services and Data only on Mobile Services)

### **Debt Collection initiatives/strategy for Enterprise and Government customers:**

- Proactive call outs using SME Call Centre with focus on high value Corporate and SME debt customers.
- Incentivize payment of aged debt
- Customer discount- Debt forgiveness
- Incentivizing Account Managers and Call Center for debt collection

- Greater use of Debt collections agency in SME unmanaged space

This above strategies for Enterprise and Government customers were implemented on 1<sup>st</sup> April 2023. Management will be monitoring the rate of collections and adjust accordingly.

## **11. Increasing Accounts Receivables**

During the analysis of the TSTT's 2017 to 2021 audited financial statements, a significant increase in the amount due from customers was noted. The increase of \$799m in amounts due from customers from 2017 to 2021 was mainly driven by a combination of:

- Increase in Ministry of National Security (MNS) debt of \$546m, and
- The impact from the migration to a new billing platform in line with the company's Digital transformation strategy.

TSTT indicated that during the migration, the company purposely halted its dunning process to avoid negative customer experience issues during the transition, thereby resulting in monies not being collected.

### **Ministry of National Security CCTV Receivables**

Period	Gross Receivables	YoY increase/(decrease)
2018	\$285Mn	\$244Mn
2019	\$483Mn	\$198Mn
2020	\$748Mn	\$265Mn
2021	\$587Mn	(\$161) Mn – Payment of \$200Mn received in this year

#### **Recommendation:**

**TSTT should submit a status update on the implementation of the company's new billing platform, the challenges encountered during the migration and the total costs associated with the transition to Parliament by April 24, 2023.**

## TSTT Response:

The implementation of the Ericsson billing platform was completed on March 2020 and the platform is currently being used by the company for the provisioning and billing for all TSTT's Residential Copper, Carrier, Enterprise products and services, as well as Amplia's voice service. The cost of the engagement with Ericsson for the design and deployment of the Operational and Service Support and The Billing Solution was US\$52M which also included Managed Service Support and a Service Support Contracts which carried a value of US\$7.6M.

With respect challenges experienced with the migration, it is important to note that the Migration was a forced migration owing to the fact that the then billing system CIS was end of life and crashed while the (new billing system) Ericsson system was being deployed. This introduced a number of challenges during the migration process and the rolling out the solution turned out to be more complex than originally planned.

Some of the challenges experienced are set out below:

- The existing billing and provision system (CIS System) was at its end of life and crashed due to system issues in May 2019. This meant a forced migration was required to the new billing system (Ericsson stack) this would have otherwise been a planned 6 month / parallel execution of billing/provisioning with ability to rollback to CIS at any point of time.
- The programme involved the overall concept of migrating both the billing system & provisioning at same time. This actually means TSTT was running a full transformation programme and is considered a very complex activity compared to just migration of billing.
- Lack of data cleansing based on unplanned issue (system crash CIS) led to inability to validate data on legacy CIS databases, this resulted in data inconsistencies upon migration.
- Lack of a service catalogue definition prior to migration (required changes and new products to be added after Customer migration from CIS to Ericsson) as a result of forced migration.
- Identification of new business rules during migration waves required extensive modifications to update and stabilize Ericsson data migration tool.
- Post migration, the Ericsson system had several issues (platform instability) and needed several modifications to handle full capacity (like horizontal/vertical expansion of some applications to



handle enterprise billing/invoicing).

- Billing for all Lines of business took a significantly longer time to stabilize on the billing platform up due to unplanned migration.

**Recommendation:**

**TSTT should provide a status update on the value of the Ministry of National Security's (MNS) CCTV Receivables to TSTT and indicate whether a payment plan to settle the debt had been agreed to Parliament by April 24, 2023.**

**TSTT Response:**

The Ministry of National Security's ("MNS") debt in relation to the provision of Managed Video Surveillance Services ("CCTV Services") by TSTT, is being addressed over two periods. The first is in relation to the provision of the said services for the period from 1 July 2013 to 11<sup>th</sup> January 2021, ("the Initial Period") and the other is in relation to the provision of the said services with reduced scope from the 12<sup>th</sup> January 2021 to date, ("the Additional Period")

As it relates to the Initial Period, TSTT commenced arbitration proceedings against the MNS by notice filed on March 29<sup>th</sup>, 2021, in accordance with the terms of a written contract between the parties dated 14 May 2015. TSTT is seeking to recover the remaining debt due for the Initial Period and is claiming the sum of \$762,425,553.03. MNS filed its Statement of Defense on 5<sup>th</sup> December 2022, and TSTT filed its Statement of Reply on the 3<sup>rd</sup> March 2023. The matter stands adjourned to a date to be fixed by the Arbitrator for further case management.

With regard to the Additional period, TSTT entered into a contract with MNS dated 12<sup>th</sup> January 2021 whereby TSTT was engaged for the provision of certain Video Surveillance Services. The scope of services has been considerably reduced from the services provided during the Initial Period. The new Agreement was for a period of five (5) months from 12<sup>th</sup> February 2021 to 11<sup>th</sup> July 2021. Thereafter it was extended for two additional periods of three months and TSTT currently provides the service on a month-to-month basis. The current outstanding indebtedness is set out below in relation to both periods. With regard to the amounts due for the Additional period TSTT continues to work with the MNS to finalise appropriate contractual arrangements to treat with the period that has expired as well as the month-to-month arrangements.

MNS Receivable as at February 2023	Contract Start Date	Total Outstanding (\$m)
Provision of Video Surveillance Services	January 2021	\$36.86
Provision of CCTV Cameras, Infrastructure, and surveillance (In arbitration status of proceedings provided above)	January 2013	\$762.43
Total		\$799.29

## **12. Purchase of Massy Communications**

On August 1, 2017, TSTT acquired 100% issued ordinary shares of Massy Communications Limited (renamed Amplia Communications) for \$215M. The cash consideration for this transaction was paid out in 2018. The purchase agreement included Massy Communications' entire infrastructure relating to its enterprise and consumer networks, all existing enterprise and retail customers, and the entire operational and business support systems.

### **Recommendation:**

**TSTT should submit a status update on the return on investment realised to date from the company purchase of Massy Communications on August 1, 2017, to the Parliament by April 24, 2023.**

### **TSTT Response:**

TSTT Purchased Massy Communications Limited, now Amplia Communications Limited in 2017 at a Fair Value of \$215m. Over the period 2019 to 2020 TSTT made subsequent investments amounting to \$391m relating to the transfer of Last Mile Assets and cash. TSTT acquired Massy as a Strategic Asset. In May 2016 TSTT had developed a Fibre Deployment Strategy (“Fibre Strategy”), in light of the slow pace of its own Fibre deployment as well as the activities of competitors in the market, in particular Digicel who had launched its Fibre to the Home (“FTTH”) program in Trinidad and Tobago for residential and SME customers. As the Fibre Strategy identified, Digicel had launched its FTTH network

in September 2015, and as at May 2016, had passed 60k homes and connected 10k customers with 5k more homes to be passed in train. Massy had also launched its own FTTH solution to residential customers in certain parts of Trinidad in early March 2016.

TSTT recognized that it was very urgent to respond to the shifting competitive landscape. At that time, the TATT quarterly report would have indicated that Fixed Internet Penetration in Trinidad and Tobago (TATT 2<sup>nd</sup> quarter 2016) was at 68 % of households, or at 290k subscribers. It was critical for TSTT to react quickly as it was way behind in its fibre deployment. As such, it conceptualized the INCUBATOR Project to pass 120k homes in two years ie by December 2017 and connect 50k homes. However, the INCUBATOR project seriously underperformed in terms of fibre build to homes passed and connected customers, such that by March 2017 TSTT began thinking about the implementation of another strategy to accelerate its deployment of fibre through the acquisition of Massy or another provider.

The Potential benefits and Potential Outcomes of a Massy acquisition was outlined to the Board by 15<sup>th</sup> March 2017. They were set out as follows:-

Potential Benefits	Potential Outcome
Fewer Competitors (increased market share)	TSTT 50%+ Broadband Market Share
Accelerated Time to Market	1 Year Earlier
TSTT Capex Reduction	~ TT\$115M, ~US\$10M in Forex avoidance
Build out Expertise	Massy team appears to be more agile
Acquisition of connected customers	~4,600
Improved Financial Performance	Increase in 2017/18 revenue ~\$59M (includes FTTH and Enterprise Business)

These benefits were achieved through the acquisition. Amplia is the fiber arm of the business deploying services to both residential customers and SME customers using high speed fiber. To date the company has passed 165,976 homes and connected 49,209 customers with service over high-speed fiber. Amplia generates in excess of \$170M in annual revenues and provides Voice, Broadband, Entertainment and

Security services to customers throughout Trinidad and Tobago. With the additional fibre deployment approved as part of the Strategic Plan 2023-26, Amplia's revenues are expected to grow to \$302m at the end of the plan period and it will have passed 225,000 homes with fibre **before** March 2025

