Establishing an Independent Regulatory Authority
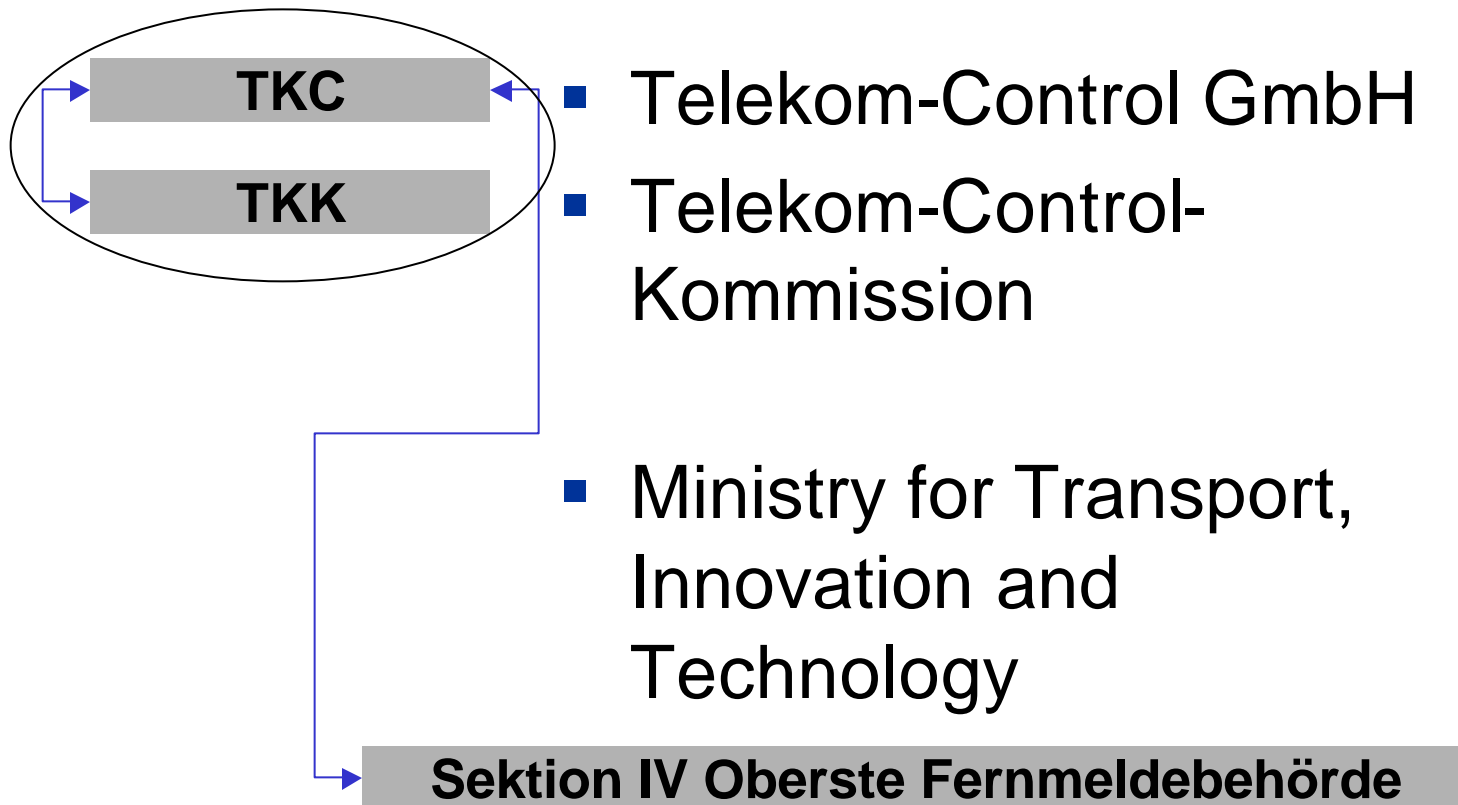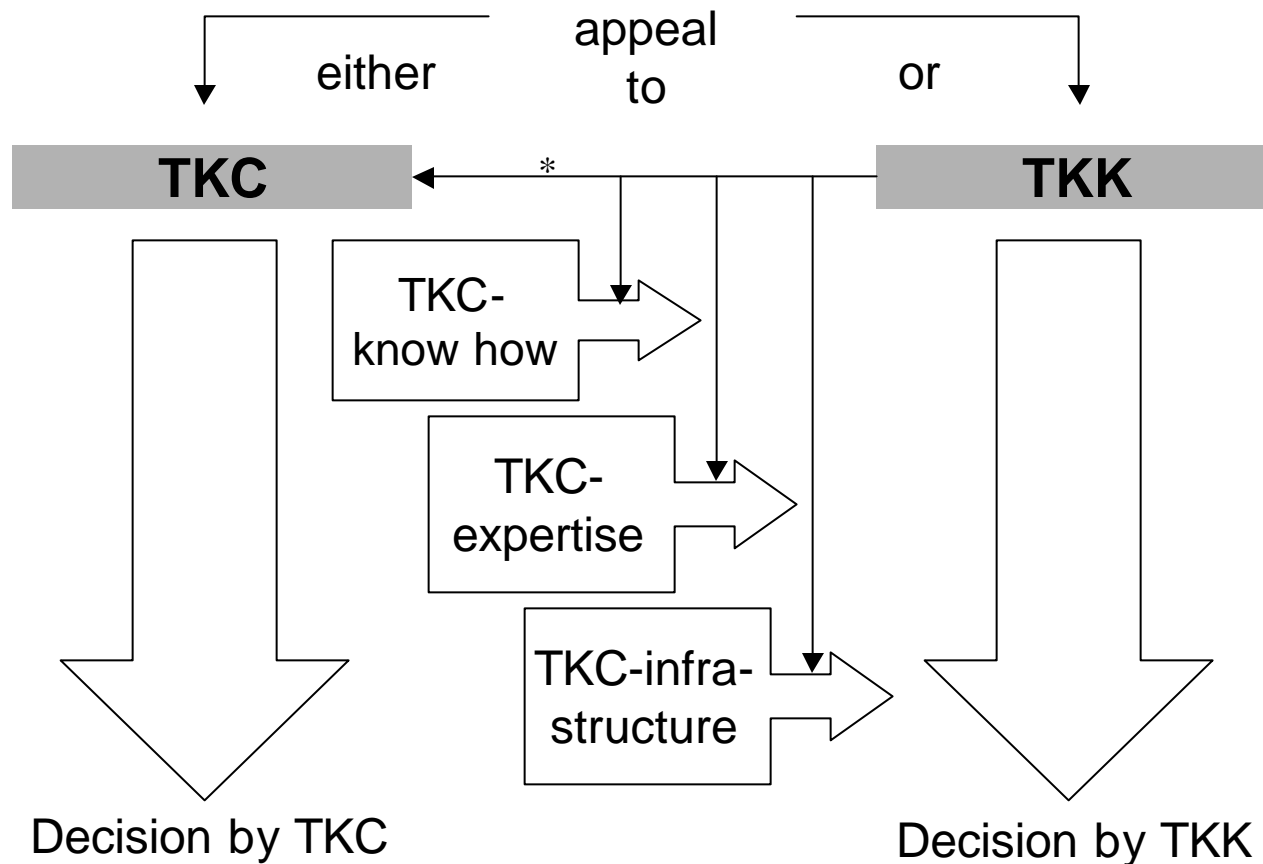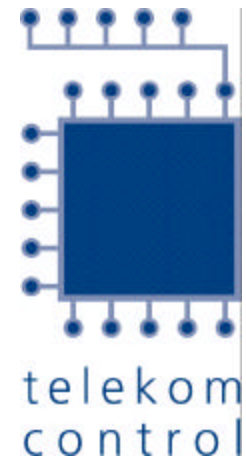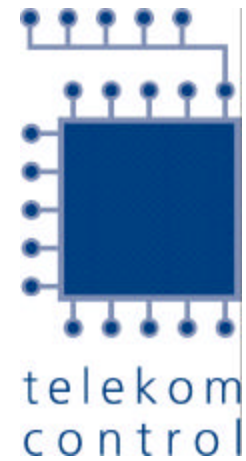
Telekom-Control

The Austrian Example

Regulatory Authorities in Austria

TKC

TKK

- Telekom-Control GmbH
- Telekom-Control-Kommission

- Ministry for Transport, Innovation and Technology

Sektion IV Oberste Fernmeldebehörde

Collaboration of TKC und TKK

appeal to

either | or

TKC | **TKK**

*

TKC-know how

TKC-expertise

TKC-infra-structure

Decision by TKC | Decision by TKK

* Remark:
Mandates from
TKK to TKC
in the course of
TKK-proceedings
(TKC functions as
TKK´s agency)

telekom control

# Profile of Telecom Control GmbH (1)
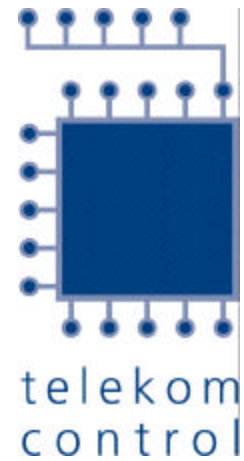
- Set up in October 1997
- Owned by the Federal Republic of Austria (100%)
- A private sector non-profit limited liability company (GmbH)
- Nominal capital ATS 50 mio (=EUR 3,63 mio).

Profile of Telecom Control GmbH (2)
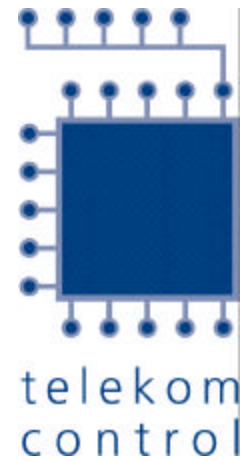
- 1 General Manager, staff of 60 (at present).

- Funding: mainly through financial contributions made by all operating licensees according to their annual national revenues and market shares.
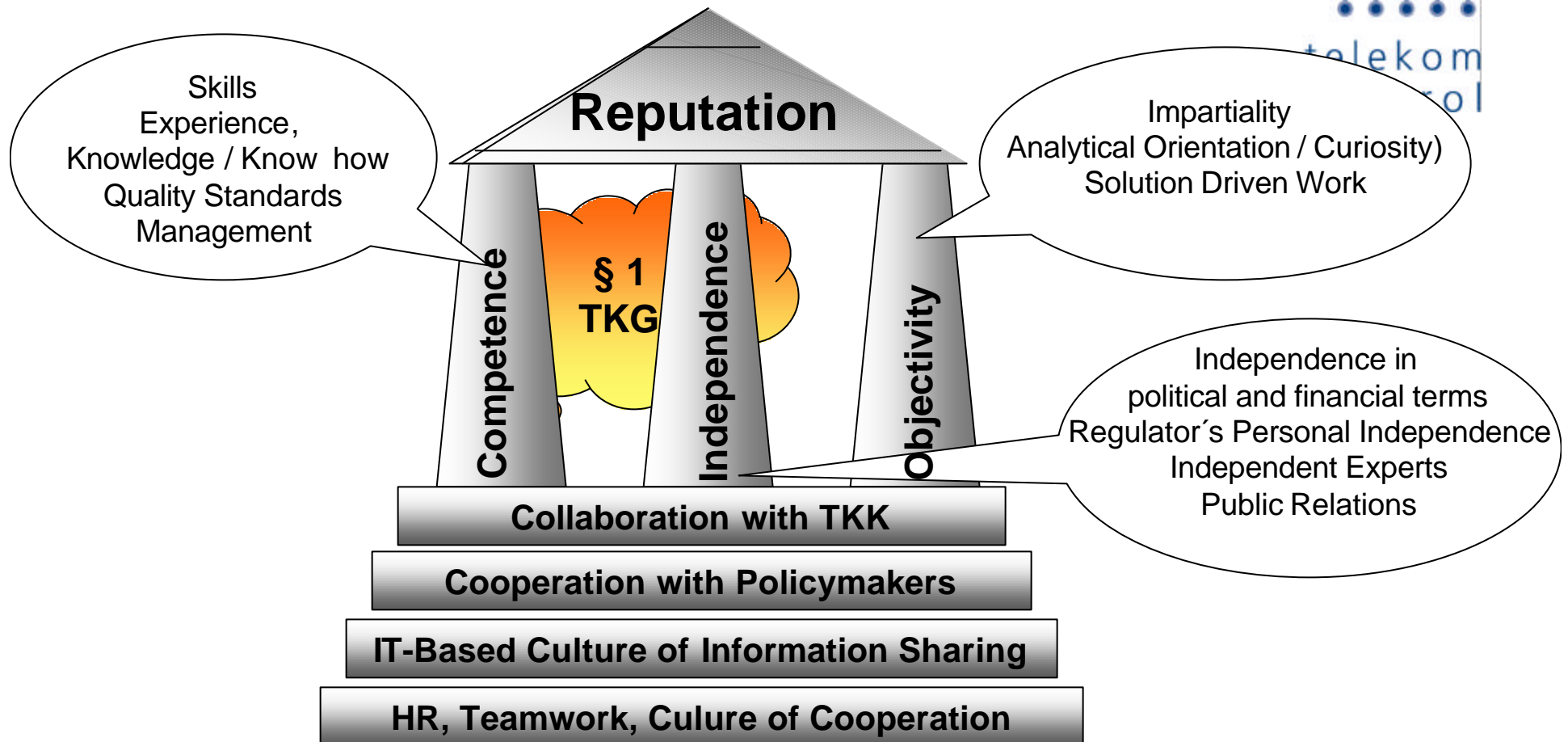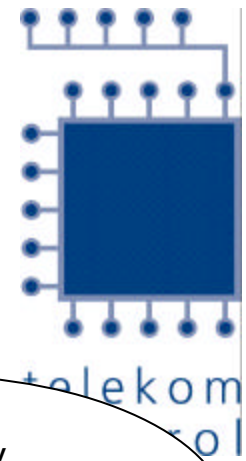
Milestones on the way to a successful startup of TKC
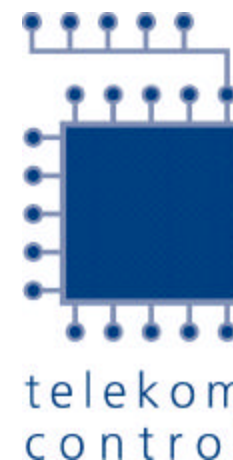
- Nov. 01 1997: TKC starts its operation
- Dec. 15 1997: First liceses issued by TKK
- Dec. 31 1997: 9 employees
- Mar. 09 1998: TKK´s 1. decision on ic fees
- Mar. 26 1998: move to TKC´s definite premises
- Mar. 31 1998: 27 employees (34 contracts signed)
- Jun. 30 1998: 35 employees (38 contracts signed)

In the first three months, TKC heavily relied on the support from professional consultants, especially in the fields IT, recruitment and architecture.
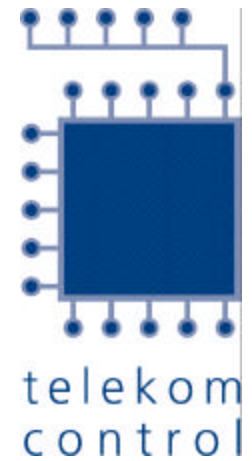
Key Factors for a Successful Regulator

Reputation

Competence

Independence

Objectivity

§ 1 TKG

Skills
Experience,
Knowledge / Know how
Quality Standards
Management

Impartiality
Analytical Orientation / Curiosity)
Solution Driven Work

Independence in
political and financial terms
Regulator´s Personal Independence
Independent Experts
Public Relations

Collaboration with TKK

Cooperation with Policymakers

IT-Based Culture of Information Sharing

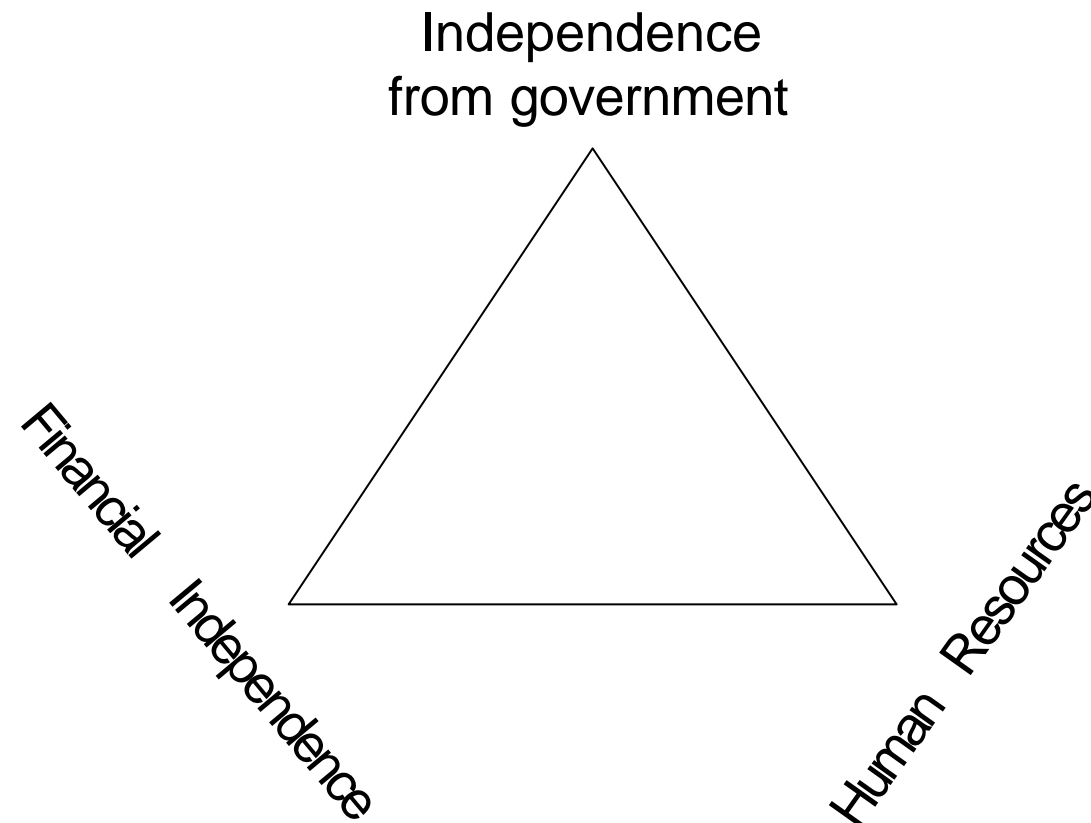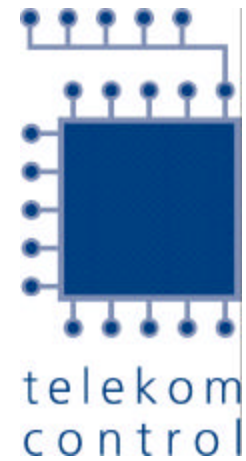**HR, Teamwork, Culure of Cooperation**

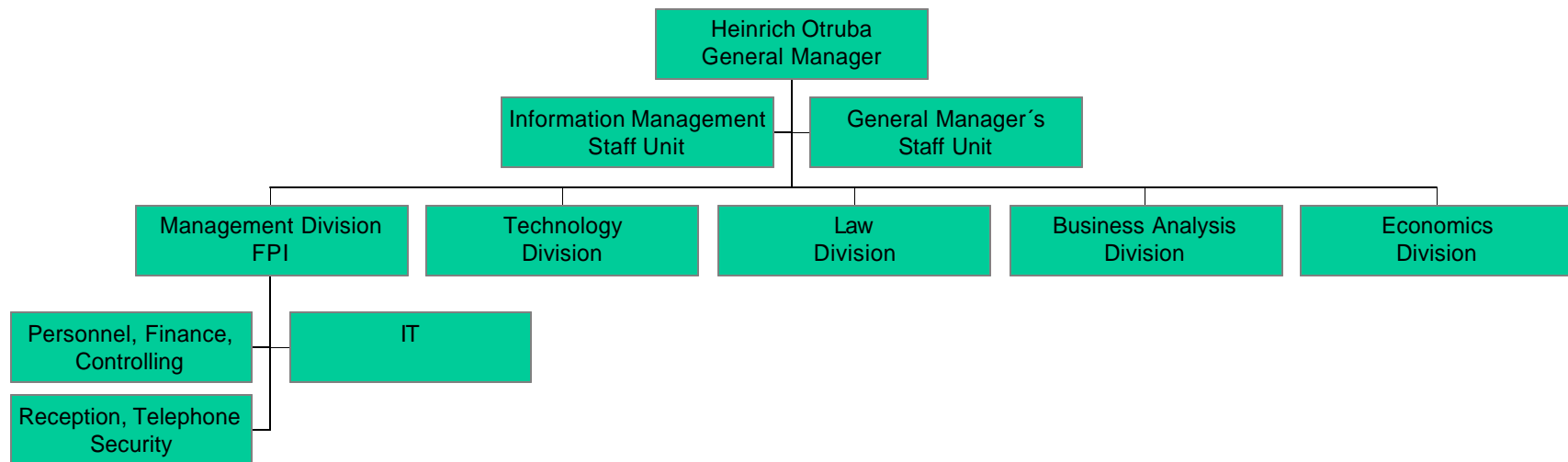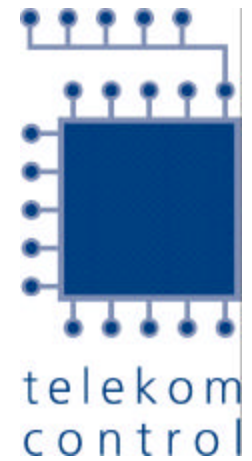# End of the presentation

Thank you for your attention!

Additional figures taken from the paper „The Dimensions of Establishing an Independent Regulatory Authority"

The Independence Triangle

Independence
from government

Financial Independence

Human Resources

Organization Chart of Telecom Control (Ltd)

Heinrich Otruba
General Manager

Information Management
Staff Unit

General Manager´s
Staff Unit

Management Division
FPI

Technology
Division

Law
Division

Business Analysis
Division

Economics
Division

Personnel, Finance,
Controlling

IT

Reception, Telephone
Security

Project organization at Telecom Control (Ltd)

General Manager

| Management Division | Technology Division | Business Analysis Division | Law Division | Economics Division |

Project Controlling

PL

PTM 1

PTM 2

PTM 3
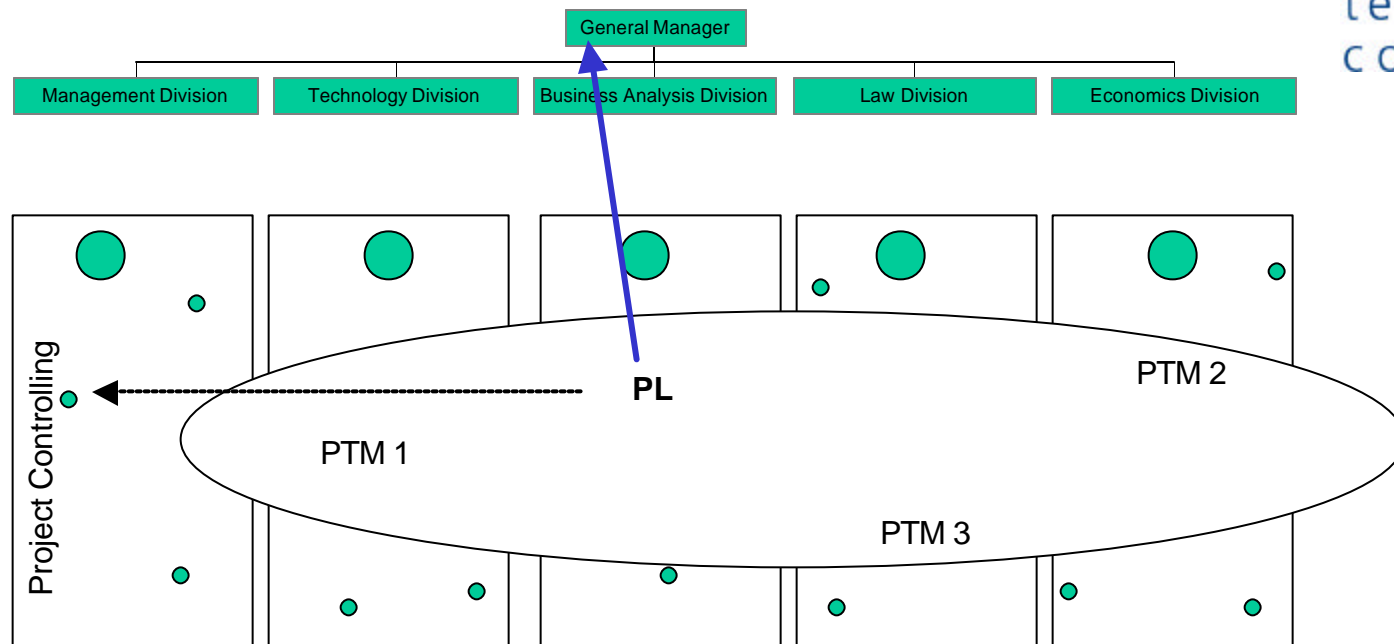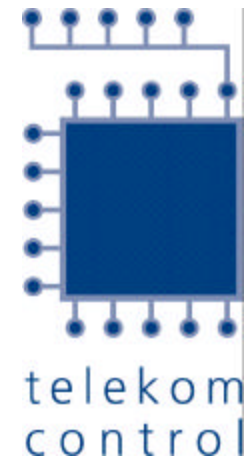
PTM = Project-Teammember

PL = Projectleader

= Analyst

Process orientation of Telecom Control (Ltd)

3

| General Manager | Commission |

| Finance, Personnel & IT | Law Division | Economics Division | Business Analysis Division | Technology Division |

Application for a license

ST

1

1   ST

1   ST

2   MA

2   MA

2   MA
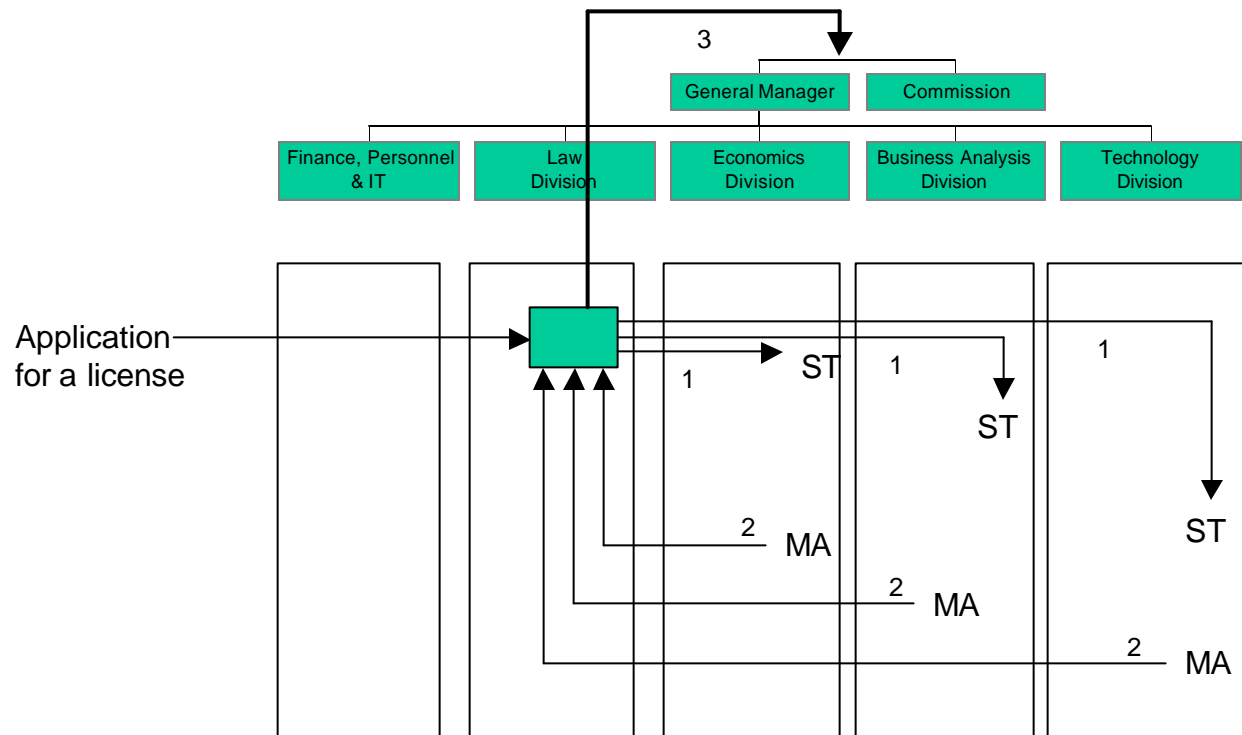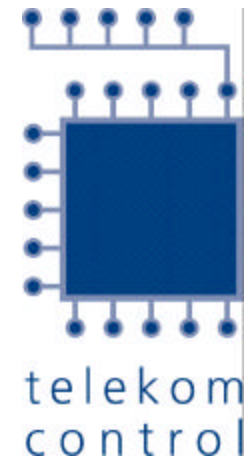
Legende: ... Division in charge of the process as a whole

1   Request for expertise to come from various other divisons
2   Expertise provided by the experts of the divisions involved
3   The case ready for decision presented to the TKK

# Additional remarks to the paper „The Dimensions of Establishing an Independent Regulatory Authority"

Facts and Figures of Telekom-Control GmbH
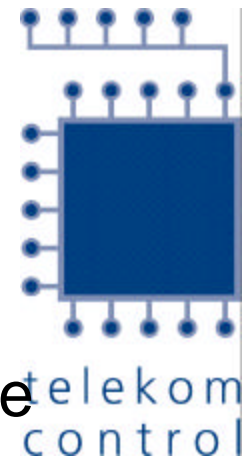
- From the very beginning it was intended to have an INDEPENDENT regulatory authority in Austia.

- That was achieved by providing a strong legal base, the Telecommunications Act 1997.

  But this could also be indicated by decisions concerning:
  - Choice of location
 - Recruting policy
  - Rejection of political influence in general
   ...

Details on Telecom Control´s Funding
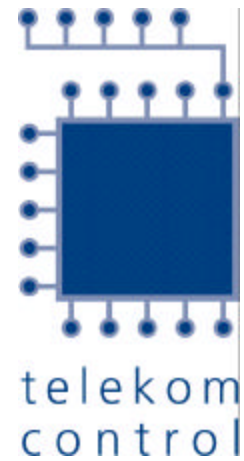
- The Funding itself is laid down in the TKG and consists of license fees and prorota contributions (at present ATS 100 Mio.).

- TKC is a non profit organisation.

- TKC sets up its annual budget.

- TKC charges the operators according to their forecasted turnover p.a.

- At the end of one year adjustments are made based on TKC´s effected expenses and the operators actual turnovers.

Facts and Figures of Telekom-Control GmbH
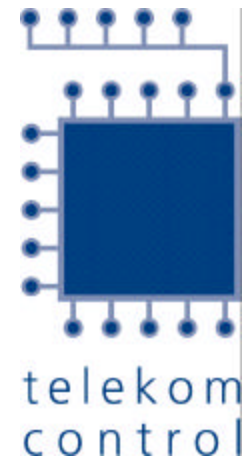
- TKC was established from scratch.
- Time pressure was extremly high.
- The Federal Minister appointed his favourite candidate, Univ.Prof. Dr. Heinrich Otruba:
  - As the former Rector of Wirtschaftsuniversität Wien and Professor at the same university he is independent to the maximum.
  - He holds a doctorat in Law (University of Vienna).
  - He is a professor specialised in quantitative economics.
  - He is a technology prone person.
  - He has made previouse experience as a consulter to the Ministry in the field of telecommunications (price caps).

telekom control

Major sources for recruiting TKC´s human ressources
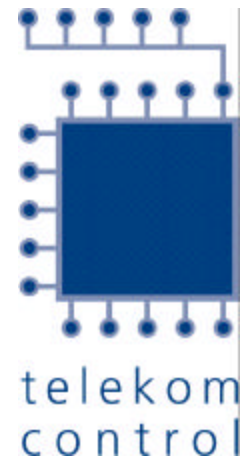
- Universities
- Telecommunications equipment provider
- Few former incumbant employees (tech. specialists)
- Other think tanks (such as Academy of Sciences, Federal Chamber of Workers, ...)
- All employees hold contracts of employment with Telekom-Control GmbH exclusively.
- TKC searched for young excellent experts with a high affinity towards „growing", good social skills (project teams, workforces, process driven thinking) IT-prone people (groupware platform, ...)

# Strategic factors for the successful startup of TKC
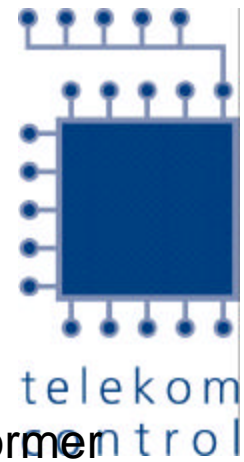
- Personnel: the recruitment process was administered by a professional headhunter. Recruitment policy: no recruiting of former „big players in the market" (unbiased expertise).
- Location: „Roof on its own policy" from the very start.
- IT-support: IT is seen as a major source of efficiency for service businesses.
- Modern office architecture as a consequent realization of a progressive management approach for TKC´s definite business location.

What is a modern management approach?

- Lean organisation (as few levels of hierachy as possible: 2 at TKC).

- Process orientation throughout the company (administrativ as well as regulatory work).

- Project- and teamorientation in our daily work.

- Internal communication via
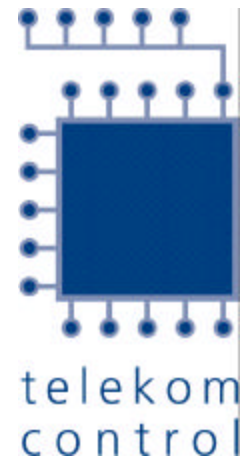
  a group ware platform (software).
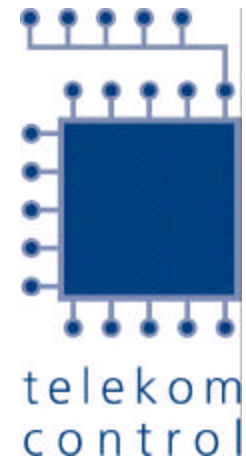
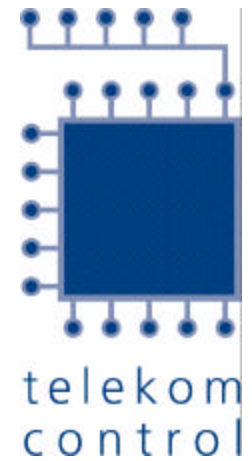# Telekom-Control GmbH and Accountability Management
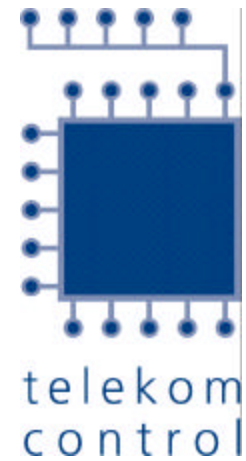
- TKC is accountable to:
    - Federal Minister of Transport, Innovation and Technology
    - House of Parliament
    - TKC´s Supervisory Board
    - Federal Audit Office
    - Company Audit
- TKC aims at having good relationships with these stakeholders based on mutual respect and understanding.

Key factors for TKC´s success so far

- Appointment of a general manager with an excellent reputation and standing on both sides, politics and industry.
- A (small) group of excellent and motivated employees keen on advancing with a strong determination.
- Perfect office concept including architecture and IT infrastructure.
- Modern management approach (teams).

End of the presentation

Thank you for your attention!