

Article by the Principal Deputy High Representative, Donald Hays

It's now more than a month since RS Prime Minister Mikerevic announced the results of the Special Auditor's report regarding the management of Telekom Srpske. I believe most readers are well aware of what the auditor found – a company run poorly, whose managers were engaged in a series of improprieties. The firm's own auditor failed to carry out any audits; its tender procedures violated the letter and the spirit of the existing procurement law. The company is losing tens of millions of KM in potential profits because of poor management practices.

Faced with a report that lays out in detail a long list of irregularities at a public corporation – and documents the fact that that corporation could have made millions more from its operations if it were run properly – some politicians have resorted to criticising the auditor. This is a clear sign that they feel defensive about their own role in this issue.

However, I want to make it clear it was not the Special Auditor who mismanaged Telekom Srpske, the company's managers with the obvious approval of the Board of directors, did that all by themselves..

The results are clear – serious damage to the economy and to the interests of the citizens themselves. You only drive away potential investors, either domestic or foreign, with high priced utilities. Without investment KMs there is much less potential for job growth in BiH.

Why should it cost businesses 100percent less to make a long-distance call from Serbia than it does to make a long-distance

call from the RS?

Why does a 10-minute peak-period call from the RS to neighbouring countries cost on average around 19 KM, while the same call can be made from Serbia for around 5 KM?

Why should a pre-paid customers in the RS have to pay 80 percent more than pre-paid customers during peak time in Serbia?

These are questions which every politician in the RSNA should be putting to Telekom Srpske – instead of wasting time criticising those who are trying to assist the people of the RS and BiH..

Prime Minister Mikerevic has said he believes the management and management board of Telekom Srpske should be dismissed, and he has promised to introduce new laws and legislative amendments that will create “a new kind of corporate culture.

The corporate culture you are all used to does not recognise the existence, let alone the rights, of customers – and furthermore it doesn't value the interests of the consumer.. This is of more than passing interest to citizens – they use the phone service, and since Telekom Srpske is a public company, they are the owners of the phone service too. When it's a badly managed phone service, citizens lose twice over.

A poorly managed telecommunications company creates problems at more than one level. It means higher than necessary telephone bills for individual subscribers. It also means that the entire economy has impediments to growth.. Our most efficient companies are losing business because of the sluggish performance of the telecom sector. A good company executive controls what can be controlled – like making sure the workers are paid, product and prices are competitive, and the customers are satisfied. But some things are beyond their control – and those things include the unit cost of phone bills as determined by the telecommunications company. Since

we don't have real competition, individuals and companies don't have any choice – they have to pay what the phone company demands.

If a company is looking for investment in an effort to make its operation more competitive and profitable it will have to attract investors. They are going to look at the management indicators that will determine whether or not BiH is a good place to invest. Near the top of the list (right up there with labour costs and political stability) will be the cost of telephone calls. In a country that is serious about investment, telephone calls are economical, connection charges are low, and competing providers offer attractive inducements to corporate and individual subscribers.

That's a world away from the situation we have now.

The RS authorities have to clean up the management of Telekom Srpske and get the necessary legislation through parliament to reform a corporate culture and ensure they properly represent the interests of citizens in the management of their resources. The citizens have suffered far too long, it is time for change, NOW!.

As long as there are tens of thousands of people unemployed, the top priority of the authorities must be attracting investment, and helping entrepreneurs and managers start new companies and expand existing ones. Political grandstanding, mud-slinging and inaction by politicians doesn't solve the problem – it is just business as usual.. The point of politics is not to protect your own private interests, it's to put the interest of the people you represent first and in this case to find every means of putting food on people's tables.

The strange defensive reaction we have seen to the Telekom audits suggests that many politicians in this country have forgotten that.