



# URCA

2014 ANNUAL REPORT & 2015 ANNUAL PLAN



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2014 ANNUAL REPORT & 2015 ANNUAL PLAN



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# CHAIRPERSON'S REMARKS

I am honored to have the pleasure of presenting the Utilities Regulation and Competition Authority's (URCA) 2014 Annual Report, 2014 Audited Financial Statements and the 2015 Annual Plan and Budget. I would like to thank my fellow Board Members and the URCA staff for their support and their achievements during the year.

During 2014 URCA continued with activities that encouraged and promoted sustainable competition in the Electronic Communications Sector in The Bahamas. High on the list of notable achievements is URCA's ongoing support to the Government of The Bahamas in the process to liberalize the cellular mobile market. In November 2014, a Request for Proposals was issued by the Government, indicating that a two phase process would be used to select a successful bidder for a second cellular mobile licence. The Government delegated the phase 2 process to URCA to conduct a spectrum auction. URCA continues to support this process and looks forward to the introduction of the new cellular mobile service provider and the benefits that such competition will undoubtedly bring inclusive of the provision of affordable and high quality cellular mobile services for consumers in the future.

Having completed and finalized the Consumer Protection Regulations in December 2013, URCA ensured that the Significant Market Power (SMP) licensees implemented those regulations during 2014. There was also a conscious effort to publicize the salient points of the Consumer Protection Regulations via a series of Public Service Announcements on television and the distribution of a consumer friendly booklet at public areas in Nassau and the Family Islands. URCA will continue in its efforts to promote and protect consumer interests with activities in Nassau and throughout the Family Islands.

Youth development in Information and Communications Technologies (ICTs) continues to be a priority for URCA. As such, URCA sponsored two students to attend an ITU's Regional Youth ICT Innovations Training Workshop held in Antigua and Barbuda from December 8 – 10, 2014. The workshop facilitated the participation of young people from the Caribbean Region and exposed them to opportunities in the ICT field. URCA also welcomed its first summer intern in 2014 and looks forward to welcoming more summer interns in 2015.

URCA is committed to the further development of the Electronic Communications Sector and ICTs in The Bahamas. We look forward to continuing the work in the sector and collaborating with all stakeholders to ensure the overall sector goals are achieved. URCA

will continue to promote affordable access to high quality networks and services in all regions in The Bahamas as one of the core objectives for the Electronic Communications Sector.



Randol Dorsett  
Chairperson

## URCA'S BOARD

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**Randol Dorsett**  
Chairperson



**J. Paul Morgan**  
Deputy  
Chairperson



**Kathleen Riviere-Smith**  
Executive Member  
Chief Executive Officer



**Stephen Beraux**  
Executive Member  
Director Policy & Regulation



**C. Vincent Wallace Whitfield**  
General Counsel

## ABOUT URCA



The Utilities Regulation and Competition Authority (URCA) is the regulatory authority with responsibility for the Electronic Communications Sector (ECS) in The Bahamas. The sector comprises fixed and mobile telephone services, spectrum and numbering, broadcasting including pay television and Internet services.

### GOVERNANCE

The regulatory regime for electronic communications in The Bahamas was established with the passage in 2009 of three (3) core pieces of legislation. The Communications Act, 2009 (Comms Act), The Utilities Regulation and Competition Authority (URCA) Act, 2009 and the Utilities Appeal Tribunal (UAT) Act, 2009. URCA replaced the Public Utilities Commission (PUC) and the Television Regulatory Authority (TRA).

URCA is an independent authority governed by a five-member Board comprising three (3) non-executive members, including the Board's chairperson, and two (2) executive members; the Chief Executive Officer (CEO) and Director of Policy and Regulation (DPR). Non-executive members are appointed by the Governor General. During 2014, URCA's Board comprised:

Mr. Randol Dorsett, Chairperson  
Mr. J. Paul Morgan, Deputy Chairperson  
Mrs. Katherine Doehler, Member ( up to 31 July 2014)  
Mrs. Kathleen Riviere Smith, Chief Executive Officer  
Mr. Stephen Bereaux, Director of Policy and Regulation

URCA interacts with various Ministers of Government in relation to its mandate, as follows:

- » in respect of its operations including its financial statements, and legal oversight, URCA reports to the Minister with responsibility for relations with URCA, currently the Attorney General;
- » URCA's responsibilities under the Communications Act are carried out in accordance with Government's policy established by the Minister with responsibility for the ECS (the Minister), currently the Prime Minister. Pursuant to the Comms Act, the Minister is also responsible for certain specific activities relating to the allocation and pricing of spectrum, public service broadcasting, and universal service.
- » URCA may be required from time to time to engage with the Ministers of Government with responsibility for licensee companies such as the Broadcasting Corporation of The Bahamas and the Bahamas Telecommunications Company.
- » Established pursuant to the provisions of the Act, URCA's Audit Committee is also a key component of the organisation's governance structure. Its work includes:
  - » Review of the monthly financial reports prepared by management
  - » Review, monitoring and implementation, of recommendations made by the internal and external auditors
  - » Review of the annual financial statements, including the assessment of the accounting policies

The Audit Committee also has oversight of the work of the internal auditor, who during the year continued to test and report on the

adequacy and effectiveness of internal controls and compliance with legal and regulatory requirements.

In accordance with statutory requirements URCA, prior to the end of its fiscal year, prepares and publishes for comment a plan of its activities for the ensuing year. This annual plan is finalised, after considering the responses to the plan, and is published along with the annual report, including the audited financial statements, within four months of the year end. In furtherance of the requirement for accountability, URCA is required to arrange at least one oral hearing during which the annual plan and annual report is presented and questions from interested parties answered. URCA also prepares a quarterly report of its activities. This is provided to the Minister responsible for relations with URCA and published on the Authority's web site. The requirements imposed by the Act and by the policies and practices adopted by the Board and management ensure that the activities and affairs of URCA are conducted transparently and that its stakeholders are sufficiently informed.

#### ORGANISATIONAL STRUCTURE

URCA is broadly structured into two areas, Policy & Regulation and Operations. The Chief Executive Officer, in addition to being responsible for the overall running of the organisation, oversees the Operations functions which include finance, human resources, corporate and consumer relations and general administrative functional areas. Policy & Regulation, responsible for the policy and regulatory functions within URCA, is led by the Director of Policy and Regulation. URCA employs a cadre of professionals with expertise professionals in in engineering, economics, finance, law, human resources and communications. .

#### STRATEGIC OUTLOOK

In late 2012 URCA commenced the process to review and revise its Strategic Plan, which had been formulated in 2009. This activity culminated in the completion, in late 2013, of URCA's Strategic Plan 2014 – 2019, which took effect from the beginning of 2014.

URCA's Strategic Plan is built upon the organisation's Vision and Mission. URCA's Vision seeks to ensure that URCA remains focused on its mandate, which by virtue of section 4 of the Communications Act 2009 is centred on the interests of the public in The Bahamas, applying best practices in regulation to achieve those ends. A key success factor for URCA is to be a highly regarded as a people centred organisation, having regard to the fact that its work is almost entirely human resource dependent. As such, in addition to

## URCA'S VISION

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### External Vision

“To be a globally renowned utilities regulator and competition authority which is recognised for championing the interests of persons in The Bahamas, and of the sectors we regulate. We do this by the development, adoption and application of best practices in policy and regulation.”

### Internal Vision

“We will develop a harmonious work environment characterised by honesty, trust and mutual respect. We will achieve this by developing the technical and soft skills of our people and transformational leadership across the organisation.”

## URCA'S MISSION

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We are driven by a commitment to advancing public interests through achieving sustainable competition and effective regulation of utilities and broadcasting. We are guided by our core values and dedicated to the continuous development of our people

its outward facing vision statement based on the mandate, URCA is also motivated by an internal facing vision statement which ensures that URCA maintains focus on its people.

Building on the Vision and Mission, URCA formulated strategic goals based on its assessment of the strengths and weaknesses of the organisation and the environmental factors which would affect URCA's achievement of its vision. Those strategic goals are described below.

### **PROMOTING THE INTERESTS OF THE PUBLIC**

The electronic communications policy objectives as set out in the Comms Act mandates that URCA's role and responsibilities focus on the provision and delivery of service to persons in The Bahamas at a level which will strengthen the social, economic and cultural framework of the country. This is a central tenet of regulators globally.

As such, the primary strategic goal for URCA in relation to its regulatory activities will be the promotion of the interests of the public. This goal will be achieved through a focus on several regulatory areas, including but not limited to:

Protection of consumers of electronic communications services: to ensure that they receive a level of service which is appropriate and consistent with best international practices and standards;

Promotion of sustainable competition: ensure that all participants in the market have a level playing field while being guided by high level principles of fairness, non-discrimination and transparency; and provide services which are of the highest standard at the best possible price;

Promotion of investment and innovation in the sector: ensure that services which are of the highest standard at the best possible price are provided to all consumers throughout all of The Bahamas;

Effective management of state resources (spectrum and numbers): ensure that they further the development of the sector and the general interests of the public.

### **COMMITMENT TO DEVELOPING OUR PEOPLE**

Regulation is a highly human resource intensive activity, which requires professionals who are highly trained, skilled and experienced in specialised areas of law, economics and finance, and engineering. As URCA is the first organisation of its kind in The Bahamas, the recruitment and retention of highly skilled professionals in the requisite disciplines is a challenge. As such, the acquisition and development of the necessary skills by URCA is a key strategic goal, on which URCA must remain focused. URCA will seek to combine recruitment of suitable candidates with rigorous training and up-skilling of team members in order to develop the required knowledge and expertise.

This goal is not only focused on the need for skilled and experienced internal resources within URCA, but also on the need for more skilled regulatory professionals throughout the ECS in The Bahamas, if URCA's work is to be successful.

### **COMMITMENT TO PUBLIC ENGAGEMENT**

Despite URCA's public awareness efforts, its work remains mainly unknown to much of the residents of The Bahamas and therefore the potential benefits of a well regulated ECS are not fully experienced by many persons.

From an industry stakeholder perspective, URCA is committed to doing all it can to bring key stakeholders and licensees along in the areas of regulatory knowledge, as well as understanding of motivations on both the regulator and regulated entity sides.

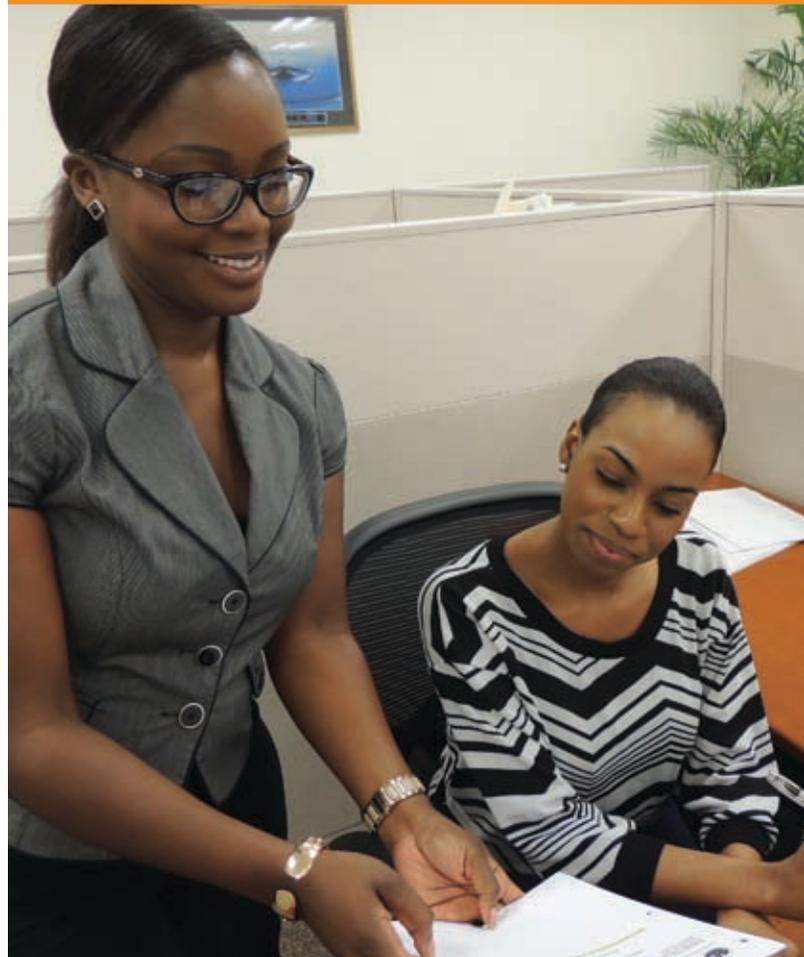
Finally, from a Government perspective, URCA must ensure that the Government is in a position to leverage the maximum benefit from the presence of an independently regulated ECS to achieve its broader national policy objectives.

## STRATEGIC PRIORITIES FOR 2014

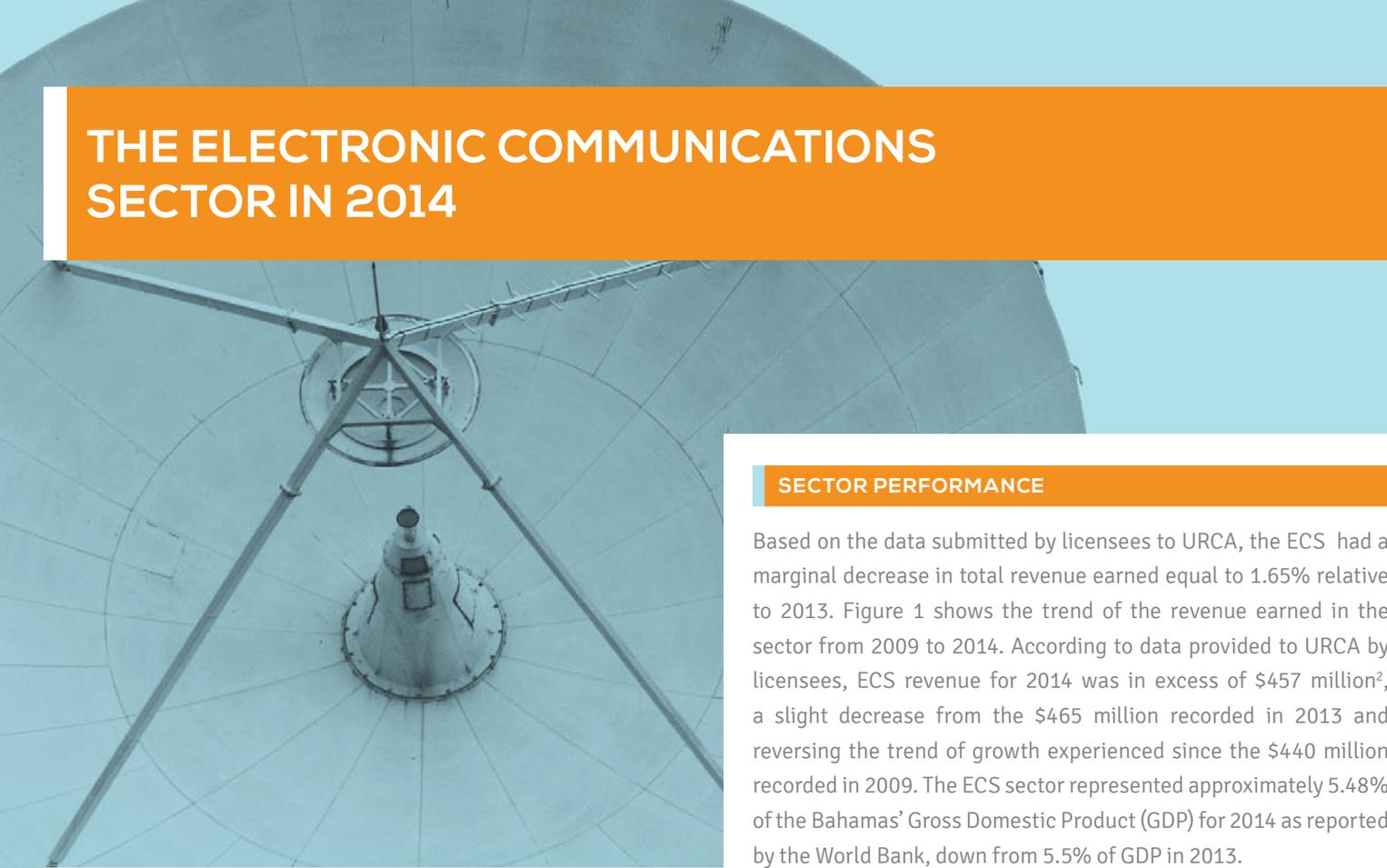
Based on the above Strategic outlook, in 2014 URCA was focussed on achieving the following broad strategic priorities:

- » Preparation for Mobile Liberalisation
- » Protection of Consumers
- » Encouraging Competition
- » Promoting Affordable Access to Services throughout The Bahamas
- » Promoting a Wide Range of High Quality Content Services
- » Managing Radio Spectrum Effectively and Efficiently
- » Building Regulatory Capacity and Human Capital
- » Educating our Stakeholders
- » Raising Public Awareness of URCA

**“URCA WILL SEEK TO COMBINE RECRUITMENT OF SUITABLE CANDIDATES WITH RIGOROUS TRAINING AND UP-SKILLING OF TEAM MEMBERS IN ORDER TO DEVELOP THE REQUIRED KNOWLEDGE AND EXPERTISE.”**



# THE ELECTRONIC COMMUNICATIONS SECTOR IN 2014



## MARKET OVERVIEW

It is evident that electronic communications, including all information and communications technologies (ICTs), offers major transformational opportunities to economies worldwide including increases in productivity, wealth creation and poverty reduction.. In terms of service provision, technology use, quality of service, pricing and accessibility, the Bahamian ECS is quickly becoming comparable to communications sectors in major international markets. In 2014, the ECS employed more than 1,200<sup>1</sup> in The Bahamas, which is slightly less than the 1,300 during the year 2013. The Bahamas' electronic communications sector (ECS) regulatory framework is focused on developing sustainable competition and creating an environment where investment could take place.

There are five primary markets within the Bahamian electronic communications sector:

- » Fixed Voice Telephony Services
- » Mobile Voice and Mobile Data Services
- » Internet
- » Pay-TV
- » Free-to-Air Broadcasting (including AM/FM radio, television)

## SECTOR PERFORMANCE

Based on the data submitted by licensees to URCA, the ECS had a marginal decrease in total revenue earned equal to 1.65% relative to 2013. Figure 1 shows the trend of the revenue earned in the sector from 2009 to 2014. According to data provided to URCA by licensees, ECS revenue for 2014 was in excess of \$457 million<sup>2</sup>, a slight decrease from the \$465 million recorded in 2013 and reversing the trend of growth experienced since the \$440 million recorded in 2009. The ECS sector represented approximately 5.48% of the Bahamas' Gross Domestic Product (GDP) for 2014 as reported by the World Bank, down from 5.5% of GDP in 2013.

## FIXED VOICE TELEPHONY SERVICES

Fixed voice telephony services are provided by both the Bahamas Telecommunications Company Limited (BTC) and Cable Bahamas Limited (CBL).

BTC is the only fixed voice provider that is designated by URCA as having significant market power (SMP). This means that BTC has the economic strength to behave to an appreciable extent independently of its competitors, consumers and subscribers. BTC provides local, domestic long distance (DLD) (inter-island) and international calls using a PSTN/fibre optic network, submarine cable system and supporting Satellite communications facilities. These services and related infrastructure are provided nationwide.

CBL (including its affiliates Systems Resource Group Limited (SRG) and Caribbean Crossings Limited (CCL)) provides local, DLD and international calls to residents of New Providence, Grand Bahama, Eleuthera and Abaco by way of its fibre optic/coaxial cable network and a fibre optic submarine cable system.

In 2014, the number of fixed line subscribers continued to decrease from the previous year to approximately 126,000, which was equal to a decline of 1.59%. Figure 2 shows that the fixed telephone penetration rate reduced from 35.65<sup>3</sup> in 2013 to 34.67 in 2014, with

FIGURE 1. TOTAL ECS REVENUE, 2009 - 2014



FIGURE 2. FIXED TELEPHONE SERVICE PENETRATION, 2009-2014

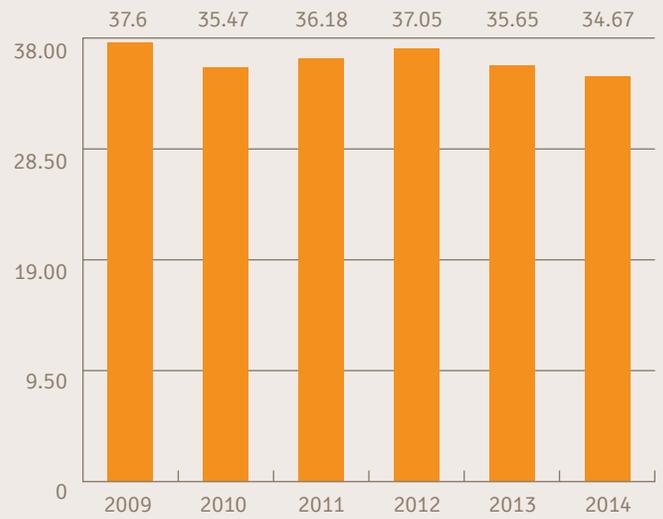
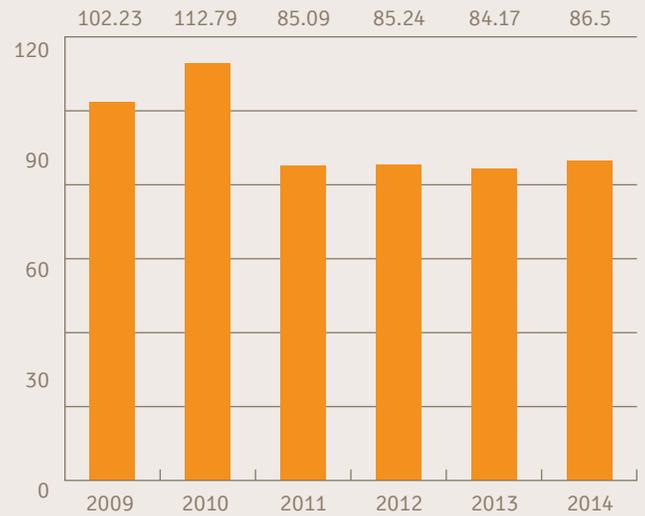


FIGURE 3. FIXED TELEPHONE SUBSCRIBERS, 2009 - 2014



FIGURE 4. MOBILE VOICE PENETRATION SUBSCRIPTIONS PER 100 POPULATION



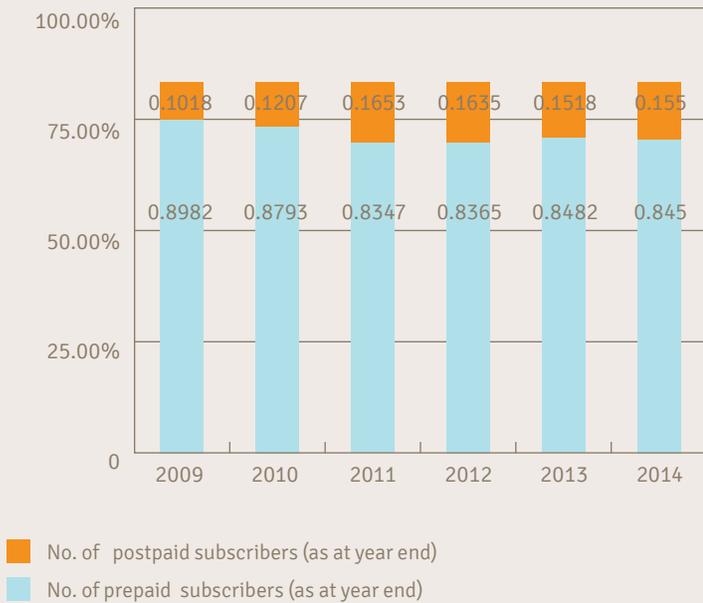
- Residential
- Business
- URCA Market Information Request - (2009-2014)

<sup>1</sup>Based on URCA information collected from licensees for 2014

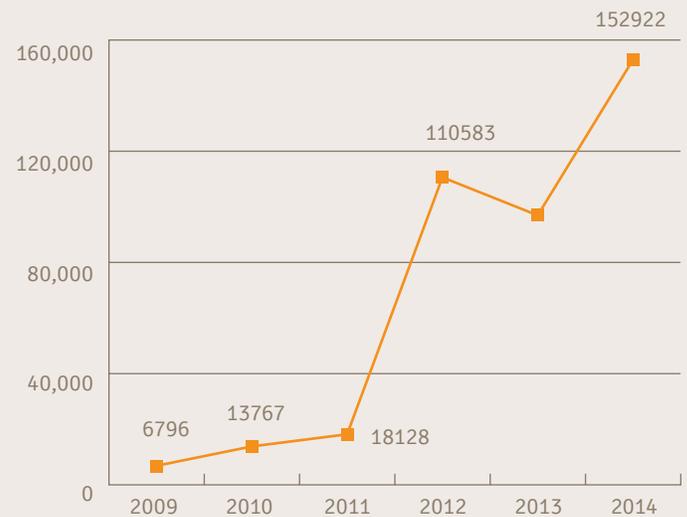
<sup>2</sup>Based on URCA information collected from licensees for 2014

<sup>3</sup>Based on URCA information collected from licensees for 2014

**FIGURE 5: PROPORTION OF PREPAID AND POSTPAID SUBSCRIBERS IN VOICE MARKET, 2009-2014**



**FIGURE 6. NUMBER OF MOBILE DATA SUBSCRIBERS, 2009-2014**



decreases in the number of residential and business subscribers over the year. Figure 3 shows that the number of residential subscribers increased by an estimated 0.35%, whereas the business numbers decreased by approximately 5.85%.

**MOBILE VOICE AND MOBILE DATA SERVICES**

BTC is still the sole provider of mobile services to the Bahamian market, though the completion of the selection process for the award of a second mobile license is expected to take place during the year 2015. In 2014, there were approximately 314,842 mobile voice subscribers in The Bahamas. Figure 4 shows that the mobile voice penetration rate increased by 2.77% from 84.17<sup>4</sup> in 2013 to 86.50 per 100 members of the population. Figure 5 shows that the quantity of prepaid subscribers remains significantly higher than the number of postpaid subscribers, though both numbers increased marginally over the year 2013.

Figure 6 shows that the number of data subscribers in the mobile market increased significantly by 36.62% during the year 2014, ending the year at 152,922<sup>5</sup> subscribers. This increase is primarily due to a marked increase in the number of prepaid subscribers from 71,845 to 132,600, while the number of postpaid subscribers

decreased over the same time period from 25,083 in 2013 to 20,322 in 2014 (Figure 7). It should be noted that prepaid data services were first offered in The Bahamas in 2012, and have rapidly grown to dominate the market. As a result of these changes, postpaid subscribers now represent a small proportion of the mobile data market (13.28% in 2014), comparable to the percentages experienced in relation to voice subscribers (Figure 8).

The rapid growth of the mobile data market is consistent with Government policy to encourage broadband penetration. URCA will continue to introduce measures to encourage further growth.

BTC’s postpaid mobile voice prices for off-net calls vary from \$0.16 to \$0.18 per minute depending on the package selected by the customer. It should be noted that CBL charges \$0.17 and \$0.24 for calls from its fixed network to BTC’s fixed lines and mobile lines, respectively.

Prepaid mobile voice rates are \$0.33 per minute during peak hours (7:00 am to 6:59 pm); \$0.15 per minute during off peak hours (7:00 pm to 6:59 am) and \$0.20 per minute on weekends. Prepaid data packages can be purchased for prices that range from \$3 and \$30 per month. Prepaid credit is debited at \$0.05 for local texts and \$0.15 for international texts.

FIGURE 7. PREPAID AND POSTPAID MOBILE DATA SUBSCRIBERS, 2009 - 2014

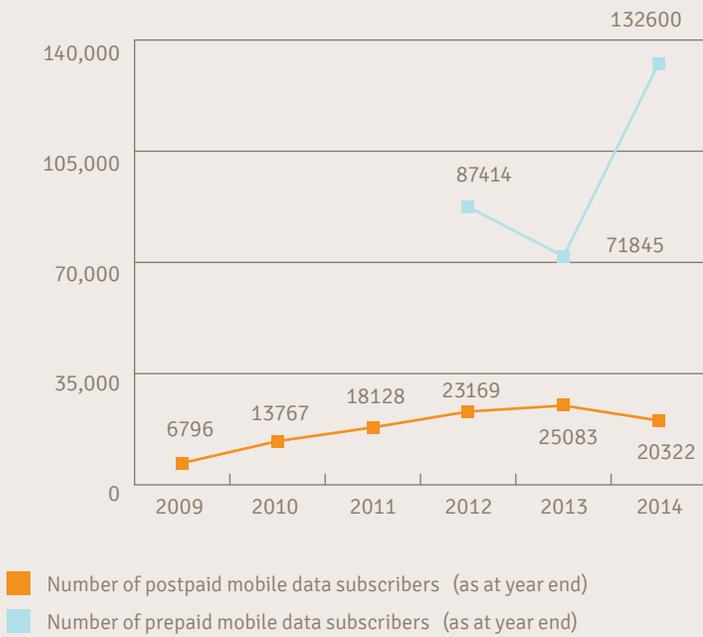


FIGURE 8. PROPORTION OF PREPAID & POSTPAID MOBILE DATA SUBSCRIBERS, 2009-2014

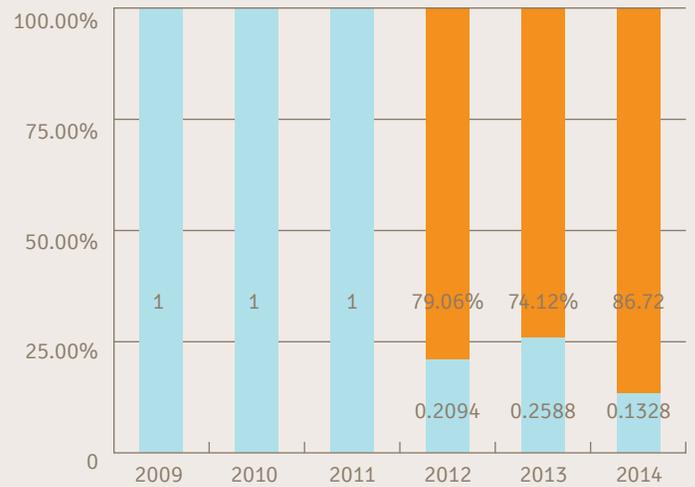


FIGURE 9. FIXED BROADBAND SERVICE PENETRATION, 2009-2014



FIGURE 10. NUMBER OF BROADBAND SUBSCRIBERS (AS AT YEAR END), 2009 - 2014



<sup>4</sup> Based on URCA information collected from licensees for 2014

<sup>5</sup> Based on URCA information collected from licensees for 2014

FIGURE 11. PAY TV PENETRATION , 2010 - 2014

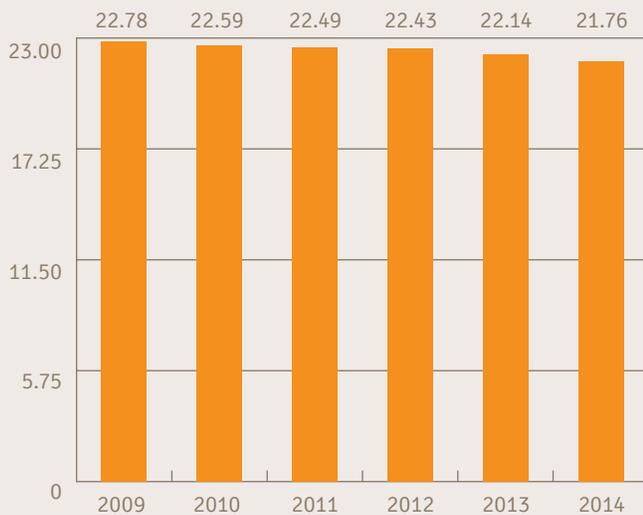
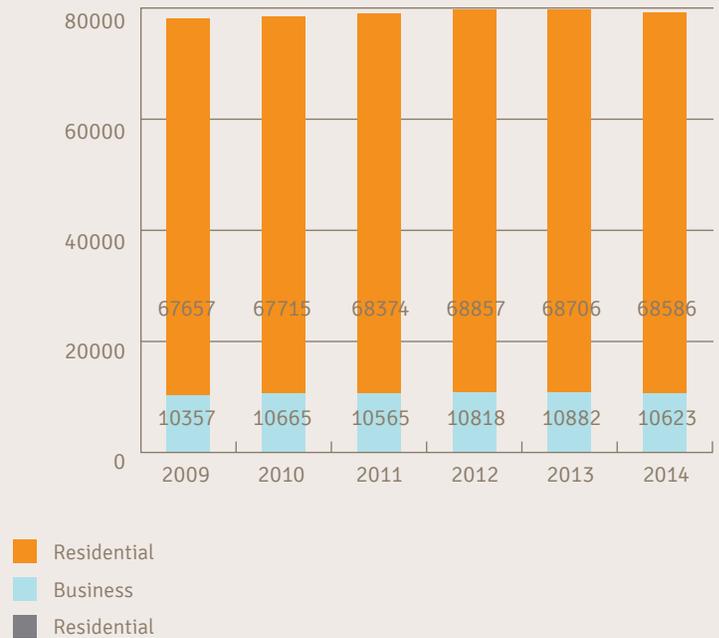


FIGURE 12. NUMBER OF PAY TV SUBSCRIBERS (AS AT YEAR END), 2009 - 2014



### FIXED INTERNET

Fixed internet services are provided primarily through broadband infrastructure by CBL and BTC. CBL has been designated by URCA as having SMP for the provision of high speed internet and connectivity services in New Providence, Grand Bahama, Eleuthera and Abaco. BTC retains SMP in areas where CBL has no presence.

Based on the information provided to URCA by licensees there was a slight increase in the penetration rate from 20.17<sup>6</sup> in 2013 to 20.90 in 2014. As can be seen by Figure 11 both residential and business customers increased slightly over the year 2014, from 62,268 to 64,809 and 10,227 to 11,245 respectively (Figure 9).

### PAY TV

CBL maintains SMP provider status for Pay TV services in The Bahamas, and controls virtually all of the market served by URCA's licensees<sup>7</sup>. The service is provided in New Providence, Grand Bahama, Eleuthera, Abaco and other Family islands, including business and residential customers, by way of a fibre optic/coaxial cable network.

Figure 11 shows that the penetration rate during the year 2014 decreased slightly from 22.14<sup>8</sup> to 21.76.

As seen by Figure 12 the number of business and residential subscribers decreased during the year 2014, from 10,882<sup>9</sup> to 10,623 and from 68,706 to 68,586, respectively.

### FREE TO AIR BROADCASTING

As shown in Table 1, there were more than 30 licensed operators in the Free to Air Broadcasting market in 2014 a marginal decrease from the 40 that were licensed in 2013, including mostly radio stations.<sup>10</sup> The state-owned Broadcasting Corporation of The Bahamas (BCB) is the only licensee that operates a radio station with nationwide coverage.<sup>11</sup> The BCB also provides free analogue television in New Providence. All other entities in this market are niche operators broadcasting religious programming, music, sports, newscasts or talk shows. The coverage of each of these radio stations varies throughout The Bahamas with the majority broadcasting mainly to New Providence.

<sup>6</sup>Based on URCA information collected from licensees for 2014

<sup>7</sup>It should be noted that some persons in The Bahamas obtain PayTV services from unregulated satellite providers, however, a recent survey by URCA estimates this to represent an insignificant percentage of the market, predominantly in areas which are not served by CBL or as a complement to CBL's services.

<sup>8</sup>Based on URCA information collected from licensees for 2014

<sup>9</sup>Based on URCA information collected from licensees for 2014

<sup>10</sup>Source: Public Register of: Individual Licensees and Class Licensees Requiring Registration [ECS 09/2010]

<sup>11</sup>The Broadcasting Corporation of the Bahamas is also known as Zephyr Nassau Sunshine (ZNS)

**TABLE 1. COMMERCIAL RADIO BROADCASTING LICENSEES**

Licensee	Island	Frequency (MHz)
Associated Media Group Ltd.	New Providence	91.7 (FM)
Bahamas Free Press Ltd.	New Providence	101.9 (FM)
Bahamas National Library Service/MOE/ UNESCO	New Providence	90.1 (FM)
Bartlett-McWeeney Communications Limited	New Providence	105.9 (FM)
Cathedral of Olive	Andros	88.5 (FM)
Calvary Bible Church	New Providence	89.1 (FM)
Carter Broadcasting Bahamas Limited	New Providence	102.9 (FM)
Christopher J. Forsythe Trading As: Splash FM	Abaco Eleuthera Eleuthera New Providence	95.5 (FM) 89.9 (FM) 98.5 (FM) 92.5 (FM)
Classical FM Bahamas Limited	New Providence	98.1 (FM)
DC Productions Limited	New Providence	107.1 (FM)
DKM Communications Limited	New Providence Abaco Andros	93.9 (FM)
Dovoro Limited – Cool FM	Grand Bahama New Providence	96.1 (FM)
Dwight Hart – Breeze FM	Exuma	98.3 (FM)
Frank Rutherford & Philip Smith/ Navette Broadcasting & Entertainment Company Limited	New Providence	103.5 (FM)
Genesis Academy Limited	New Providence	89.7
George O. Harris/ ADVO Enterprises	Inagua	106.1 (FM)
Global Communications Network	New Providence	99.5 (FM)
Guardian Radio Ltd.	New Providence	96.9 (FM)

Licensee	Island	Frequency (MHz)
Infinity Communications Ltd.	Grand Bahama	103.7 (FM)
Intercity Broadcasting Group Limited	Grand Bahama	102.1 (FM)
J.K. Communications Network Limited	New Providence	101.1 (FM)
Jones Communication Limited	New Providence	97.5 (FM)
LYFE Broadcasting Network Limited	New Providence	90.9 (FM)
More FM Company Limited	New Providence Grand Bahama	94.9 (FM)
New Wave Communications	New Providence Abaco	98.7 (FM)
Neverland Productions Ltd.	Andros	99.1 (FM)
Pure Gold Investment Limited	New Providence	106.5 (FM)
Radio Abaco	Abaco	93.5 (FM) 91.1 (FM)
Shena Carroll Enterprises Ltd.	New Providence	105.1 (FM)
South Bahamas Conference of Seventh-day Adventists	New Providence	88.3 (FM)
Tribune Radio Limited	New Providence Freeport	100.3 (FM)
Abaco		
The McKinney Media Group Ltd.	New Providence	107.5 (FM)
The Broadcasting Corporation of The Bahamas	New Providence	107.1 (FM) 107.9 (FM)
	Freeport	810 KHz (AM)
	New Providence	1240KHz (AM) 1540 KHz (AM) 104.5 (FM)
Turning Point Radio Bahamas Ltd.	New Providence	102.3 (FM)

# URCA'S YEAR IN REVIEW



URCA's 2014 Annual Plan, the final version of which was published together with URCA's Annual Report for 2013, during the first trimester of 2014, set out URCA's priorities and goals for 2014 based on the new Strategic direction for the organisation set out in URCA's Strategic Plan 2014 – 2019, and outlined above. The 2014 Strategic Priorities projects as well as other matters which arose during 2014, is discussed in the review below.

To that end, during 2014 URCA proposed and worked on a number of projects designed to further several broad priorities, extracted from the Strategic Goals set out in the Plan. The work that was undertaken is described briefly below in the context of each of the identified priorities:

## PREPARATION FOR MOBILE LIBERALISATION

The Government noted in the ECS Policy that cellular competition is a key objective for the electronic communications sector (ECS) moving forward, and directed URCA to take all necessary steps to introduce competition in the cellular services market in The Bahamas as expeditiously as possible following the expiry of the BTC exclusivity period.

The special rights granted to BTC in the provision of cellular services expired on 7 April 2014. During 2014 URCA placed the highest

focus on activities related to cellular liberalisation in light of this important market shift and given the significant volume of work required to meet the Government's expectations.

The Comms Act places responsibility for the selection of licensees of premium spectrum (which applies to cellular mobile providers) upon the Minister with responsibility for the ECS, which is currently the Prime Minister. To that end, URCA prepared various briefs and documents designed to ensure that the Prime Minister and the Cellular Liberalisation Task Force, which was appointed by the Prime Minister to manage the process, had the full benefit of URCA's advice and input regarding the method and process for selection of a new provider.

The Task Force's recommendation to the Prime Minister was to conduct a competitive selection process comprising two phases, a Technical and Financial Assessment of Proposals by an expert panel appointed by the Prime Minister; to be followed by a Spectrum Auction conducted by URCA on behalf of the Prime Minister. The "Request for Proposals to Operate a Cellular Network and Provide Cellular Services in The Bahamas" was issued by the Government of The Bahamas on 13 November 2014. The closing date for receipt of applications was 11 February 2015.

In accordance with the requirements of that process, in 2014 URCA commenced preparations to conduct the Spectrum Auction which is anticipated to take place in early 2015. In addition, URCA commenced preparatory work on several other matters related to Cellular Liberalisation including, but not limited to:

- » reviewing its Interconnection and Access guidelines to ensure that they are sufficiently robust to address interconnection in the context of a liberalised cellular mobile market;
- » preliminary work in relation to matters such as significant market power (SMP) assessment for mobile operators;
- » reviewing spectrum to ensure the availability of adequate standard spectrum to support mobile networks; and,
- » implementation of mobile number portability

In its 2013 Annual Plan, URCA indicated its intention to publish a consultation document on Infrastructure Sharing Regulations in the fourth quarter of 2014. URCA considered that the imminent introduction of cellular mobile competition in The Bahamas would result in the construction of new towers to accommodate new cellular radio equipment. In URCA's view, if left unchecked

such construction may present significant challenges to public safety, health and the environment. Therefore, the introduction of Infrastructure Sharing Regulations would serve to minimise the duplication of towers throughout The Bahamas and mitigate any harm or the perception of harm resulting from tower construction. Moreover, URCA considered that the sharing of facilities would reduce the need for operators to construct new towers, thereby reducing the investment required to enter the market. This would have the effect of reducing barriers to entry into the ECS.

Public consultation on the Infrastructure Sharing Regulations commenced on 8 December, 2014. The consultation closed on 30 January 2015. URCA intends to publish its Statement of Results and the final Regulations during the first Trimester of 2015.

## PROTECTION OF CONSUMERS

On 30 December 2013, URCA published its Consumer Protection Regulations, which provided for various rights and obligations of consumers in relation to the electronic communications services provided in The Bahamas. In 2014, consistent with its Strategic Goal of Promoting the Interests of the Public, and building on the work done in 2013, URCA fully implemented the Consumer Protection Regulations, by exhorting operators to put in place the necessary systems and processes to achieve the service levels indicated in the Regulations. Operators were also tasked with implementing the monitoring, enforcement and compensation frameworks identified in the Regulations. A key component of implementation of the protections afforded by the regulations is ensuring that the public is aware of their rights and is encouraged to insist on those rights. Thus, during 2014, URCA published the regulations in a user friendly booklet form which has been distributed throughout The Bahamas, and also conducted significant public awareness initiatives.

## IMPROVING QUALITY OF SERVICE

A key aspect of protection of consumers is ensuring a high quality of service, where competitive pressures are inadequate to do so. To that end, URCA commenced work in 2013 on Network Quality of Service Regulations, which URCA had anticipated consulting on in 2014. This was not achieved due to limitations on available resources, and URCA will seek to commence consultation and complete this work in 2015.

URCA also investigated outages and other service failures by operators, particularly those with SMP. In March 2014 URCA commenced an investigation into a widespread network outage experienced by BTC on 22 March 2014 (the March 2014 Network

Outage). Following a detailed and in-depth investigation, in December 2014, URCA issued a Preliminary Determination and Draft Order to BTC. URCA considered the nature and scope of the March 2014 Network Outage and the consequential impact on the Bahamian public and consumers to be a matter of significant regulatory concern.

URCA's Preliminary Determination also considered whether BTC complied with URCA's Final Determination and Order issued on 7 March 2013 consequential to the BTC network outage of June 18, 2012 (the June 2012 Network Outage) and the extent to which any failure or refusal by BTC to fully comply with the said Final Determination and Order may have caused or contributed to the March 2014 Network Outage.

BTC was given until 30 January 2015 to submit written representations to URCA on the matters contained in the Preliminary Determination and Draft Order.

# CONSUMER PROTECTION IS IN EVERYBODY'S BEST INTEREST

The Utilities Regulation and Competition Authority (URCA) has established Consumer Protection Regulations for the Electronic Communications Sector. The Regulations also set out standards for the quality of services you receive.



Get your copy of the Consumer Protection Regulations today at [www.urbahamas.bs](http://www.urbahamas.bs).  
Email us at [info@urbahamas.bs](mailto:info@urbahamas.bs) or telephone 242 396 5200.  
Family Islands toll free at 242 300 URCA (8722)

## ENCOURAGING COMPETITION

### REVIEW OF RETAIL MARKETS

During 2014 URCA completed a process commenced in 2013 to review the competitive conditions in key retail markets (pay TV, fixed telephony, broadband internet, and high speed data and connectivity services). The purpose of this market review was to determine which, if any, Licensees have SMP in the identified services markets. The cellular mobile sector was excluded from this analysis because BTC is the only operator of cellular mobile networks and services in The Bahamas at this time. The final outcome of this SMP evaluation was published on 2 December, 2014 as ECS 14/2014 titled “Assessment of Significant Market Power in the Electronic Communications Sector in The Bahamas under Section 39(1) of the Comms Act, 2009”.

Within ECS 14/2014, URCA identifies Licensees that have SMP in pay TV, fixed voice services and broadband internet and URCA specifies the ex-ante measures applicable to such Licensees. The regulatory measures implemented by URCA include a new retail pricing scheme based on price caps. URCA will hold further industry engagement on the design and implementation of the price cap regime.

### ESTABLISHMENT OF WHOLESALE FIXED TERMINATION RATES

Following URCA’s 2013 finding (ECS 13/2013 dated 22 August 2013) that BTC, CBL, and IP Solutions International Ltd. (iPSi) hold SMP in terminating calls on their respective networks. URCA issued a Final Determination (ECS 12/2014 dated 20 June 2014), after public consultation, setting out the charging regime for fixed call termination rates for CBL and iPSi. Firstly, URCA imposed symmetric fixed termination rates on all operators having SMP in call termination services. Secondly, CBL and iPSi were required to set their fixed termination rates equal to the URCA-approved fixed termination rates for BTC for the period 2014/2015. Finally, URCA directed that the existing asymmetry in fixed termination rates should be removed by October 2014. As at the end of 2014, URCA continued to confirm compliance by all licensees with its final decision.

### REVIEW OF RETAIL PRICING RULES

At the urging of BTC and CBL, URCA comprehensively reviewed the “Regulation of Retail Prices for SMP operators – Rules” (ECS 15/2010) in 2013. Consequently, ECS 15/2010 was amended and reissued as ECS 06/2014 on 16 April 2014. Within the revised Rules, SMP operators are allowed greater pricing flexibility in terms of the timeframes for price approvals and a shorter period before the SMP

operator can launch a similar Full Length Special Promotion. URCA introduced the “Short-Term Promotion” which replaced the Single Day and One Week Promotion and does not require anti-competitive tests or URCA’s prior approval.

As requested by SMP operators, URCA added more transparency and predictability to the pricing framework by providing further guidance on the application of anti-competitive tests and clarification on the approval process for price regulated USO-related services.

### ADDRESSING ANTI-COMPETITIVE BEHAVIOUR

During 2014, URCA also completed its consideration of one of two on-going investigations into complaints of anti-competitive behaviour. The investigation, which commenced in 2012, pertained to a complaint by SRG (a subsidiary of CBL) that BTC had engaged in anti-competitive practices which contravened sections 67 and 69 of the Comms Act. The particular conduct complained of pertained to agreements entered into by BTC with wholesalers of calling cards which prevented those wholesalers from selling or distributing cards owned by SRG which competed with BTC’s cards. Following a detailed and rigorous investigation, on 29 July 2014 URCA issued its Adjudication and Order finding that the agreements which BTC had with its ‘Master Distributors’ infringed sections 67 and 69 of the Comms Act, and required BTC to take remedial action as well as to pay a fine to URCA.

In compliance to URCA Order, BTC paid the fine and the offending contract was removed from the market in accordance with URCA’s Order. It should be noted that on 12 September 2014 BTC filed an Appeal against URCA’s Adjudication and Order before the UAT. The Appeal was on-going as at the end of 2014, with CBL having intervened as an interested party on 10 December 2014.

As at the end of 2014, URCA had two competition related complaints under consideration, namely:

1. Complaint submitted by BTC against CBL in relation to the refusal by CBL Media Limited (a subsidiary of CBL) to carry advertisements of BTC’s broadband products; and
2. Complaint submitted by CBL against BTC seeking compensation for the blocking of incoming international calls by BTC.

## CHANGES IN RETAIL PRICES

During 2014 URCA received and processed a total of 30 submissions (applications or notifications) for changes in pricing. Of those applications, 27 were submitted by BTC and 3 by CBL. Eight (8) applications were to introduce a permanent price change, with six (6) submitted by BTC and two (2) by CBL. Four (4) applications were for a new product or price package, with three (3) of those submitted by BTC and one (1) by CBL. The remaining eighteen (18) submissions were all submitted by BTC for special promotions. Of the submissions, 27 related to mobile services and only three to fixed services.

It is noteworthy that the implementation of the new Retail Pricing Rules (ECS 06/2014) appears to have been accompanied by an increase in the number of notifications and approval/application requests for promotions submitted by operators.

Of the applications received, perhaps the most significant in terms of impact is CBL's application submitted on 7 October 2014, for approval to permanently increase the current monthly price (\$30) for its residential 'SuperBasic' service (marketed as 'RETV Prime') by \$8. CBL also proposes to implement the same percentage increase (27% or \$14) on the current monthly price (\$50) for the equivalent commercial offering (marketed as 'RETV Business Prime'). Essentially, SuperBasic is the minimum or entry-level cable television product that customers must purchase prior to adding any of CBL's premium tier channels or services. The monthly price of SuperBasic is the recurring fee customers must pay to maintain an active account with CBL. It is important to note that the price increase is only being proposed for the islands of New Providence, Grand Bahama, Abaco and parts of Eleuthera.

CBL accompanied its SuperBasic application with a separate application to introduce a "New Basic Television Service" (to be marketed as 'Prime Local' or 'RETV Prime Local'). As proposed by CBL, the Prime Local product would be a lower priced residential product comprising six channels, including ZNS Channel 13 and the Parliamentary Channel. CBL seeks to introduce this new service to fulfil the company's universal service obligation in basic television services. At this time, the Prime Local package would only be available on New Providence, Grand Bahama, Abaco and parts of Eleuthera where CBL operates a two-way digital network and is technically capable of offering multiple packages.

CBL's applications are of public significance and warrant a public consultation before URCA makes its final decision. As such, on 19 December 2014 URCA published a consultation document addressing the applications for public comments. The comments submitted will be considered by URCA in coming to a final decision on CBL's applications.



## REVIEW OF ACCOUNTING SEPARATION RESULTS OF SMP OPERATORS

The Separated Accounts of SMP operators are submitted to URCA annually for review, to ensure their consistency with URCA's established guidelines, to identify any regulatory impact and to ensure they remain fit for purpose moving forward. URCA completed the review of CBL's 2013 accounts in August 2014. The review for BTC's 2013 accounts is more comprehensive due to the need for a full review to identify and address certain challenges regarding the outputs from the accounts. URCA completed the review of BTC's 2012 Separated Accounts in August 2014. URCA also commenced in 2014, a detailed review of BTC's 2013 Separated Accounts which is expected to be completed by the first trimester of 2015.

## RESOLVING DISPUTES IN THE ECS

On 31 December 2014, URCA issued its Statement of Results and Final Determination on its Alternative Disputes Resolution (ADR) Guidelines (ECS 19/2014). Concurrently with the publication of the Statement of Results and Final Determination, URCA also published its Alternative Disputes Resolution (ADR) Schemes for disputes

between licensees (ECS 20/2014) as a stand-alone document. URCA expects in 2015 to publish its ADR Schemes for disputes between consumers and licensees, also as a stand-alone document.

## LICENSING OPERATORS OF NETWORK; PROVIDERS OF SERVICES AND USERS OF SPECTRUM

In 2014 URCA intended to review and revise its Licensing Framework, having regard to the experience gained by URCA in the five (5) years since the framework was introduced in 2009. Due to competing priorities, it was not possible to complete this work in 2014 and URCA will endeavor to do so in 2015.

The processing of applications is a key ongoing activity for URCA, requiring consistent dedication of resources particularly having regard to stringent timeframes established in the Comms Act, and the need to ensure fairness, non-discrimination, transparency and accuracy.

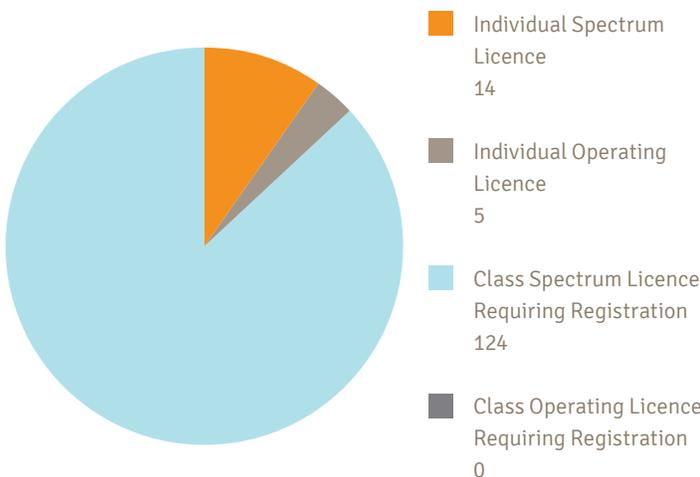
In 2014 URCA issued (143) licences which included 124 Class Spectrum Licences Requiring Registration, 14 Individual Spectrum Licences and 5 Individual Operating Licences. No Class Operating Licences Requiring Registration were issued in 2014. This is compared with 146 new licences in 2013, which included 130 Class Spectrum Licences Requiring Registration, 13 Individual Spectrum Licences, 2 Individual Operating Licences and 1 Class Operating Licence Requiring Registration. Class spectrum licences authorize users of designated segments of spectrum to operate on a shared basis, under a common set of conditions. URCA's processing of licence applications was completed within timeframes, which for another consecutive year, remained well within the statutory requirements.

Processing of individual spectrum and individual operating licence applications were completed within 4 and 5 day averages compared to the 30 day requirement for all individual licence applications; class spectrum licence applications requiring registration required on average 20 days for completion, compared to the 45 day requirement for all class licence applications.



Licence Type	Statutory Timeframe	Average Processing Timeframe	Total Licences Issued
Individual Spectrum Licence	30 days	4 days	14
Individual Operating Licence	30 days	5 days	5
Class Spectrum Licence Requiring Registration	45 days	20 days	124
Class Operating Licence Requiring Registration	45 days		0

### Total Number of Licences Issued in 2014



In comparison to the previous year, there was no significant fluctuation in the number of applications that were submitted for the various types of electronic communications services.

2014 saw a reduction in the number of licences which were voluntarily surrendered and an increase in the number of licences that were revoked for not paying their annual fees.

The following number of licensees voluntarily surrendered their licences:

Category of Licence	Number
Class Operating Licences	1
Class Spectrum Licences	3
Individual Operating Licences	0
Individual Spectrum Licences	5

The following number of licensees were revoked for non-payment of licence fees:

Category of Licence	Number
Class Operating Licences	1
Class Spectrum Licences	0
Individual Operating Licences	3
Individual Spectrum Licences	2

### PROMOTING AFFORDABLE ACCESS TO SERVICE THROUGHOUT THE BAHAMAS

Since 2012, URCA has worked assiduously on the Universal Service Obligations (USO) as contemplated by the Comms Act. In 2013, URCA published its Statement of Results and Final Decision [ECS 01/2013] on the “Framework for the Clarification and Implementation of Existing Universal Service Obligations under section 119 and Schedule 5 of the Comms Act”. More recently, on 19 August 2014, URCA commenced consultation on the “Guidelines for the Calculation of Net Avoidable Costs of the Universal Services” for BTC (ECS 15/2014) and CBL (ECS 16/2014). The consultation period closed on 31 October 2014. A statement of results will be forthcoming in 2015.

URCA expects to issue its Statement of Results on the “Regulation for the Establishment, Management and Administration of The Universal Service Fund (USF) Under Section 44 of The Comms Act, 2009” in 2015.

In October 2014, CBL withdrew its appeal against URCA to the UAT relating to decisions that were made by URCA in its USO Implementation Framework.

As noted above, URCA also received in 2014 an application from CBL in respect of its USO Pay TV obligations, consideration of which was on-going as at the end of 2014.

### PROMOTING A WIDE RANGE OF HIGH QUALITY CONTENT SERVICES

On 2 March 2012, URCA issued the “Code of Practice for Content Regulation” ECS 06/2012 (the Code) which, in accordance with Part IX (and sections 52 and 53 in particular) of the Comms Act established a framework for URCA to regulate content broadcast on radio, television and pay TV in The Bahamas.

In 2014 the Content Regulation Industry Group (CRIG), a joint regulator/industry working group envisaged by the Code, met regularly with a view to reviewing the Code as scheduled for 2014. This work will continue in 2015 with the publication of a draft revised Code for consultation anticipated in the third Trimester.

## MANAGING RADIO SPECTRUM EFFECTIVELY AND EFFICIENTLY

URCA will continue with initiatives to not only manage the spectrum effectively, but also to ensure that it is used optimally so as to promote the availability of the highest possible quality and variety of services to all persons in The Bahamas.

On 10 April 2014 URCA published the “National Spectrum Plan 2014 – 2017” (ECS 03/2014) following the approval of the draft document by the Minister with responsibility for the ECS. This document ensures that URCA is in compliance with the section 31(1) of the Comms Act. URCA is required “to publish a spectrum plan, which is consistent with any applicable international treaties, commitments or standards including without limitation those of the International Telecommunications Union and shall take into account relevant international recommendations”. This document affects all services which are regulated by URCA, i.e. Fixed Voice Telephony Services, Mobile Voice and Mobile Data Services, Internet, Pay-TV and Free-to-Air Broadcasting (including AM/FM radio, television).

URCA has also completed a review of Radio Spectrum Pricing. Subsequent to that review, URCA issued a consultation document on the “Review of Radio Frequency Spectrum Pricing” (ECS 04/2014) pursuant to sections 29, 92 and 93 of the Comms Act. In ECS 04/2014 dated 11 April 2014, URCA invited users of the radio frequency spectrum and interested parties to make written submissions on the following three key proposals:

- i. a methodology for setting spectrum prices on a going forward basis;
- ii. a revised Spectrum Fee Schedule based on the proposed spectrum pricing methodology; and
- iii. the Preliminary Determination on the recovery of spectrum management costs.

URCA’s intent was to implement the revised Spectrum Fee Methodology, revised Spectrum Fee Schedule and URCA’s Final Determination on recovery of spectrum management costs in

2015. However, URCA’s year-end considerations noted significant changes in the economic environment in The Bahamas which may have had an impact on the outlook for licensees in early 2015, and therefore, based on those changes URCA has decided to delay the implementation of these changes until for the time being. URCA will revisit this issue in 2015 and consider implementation from the beginning of 2016.

On 24 March, 2014 URCA issued a public notification in accordance with section 8(1)(e) of the Comms Act, that the frequencies in the spectrum band 88 MHz to 108 MHz allocated under the National Spectrum Plan for FM Radio Broadcasting have been fully assigned for use on New Providence and therefore are currently exhausted and unavailable for any further assignment on the said island. URCA has a duty to ensure that radio spectrum is, inter alia, allocated, managed and used in a manner that is open, objective and non-discriminatory. Where, as in the case of FM Broadcasting in New Providence, there is insufficient spectrum to meet industry demand and URCA is required to limit the number of licensees that may be issued in that band, URCA is required under section 26(5) of the Comms Act to adopt a competitive process to award spectrum in order to ensure fair and efficient spectrum allocation. Competitive processes may involve auctions, “beauty contests” or a combination of both. URCA considers that competitive processes can help to ensure that spectrum is awarded to the party or parties which are most qualified or capable of efficient use, and which will be most likely to benefit consumers and the ECS in The Bahamas. In late 2014 URCA also commenced a process to assess current usage of FM broadcasting Spectrum to better assess the supply and demand for spectrum in this band.

In 2014 URCA commenced work on technical standards for FM Broadcasting in The Bahamas which URCA had anticipated completing in 2014. This was not possible due to other competing work streams and URCA intends to complete this work and introduce the appropriate standards in 2015.

In keeping with its objectives as set out in section 32 of the Comms Act pertaining to radio spectrum management, URCA in 2014 continued with the daily spectrum monitoring on the island of New Providence. Additionally, spectrum occupancy compliance surveys were conducted on the islands of Grand Bahama and Abaco in an effort to ensure compliance across a wider cross section of The Bahamas. URCA also conducted an extensive investigation on the island of Bimini in reference to industry concerns raised in the area of mobile communications. On the island of New Providence, a spectrum utilization survey of the FM broadcasting band was

undertaken to ensure efficient use of the FM band, and investigation and resolution of complaints made by licensees in the FM band.

## INTERNATIONAL PARTICIPATION AND ENGAGEMENT

The nature of electronic communications is such that it is desirable for URCA and the Government of The Bahamas to be part of the international community of regulators and governments seeking to develop ICTs on a global level. Thus, URCA has during 2014 sought to ensure that The Bahamas is an integral part of the international discussion on ICTs, and doing its part toward establishing The Bahamas as the regional centre of excellence for ICTs. With this in mind, URCA with the assistance of the Government, has enhanced its participation internationally in several key regional and global organisations in the area of ICT development and ECS regulation.

### INTERNATIONAL TELECOMMUNICATION UNION (ITU)

The ITU is the United Nations specialized agency for ICTs. It allocates global radio spectrum and satellite orbits, develops the technical standards that ensure networks and technologies seamlessly interconnect, and strive to improve access to ICTs to underserved communities worldwide. The Bahamas is a member country of the ITU by virtue of being a signatory of the ITU Convention, and URCA, by virtue of a delegation by the Minister under section 7(c) of the Comms Act, represents the Government of The Bahamas at the ITU.

During 2014, under the leadership of Senator the Honourable Allyson Maynard Gibson, Attorney General and Minister of Legal Affairs The Bahamas sent a delegation to the ITU's Plenipotentiary Conference, which was held in Busan, Republic of Korea from 21 October to 7 November 2014. The Plenipotentiary Conference, which is held every four years, is the key event at which ITU Member States decide on the future role of the organization, thereby determining the organization's ability to influence and affect the development of ICTs worldwide. The purpose of the Plenipotentiary Conference is to:

- » set the Union's general policies;
- » adopt the four-year strategic and financial plans for the ITU; and
- » elect the senior management team of the organization, the members of Council, and the members of the Radio Regulations Board.

At the Conference, the Hon. Attorney General delivered a Policy

Statement on behalf of the Government of The Bahamas, outlining Government's policy aims in relation to the development of ICT in The Bahamas <https://www.itu.int/webcast/link/SC3jmaFZ/en/02:03:50>. The Bahamas delegation also voted for ITU officers as well as key work of the ITU in accordance with the national positions taken by the Government of The Bahamas.

The Bahamas delegation played an integral role in the work of the Conference, with members of the delegation spearheading two of the America's region proposals to the Conference. Those proposals, which were accepted by the Conference proposed important changes to ITU Resolution 30 which ensures that the ITU provides special assistance to least developed countries (LDCs), small island developing states (SIDs), landlocked developing countries (LLDCs) and countries with economies in transition, The other proposal, ITU Resolution 136, which outlines the ITU's role in the development of telecommunications/information and communication technologies, in providing technical assistance and advice to developing countries and in implementing relevant national, regional and interregional projects.

In 2015 URCA will continue its participation at the ITU, both as a sector regulator as well as on behalf of the Government of The Bahamas.

### INTER-AMERICAN TELECOMMUNICATIONS COMMISSION (CITEL)

CITEL is the organ of the Organisation of American States (OAS) which is primarily responsible for the coordination of regional (The Americas, which includes North America, Latin America and the Caribbean) preparations for the work of the ITU, as well as for the development of ICTs in the Americas region. During 2014 URCA established a significant working relationship with CITEL, which URCA considers is critical to enabling URCA and The Bahamas to participate in the global discussion on the development of ICT and the regulation of electronic communications.

To that end, URCA attended three CITEL meetings during 2014, during which URCA was deeply involved in preparations for the ITU's Plenipotentiary Conference 2014, as well as the upcoming World Radiocommunications Conference, which will be held in Geneva, Switzerland in November 2015.

### ORGANISATION OF CARIBBEAN UTILITIES REGULATORS (OOCUR)

URCA continues its membership in the Organisation of Caribbean Utility Regulators (OOCUR) and currently sits on OOCUR's Executive

Council. URCA attended the 12th Annual OOCUR Conference. URCA looks forward to additional benefits and initiatives coming to fruition in the coming years from its membership in this regional organisation.

#### **CARIBBEAN TELECOMMUNICATIONS UNION (CTU)**

URCA continues involvement in the CTU's activities in the region and during 2014, URCA attended four (4) CTU meetings at which various matters affecting electronic communications and ICT in the Caribbean region were discussed. A key CTU initiative in which URCA was involved during 2014 was the CTU's Caribbean Spectrum Harmonisation Project which commenced late in 2013. URCA was appointed to the Steering Committee and during 2014 continued its participation in the various activities under this project.

### **BUILDING REGULATORY CAPACITY AND HUMAN CAPITAL**

#### **OUR PEOPLE**

URCA started the year with a new five-year Strategic Plan that provided the backdrop for the organization's way forward. The plan not only includes a new vision and mission statement, but also simplifies the strategic priorities into four core objectives, two of which focus directly on its people. This demonstrates the value that URCA places on its people and its continuing efforts to build its institutional capacity.

#### **RECRUITMENT AND STAFFING**

In 2014 URCA focused its recruitment activities on identifying highly skilled persons to join its Policy and Regulation department, specifically in the technical and economic disciplines. However, due to the organization reaching its physical capacity limit at its current location and challenges in identifying and attracting suitably qualified persons, there were only two new permanent hires during the year.

Joining the team was a new Corporate and Consumer Relations Manager, who replaced the former incumbent and a new Assistant Case Officer, Technical in the Policy and Regulation department. The Assistant Case Officer, Technical position became vacant in 2013 due to internal promotions.

In 2014 URCA introduced a new summer internship programme. As a regulator with a highly specialized skill set, URCA seeks to benefit by providing developmental opportunities for local talent. Also, exposing and educating Bahamian students about possible careers

at URCA would allow the organization to increase its capacity through identifying high potential candidates at an early stage who could possibly fill entry level positions within the organisation.

At the end of 2014 URCA's staff complement was twenty-five, which comprised thirteen staff members in the Policy and Regulation department and twelve within the various operational departments.

#### **OFFICE RELOCATION**

In 2014 URCA reached a staffing level at which it outgrew its current location, and would therefore require additional space in order to continue to fulfil its mandate. The main objective for the new office was to select a space that would allow for future growth in both the short and long term. A suitable new location had successfully identified and selected by the end of the year.. URCA expects to relocate in the summer 2015.



## PERFORMANCE MANAGEMENT, TRAINING AND DEVELOPMENT

URCA continues its commitment to providing a performance management system that encourages the alignment of organizational and employee objectives. In 2014 a formal coaching process was implemented as a part of URCA's performance management framework. The purpose enables employees to receive developmental feedback and support from managers outside of the established performance review sessions. The program encourages positive communication and relationship building between employees and their managers.

An increased number of URCA's staff took advantage of training and development opportunities in 2014. This was most notable in URCA's Policy and Regulation department, an area in which the organization continues to strengthen its skill..

## BENEFITS

As part of URCA's commitment to developing its people, the organization recognizes the importance of health and wellness. In 2014 URCA supported a variety of activities that sought to encourage

and educate staff in this regard. Activities included URCA's annual Health and Wellness fair, participation in various fun run/walk events and a weight loss challenge.

## RAISING PUBLIC AWARENESS OF URCA

During 2014, URCA continued various initiatives to enhance the public awareness of URCA, and the sector we regulate, focussing on matters pertaining to consumer protection, as envisaged by URCA's plan for 2014. Initiatives included the production and airing of a series of Public Service Announcements (PSAs) on URCA's Consumer Protection Regulations. URCA also continued public awareness initiatives into other parts of its regulatory work.

During 2014 URCA updated its website to add functionality and introduce an updated "look and feel", however there have been challenges with implementation of the new website. URCA will continue work on the website in 2015 to ensure that the site effectively promotes URCA's work and enables easy access by stakeholders to information about URCA and its work.

## URCA'S CORPORATE OUTREACH ACTIVITIES

URCA was pleased to continue to support youth initiatives. In December, the organization sponsored the participation of two college students to attend ITU's Regional Youth ICT Innovations training workshop in Antigua. The workshop was specifically aimed at youths who want to pursue a career in the ICT industry, those who have businesses in the ICT industry or those who want to gain ICT related skills.

The two students, Gerard Russell a computer studies student at the Bahamas Technical and Vocational Institute (BTVI) and Antonio Rahming a student in the computer studies programme at the Bahamas Baptist Community College (BACC), were very excited to have been selected by their respective institutions, and made presentations to URCA's staff in the first trimester of 2015 about their experience.

The relationship with the Children's Emergency Hostel continued in 2014 and saw URCA's staff graciously donated Christmas gifts to each resident of the home. This was solely an initiative of the staff who purchased the gifts.



# KEY PERFORMANCE INDICATORS (KPIs)



Tables 3 – 14 highlight URCA's performance in core functional areas, based on specified performance measurement indicators. KPIs are distinguished according to URCA's operational and policy and regulatory functions.

## OPERATIONAL KEY PERFORMANCE INDICATORS

- » Financial
  - Table 3: Performance against Budget
  - Table 4: Other Finance KPIs
  - Notes to Financial KPIs (Table 3)
- » Table 5: Human Resource KPIs
- » Table 6: Information Technology KPIs

## POLICY AND REGULATION KEY PERFORMANCE INDICATORS

- » 2014 Monthly Licence Processing Statistics
  - Table 7: Individual Spectrum Licence
  - Table 8: Class Spectrum Licence Requiring Registration
  - Table 9: Individual Operating Licence
  - Table 10: Class Operating Licence Requiring Registration

## REGULATORY

- » Table 11: Publication of Annual Report and Annual Plan
- » Table 12: Publication of Decisions and Other Measures Issued During 2014
- » Table 13: Publication of Final Determinations During 2014
- » Table 24: Achievement of Stated Start Dates for Planned Public Consultations

## NOTES TO FINANCIAL KPIs TABLE

During fiscal year 2014, URCA billed \$6,004,795 in URCA Fees and \$304,598 in other fees, while earning \$65,514 in interest income and \$4,075 in Other Income. Budgeted revenues exceeded actual revenues for the year by 3%.

By comparison, actual expenses for the year were less than the budgeted allocation by 11.7%. Variances in major line items are explained below:

- » Staff costs were below budget as bonuses as a result of the full complement of new hires not occurring as anticipated and granting of pay for performance payments were not to the level budgeted;
- » Non-Executive Honoraria & expenses were less than budgeted due to the continued vacancy on the Board of Directors for post of non-executive since July 2014.
- » Conferences, travel and training costs were less than budgeted notwithstanding increased training of Regulatory staff during the year, other aspects of the planned training for Executive Directors and Operations staff deferred until 2015;
- » Professional Services expenditure was below budget due planned regulatory projects which had been scheduled to be embarked upon during the year, either were not completed at year-end or have been deferred to 2015;
- » Office Services expenses exceeded budgeted due to increase in additional insurance coverage for Data and Office Options and vehicle insurance and other cost associated with the Spectrum van purchased during the year;
- » Provision for doubtful accounts was more than budget due the long outstanding balance of URCA fees due from a major licensee.

**TABLE (3): PERFORMANCE AGAINST BUDGET**

	Actual FY-2014	Budget FY-2014	Variance
Fees	6,309,393	6,192,822	116,571
Other Income	69,589	-	69,589
<b>Total Income</b>	<b>6,378,982</b>	<b>6,192,822</b>	<b>186,160</b>
<b>Expenses:</b>			
Non- Executive Honoraria & expenses	175,230	213,065	37,835
Executive Members Compensation	315,125	306,990	(8,135)
Staff Costs	1,559,812	1,930,188	370,376
Conference, Training and Travel	410,028	508,830	98,802
Professional Services	1,175,378	1,294,645	119,267
Advertising, Consumer and Public Relations	153,286	270,000	116,714
Rent and Communications	457,073	457,002	(71)
Information Technology	65,569	69,775	4,206
Office Services	184,186	170,480	(13,706)
General and Administrative Services	233,640	260,712	27,072
Depreciation	715,300	711,135	(4,165)
Provision for Doubtful Accounts	23,423	-	(23,423)
<b>Total Operating Expenses</b>	<b>5,468,050</b>	<b>6,192,822</b>	<b>724,772</b>
<b>Re-measurement of pension asset</b>	<b>(94,232)</b>	<b>-</b>	<b>(94,232)</b>
<b>Comprehensive Income/(Loss)</b>	<b>816,700</b>	<b>-</b>	<b>816,700</b>

**TABLE (4): FINANCE KPIS**

Key Performance Indicators (KPIs)	FY - 2014	FY - 2013
Cost of Finance Function	4.76%	4.93%
Period-end cycle time (working days)	9	9
Year-end cycle time (working days)	17 days	21 days
Budgeting accuracy	19.99%	16.26%
Cost of licensing invoice	\$119	\$187
Debtor days	29	37
Number of billing adjustments	3	3
Value of adjustments	\$237	\$5,116
Long outstanding debt (>90 days) as % of total debt	99.89%	99.82%

## HUMAN RESOURCE KPIS

### HUMAN RESOURCES Table 5

#	KPI	Description	2013	2014
1	Cost of HR function	Total amount spent by URCA on compensation, training, recruitment, benefits.	5.99%	4.61%
2	Cost of HR function per employee	How much is the company spending on HR?	\$12,264.63	\$10,508.45
3	Ratio of employee to HR staff	The number of employees per HR Staff member.	Ratio: 8:1	Ratio: 8 : 1
4	Annual average training days per employee	The average number of days that an employee spends training.	4.70	6.38
5	Turnover rate	The percentage of employees who left the organization during the year. This includes voluntary and involuntary terminations.	5%	4%
6	Annual average sick days per employee	The average number of days that an employee was absent due to illness.	6.95	6.10
7	Investment in learning and development as a % of total payroll	Total amount spent by URCA on employee learning and development as a percentage of overall annual cost.	6.5%	7.35%
8	Cost of advisors as a % of total payroll	Total amount spent by URCA on HR related advisors as a percentage of the annual payroll.	4.44%	1.36%
9	% of roles held by Bahamians	Number of Bahamians versus Non-Bahamians that are employed by URCA.	95.83%	95.83%
10	Average length of vacancy	The average number of days from a position becomes vacant to the start date of new incumbent.	69.33	132.0
11	Average cost of recruitment per vacancy	The average costs associated with recruitment activities to fill vacant positions that were advertised for.	6901.4275	2254.075
12	% of new employees still in their post after 12 months of service	Percentage of employees hired with 1 year of service or less who are still with the organization.	100%	100.00%
13	% of eligible employees receiving an annual performance appraisal	Percentage of full time employees who completed the Performance Management cycle (completion of Performance Appraisal process).	100%	100.00%

### INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) Table 6

1	Cost of ICT Function	Percentage of overall organizational cost spent on Information and Communication Technology support annually.	0.61%	0.5%
2	ICT investment	Percentage of overall organizational cost invested in Information and Communication Technology annually (upgrades, new equipment etc.)	2.27%	1.5%
3	Investment of ICT per user	The average dollar amount Invested in Information Communication and Technology per employee/user annually.	\$5,068.61	\$3,482.53
4	Percentage of users with remote access	Percentage of employees with the ability to access URCA's network remotely when out of the office.	100.00%	100%

POLICY AND REGULATION KEY PERFORMANCE INDICATORS (TABLES 7 -10)

Individual Spectrum Licence (Table 7)

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Thirty (30) Days	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	1												
Jan-14	2	0	0	0	0	0	0	0	0%	2	0	0	0
Feb-14	2	0	0	2	0	0	6	3	100%	2	0	0	2
Mar-14	1	0	0	1	0	2	1	0	100%	1	0	1	1
Apr-14	2	0	0	1	0	0	5	3	100%	2	0	0	1
May-14	3	2	0	2	0	0	29	10	100%	1	0	0	4
Jun-14	1	0	0	0	0	0	0	0	0%	1	0	0	0
Jul-14	1	1	0	1	0	0	26	26	100%	0	0	0	2
Aug-14	1	0	0	1	0	0	7	7	100%	0	0	0	1
Sep-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Oct-14	0	0	0	1	0	0	1	1	100%	0	0	0	1
Nov-14	3	1	0	0	0	0	4	1	100%	2	0	0	1
Dec-14	2	1	0	0	0	0	4	2	100%	1	0	1	1
<b>TOTAL</b>	<b>18</b>	<b>5</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>2</b>	<b>83</b>	<b>4</b>	<b>100%</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>14</b>

**Class Spectrum Licence Requiring Registration (Table 8)**

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five (45) days	Total Number of Application Forms Processed outside of Forty Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty Five (45) Days	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	4									4			
Jan-14	21	8	0	4	0	0	260	12	100%	13	0	0	12
Feb-14	9	2	0	13	0	0	314	35	100%	7	0	0	15
Mar-14	10	5	0	7	0	0	258	26	100%	5	0	0	12
Apr-14	11	2	0	5	0	0	126	11	100%	9	0	0	7
May-14	9	4	0	9	0	0	242	27	100%	5	0	0	13
Jun-14	3	1	0	5	0	0	94	31	100%	2	0	0	6
Jul-14	7	2	0	2	0	0	94	13	100%	5	0	0	4
Aug-14	7	1	0	5	0	0	138	20	100%	6	0	0	6
Sep-14	6	4	0	6	0	0	220	37	100%	2	0	0	10
Oct-14	15	10	0	2	0	0	242	16	100%	5	0	0	12
Nov-14	14	8	0	5	0	0	257	18	100%	6	0	0	13
Dec-14	14	8	0	6	0	0	279	20	100%	6	0	0	14
<b>TOTAL</b>	<b>126</b>	<b>55</b>	<b>0</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>2524</b>	<b>20</b>	<b>100%</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>124</b>

## Individual Operating Licence (Table 9)

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Thirty (30) days	Total Number of Application Forms Processed outside of Thirty (30) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Thirty (30) Days	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	1												
Jan-14	0	0	0	1	0	0	21	21	100%	0	0	0	1
Feb-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Mar-14	2	0	0	0	0	0	0	0	0%	2	0	0	0
Apr-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
May-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jun-14	2	1	0	0	0	0	6	3	100%	1	0	0	1
Jul-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Aug-14	0	0	0	1	0	4	7	2	100%	0	0	1	1
Sep-14	1	0	0	1	0	0	1	1	100%	1	0	0	1
Oct-14	0	0	0	1	0	0	8	8	100%	0	0	0	1
Nov-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Dec-14	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>43</b>	<b>5</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

### Class Operating Licence Requiring Registration (Table 10)

Month	Total Number of Application Forms Received	Total Number of Application Forms Processed within Forty Five (45) days	Total Number of Application Forms Processed outside of Forty Five (45) days	Total Number of Pending Application Forms Processed from previous month (s)	Total Number of Incomplete Application Forms Processed from previous month (s)	Total Number of Days Taken To Respond to Rejected Application	Processing Time [Days]	Average Processing Time [Days]	Target (Percentage % of Application Forms Processed in Forty Five (45) Days	Pending	Incomplete	Rejected/ Dropped	Total Number of Licences issued
Application Forms brought forward from 2013	0												
Jan-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Feb-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Mar-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Apr-14	1*	0	0	0	0	0	0	0	0%	1	0	0	0
May-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jun-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Jul-14	0	0	0	0	0	0	0	0	0%	0	0	1	0
Aug-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Sep-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Oct-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Nov-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
Dec-14	0	0	0	0	0	0	0	0	0%	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

**TABLE 11 :PUBLICATION OF ANNUAL PLAN AND ANNUAL REPORT**

Annual Report and Final Annual plan published within 4 months of year end		KPI Date met?
Publish final Annual Plan within 4 months of end of preceding year	2014 Annual Plan published on 30 April 2014	Yes
Publish Annual Report within 4 months of end of reporting year	2013 Annual Report published on 30 April 2014	Yes
Publish draft of Annual Plan for 2015 by end of previous year	Draft Annual Plan 2015 published on 31 December 2014	Yes

**TABLE 12: TIME FRAME FOR PUBLICATION OF DECISIONS AND OTHER REGULATORY MEASURES ISSUED DURING 2014**

Description		Publication of Final Decision
<b>Publication Within 30 Days of Final Comments</b>		
1	Pacific Wireless Company - Delinquent Fees	23-Jun-14
2	Spectrum Center Company	23-Jun-14
3	Amp'd Wireless Limited	31-Jul-14
4	Foretel Software and Communications Limited	31-Jul-14
5	Fifth Hilz	31-Jul-14
6	Initial Review of CBL Separated Accounts	31-Jul-14
7	Approval of CBL Separated Accounts	8-Aug-14
<b>Publication Within 60 Days of Final Comments But More than 30 Days</b>		
1	Wholesale Fixed Call Termination Price Control for SMP Licensees	20-Jun-14
2	PMS Networks - Delinquent Spectrum Licence Fees	6-Aug-14
3	PMS Networks - Delinquent Comms and URCA Fees	6-Aug-14
<b>Publication Exceeding 60 Days of Final Comments</b>		
1	Review of Retail Pricing Rules	16-Apr-14

**TABLE 13: PUBLICATION OF FINAL DETERMINATIONS**

Description		Publication of Final Determination/ Statement of Results
<b>Final Publication Within One Month of Final Comments</b>		
1	Pacific Wireless Company - Delinquent Fees	23-Jun-14
1	Pacific Wireless Company - Delinquent Fees	23-Jun-14
2	Spectrum Center Company	23-Jun-14
4	Amp'd Wireless Limited	31-Jul-14
5	Foretel Software and Communications Limited	31-Jul-14
6	Fifth Hilz	31-Jul-14
<b>Final Publication Exceeding One Month of Final Comments</b>		
1	Wholesale Fixed Call Termination Price Control for SMP Licensees	20-Jun-14
2	PMS Networks - Delinquent Spectrum Licence Fees	6-Aug-14
3	PMS Networks - Delinquent Comms and URCA Fees	6-Aug-14

**TABLE 14: CONSULTATION START DATES**

Description	Annual Plan Consultation Quarter	Was KPI Date Met?
URCA Annual Plan 2014	Q4, 2013	Yes
ADR Schemes for the ECS	Q1. 2014	Yes
Spectrum Pricing Review	Q1. 2014	No
Review of CBL/IPSI Call Termination Rates	Q1. 2014	Yes
Market Reviews	Q1. 2014	No
Consultation on Network QOS	Q2. 2014	No
Review of Licensing Guidelines	Q2. 2014	No
Implementation of ex-ante Remedies	Q2. 2014	No
Consultation on FM Radio Technical Standards	Q2. 2014	No
Consultation on USO Framework Documents	Q2. 2014	Yes
Annual Plan 2015	Q4. 2014	Yes



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Utilities Regulation And Competition Authority:

We have audited the financial statements of The Utilities Regulation And Competition Authority (the "Authority") which comprise the statement of financial position as at December 31, 2014, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Utilities Regulation And Competition Authority as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



April 22, 2015

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2014**

(Expressed in Bahamian dollars)

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

	Notes	2014	2013
<b>Assets</b>			
<b>Non-Current Assets:</b>			
Property, plant and equipment	7	\$ 309,534	\$ 946,476
Pension asset	6	79,145	197,958
<b>Total non-current assets</b>		<b>388,679</b>	<b>1,144,434</b>
<b>Current Assets:</b>			
Cash on hand and at banks	10	2,668,638	2,127,676
Accounts receivable	4,10	254,084	269,181
Prepaid expenses and other assets		434,380	183,069
<b>Total current assets</b>		<b>3,357,102</b>	<b>2,579,926</b>
<b>Total assets</b>		<b>3,745,781</b>	<b>3,724,360</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	10	457,901	250,447
Deferred revenue	9	-	4,616
<b>Total liabilities</b>		<b>457,901</b>	<b>255,063</b>
<b>Net assets</b>		<b>3,287,880</b>	<b>3,469,297</b>
<b>Net Assets Represented By:</b>			
Contributed capital	8	\$1,537,891	\$1,533,275
Electronic Communication Fund			
- Not immediately required	8	1,324,989	1,936,022
- Immediately required	8	425,000	-
<b>Total equity</b>		<b>\$ 3,287,880</b>	<b>\$ 3,469,297</b>

See notes to financial statements.

These financial statements were approved by the Board of Directors on April 22, 2015, and are signed on its behalf by:

  
Chairperson

  
Chief Executive Officer

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian dollars)

	Notes	2014	2013
<b>Revenue:</b>			
Electronic communications operating licence fees	10,11	\$ 6,004,795	\$ 4,560,976
Telecommunications, radio communications and other fees	10	304,598	73,385
		<b>6,309,393</b>	<b>4,634,361</b>
<b>Expenses:</b>			
Salaries and benefits	6, 10	2,022,937	1,986,267
Legal, professional and consultancy fees		1,175,378	752,445
Depreciation	7	715,300	686,650
Rent and occupancy costs	11	416,310	404,664
Travel	10	264,518	153,547
Professional membership		207,874	160,447
Office services		184,186	151,520
Training		172,740	118,559
Advertising and public relations		153,286	152,001
Information technology		65,569	102,028
Communications	10	40,763	38,215
Provision for doubtful accounts	4	23,423	183,354
Automotive maintenance		13,665	9,676
Premises repairs and maintenance		12,101	14,505
<b>Total expenses</b>		<b>5,468,050</b>	<b>4,913,878</b>
<b>Operating Income (Loss)</b>			
		841,343	(279,517)
Interest income		65,514	55,437
Other income		4,075	248
<b>Excess (Income Over Expenditure) Expenditure Over Income</b>		<b>910,932</b>	<b>(223,832)</b>
<b>Other Comprehensive (Loss) Income</b>			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of pension asset		(94,232)	39,316
<b>Total Comprehensive Income (Loss)</b>		<b>\$ 816,700</b>	<b>\$ (184,516)</b>

See notes to financial statements.

**STATEMENT OF CHANGES IN EQUITY**

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian dollars)

	Contributed Capital	(Not immedi- ately required)	(Immediately required)	Total
Balance at January 1, 2013	\$ 1,485,069	\$ 2,168,744	\$ -	\$ 3,653,813
Excess expenditure over income	48,206	(272,038)	-	(223,832)
Other comprehensive income	-	39,316	-	39,316
Balance as of December 31, 2013	1,533,275	1,936,022	-	3,469,297
Excess income over expenditure	4,616	906,316	-	910,932
Funds required for immediate use				
(Note 8)	-	(425,000)	425,000	-
Other comprehensive loss	-	(94,232)	-	(94,232)
Distribution to Consolidated Fund				
(Note 8)	-	(998,117)	-	(998,117)
<b>Balance at December 31, 2014</b>	<b>\$ 1,537,891</b>	<b>\$ 1,324,989</b>	<b>\$ 425,000</b>	<b>\$ 3,287,880</b>

See notes to financial statements.

## STATEMENT OF CASH FLOWS

THE UTILITIES REGULATION AND COMPETITION AUTHORITY

YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian dollars)

	Notes	2014	2013
<b>Cash Flows From Operating Activities:</b>			
Excess income over expenditure (expenditure over income)		\$ 910,932	\$ (223,832)
Adjustments for:			
Depreciation	7	715,300	686,650
Provision for doubtful accounts	4	23,423	183,354
Interest income		(65,514)	(55,437)
Recovery of bad debts previously written off	4	6,244	-
(Gain) loss on disposal of property, plant and equipment		(4,075)	32
(Increase) decrease in operating assets:			
Accounts receivable		(14,570)	27,004
Prepaid expenses and other assets		(251,311)	(7,947)
Pension asset		24,581	-
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses		207,454	16,752
Deferred revenue		(4,616)	(54,206)
Interest received		65,514	56,168
Net cash from operating activities		1,613,362	628,538
<b>Cash Flows From Investing Activities:</b>			
Purchase of property, plant and equipment	7	(78,358)	(123,800)
Proceeds from sale of property, plant and equipment		4,075	-
Net cash used in investing activities		(74,283)	(123,800)
<b>Cash Flows From Financing Activity:</b>			
Payment to consolidated fund	8	(998,117)	-
<b>Increase In Cash And Cash Equivalents</b>		<b>540,962</b>	<b>504,738</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<b>2,127,676</b>	<b>1,622,938</b>
<b>Cash And Cash Equivalents At End Of Year</b>	<b>3</b>	<b>\$2,668,638</b>	<b>\$2,127,676</b>

See notes to financial statements.

YEAR ENDED DECEMBER 31, 2014 (Expressed in Bahamian dollars)

## 1. GENERAL

The Utilities Regulation and Competition Authority (the “Authority”) was established on 1 August 2009, as a corporate body, under the Utilities Regulation and Competition Authority Act, 2009 (the “Act”). The offices of the Authority are located at the UBS Annex, East Bay Street, New Providence, Bahamas.

The functions of the Authority are to: i) regulate the electronic communications sector to further the interests of consumers by promoting competition; ii) apply competition rules in exercising its regulatory powers; iii) represent the Government of the Commonwealth of The Bahamas (the “Government”) in regional and international organisations; iv) charge licence fees in accordance with relevant legislation; v) act on behalf of the Government in billing and collecting communications licence fees; and vi) perform any other duties or functions assigned to it under relevant legislation.

Currently, the Authority only regulates electronic communications. It will commence regulating the other regulated sectors on dates to be determined by the Government, and following the necessary amendments to the legislation governing those sectors. Accordingly, the Electronic Communication Fund has been established and the financial performance of the Authority related to regulation of this sector is allocated to this fund. The electronic communications sector is regulated in accordance with the Communications Act, 2009 (the “Communications Act”) and the Electronic Communications Sector Policy. Prior to the coming into force of the Communications Act and the Electronic Communications Sector Policy, the Authority regulated radio communications and telecommunications (including internet) in accordance with the Telecommunications Act, 1999 and the Telecommunications Sector Policy.

In addition to establishing the Authority, the Act dissolved the Public Utilities Commission (the “PUC”) and the Television Regulatory Authority (together, the predecessor regulators); repealed the Public Utilities Commission Act; and, made provisions for the property and contracts, together with all functions and powers of the predecessor regulators, to be transferred to the Authority to ensure the effectiveness and continuity of regulation. The Utilities Regulation and Competition Authority (Amendment) Act, 2013 (the “Amendment Act”), assented to on 1 July 2013, repealed and replaced section 37 and repealed section 40 of the principal Act; see Note 8.

Further, the Utilities Appeal Tribunal Act, 2009 provides for the Tribunal that will adjudicate all matters relating to a sector regulated by the Authority.

## 2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB effective for annual reporting periods beginning on or after January 1, 2014.

### a. Standards and Interpretations effective but not affecting the reported results or financial position

Effective date annual periods beginning on or after January 1, 2014

IFRS 10 *(Amended 2012) Consolidated Financial Statements - Investment Entities*

IFRS 12 *(Amended 2012) Disclosures of Interests in Other Entities - Investment Entities*

IFRS 13 *Fair Value Measurement*

IAS 27 *(Amended 2012) Separate Financial Statements - Investment Entities*

IAS 32 *(Amended 2011) Financial Instruments: Presentation*  
IAS 36 *Impairment of Assets*  
IAS 39 *Financial Instruments: Recognition and Measurement (Amendments)*  
IFRIC 21 *Levies*

The above standards have not led to changes in the financial position of the Authority during the current year.

Standards and Interpretations in issue but not yet effective

IAS 16 *Property, Plant and Equipment (Amendments)*  
IAS 19 *Employee Benefits (Amendments)*  
IAS 24 *Related Party Disclosures (Amendments)*  
IFRS 7 *Financial Instruments: Disclosures (Amendments)*  
IFRS 10 *Consolidated Financial Statements (Amendments)*  
IFRS 12 *Disclosures of Interests in Other Entities (Amendments)*  
IFRS 14 *Regulatory Deferral Accounts*  
IAS 1 *Presentation of Financial Statements (Amendments)*  
IAS 27 *Separate Financial Statements (as amended in 2011) (Amendments)*  
IFRS 9 *Financial Instruments*  
IFRS 15 *Revenue from Contracts with Customers*

Management does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Authority.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The preparation of financial statements in accordance with IFRS requires management to exercise its judgment in the process of applying its accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 3(d), 3(e), 3(g) and 3(h).

#### (b) Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Authority's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

#### (c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, call accounts at banks and term deposits with original contractual maturities of three months or less.

**(d) Accounts receivable**

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the financial asset's carrying amount and the present value of future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the provision decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision account. When an account receivable is uncollectible, it is written off against the provision for doubtful accounts. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

Provisions are made against accounts receivable from the Government, or entities which it controls, only to discount expected future cash flows; no credit losses are expected. Provisions are made against accounts receivable from non-related licences, by amortising the receivable balance deemed collectible using the effective interest method.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at historical cost, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Lesser of lease term and 10 years
Information systems	3 – 5 years
Vehicles	5 years
Furniture and office equipment	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when an event has occurred that indicates a need to re-evaluate useful lives. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of profit or loss.

**(f) Accounts payable**

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**(g) Income and expense recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Authority.

Revenue from licensing activities is recognised over the period of the applicable licence, with amounts billed in relation to future periods being deferred in the statement of financial position. Certain licence fees are fixed and others are based on the revenues of the licensees.

For licence fees based on licensee revenue, the Authority makes an estimate of the fee based on the latest available financial information of the licensee and recognises any increase or decrease in that estimate upon receipt of the final revenue amounts of the licensee for the applicable licence period. The applicable revenues for fee purposes are those earned in the licensee's fiscal year ending within the licence period.

Interest income is recognised using the effective interest method. All other income and expenses are recognised on the accrual basis of accounting.

**(h) Pension benefits**

The Authority operates a defined benefit pension plan, which requires contributions, determined by periodic actuarial calculations, to be made to a separately administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset/liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets.

Charges to the plan are recognized as an expense when employees have rendered service entitling them to the contributions. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past-service costs are recognised immediately in salaries and benefits expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Salaries and benefits are recognised on the accrual basis of accounting.

**(i) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating lease are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

**(j) Taxation**

The Authority is established under the laws of the Commonwealth of The Bahamas and therefore is not subject to income, capital gains or other corporate taxes.

**(k) Fiduciary activities**

The Authority collects certain fees from licensees on behalf of the Government. The assets associated with these activities are excluded from these financial statements, as they do not belong to the Authority.

**4. ACCOUNTS RECEIVABLE**

	2014		2013	
Accounts receivable	\$	498,388	\$	483,818
Provision for doubtful accounts		(244,304)		(214,637)
	\$	254,084	\$	269,181

Movements in provision for doubtful accounts are as follows:

	2014		2013	
Opening balance	\$	214,637	\$	31,283
Provision for doubtful accounts		23,423		183,354
Bad debts written off		6,244		-
	\$	244,304	\$	214,637

**5. AGENCY AGREEMENT**

Under the Communications Act, the Authority is responsible for the granting of class spectrum licences requiring registration; enforcing conditions attached to such licences; billing and collecting fees consequential thereto and remitting all spectrum licence fees to the Consolidated Fund. The Authority and the Bahamas Maritime Authority (BMA) signed a memorandum of agreement effective 30 August 2010 in which there was a delegation of authority from the Authority to BMA to issue spectrum licences to maritime vessels registered under the Bahamian flag on behalf of the Authority.

Under the terms of the memorandum, BMA will bill, collect and remit spectrum fees on behalf of the Authority for the Government. Additionally, under the terms of this memorandum neither party will be compensated for the services performed regarding the billing, collection and remittance of spectrum fees on behalf of the Government.

**6. PENSION BENEFITS**

The Authority's pension plan (the Plan) is a non-contributory defined benefit pension plan established for the provision of pension benefits to the members of the Plan. As of 31 December 2014, there are 17 (2013: 15) members participating in the Plan. All assets of the Plan are invested in a fund managed and administered by an independent investment manager. The Plan is subject to an actuarial valuation at least every 3 years, and the latest actuarial valuation was performed by an independent actuary as of 31 December 2014.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014	2013
Discount rate	4.00%	5.00%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	4.00%	4.00%

Mortality rates have been taken from the 1994 Group Annuity Mortality Table.

The following tables summarise the components of net pension benefit expense and the funded status and amounts recognised in the statement of financial position for the Plan as determined as of the date of the last actuarial review.

Pension benefit expense comprises:

	2014	2013
Current service cost	\$ 111,658	\$ 104,631
Administrative costs	41,395	- 0
Net interest income	(7,227)	(5,148)
Total, included in salaries and benefits	\$ 145,826	\$ 99,483

The pension plan asset is analysed as follows:

	2014	2013
Present value of benefit obligations	\$ 191,7090	\$ 1,656,140
Fair value of plan assets	(1,996,235)	(1,854,098)
Asset in the statement of financial position	\$ (79,145)	\$ (197,958)

Movements in the asset in the statement of financial position comprise:

	2014	2013
Asset as of beginning of year	\$ (197,958)	\$ (157,072)
Pension benefit expense	141,065	99,483
Amount recognized in other comprehensive income	94,232	(39,316)
Contributions	(116,484)	(101,053)
Asset as of end of year	\$ (79,145)	\$ (197,958)

Movements in the present value of the benefit obligations comprise:

	2014		2013	
Present value of benefit obligations as of beginning of year	\$	1,656,140	\$	1,554,689
Current service cost		111,658		104,631
Interest cost		87,972		82,538
Benefits paid		(16,731)		(17,128)
Actuarial gain/(loss) on benefit obligations		78,051		(68,590)
Present value of benefit obligations as of end of year	\$	1,917,090	\$	1,656,140

Movements in the fair value of plan assets comprise:

	2014		2013	
Fair value of plan assets as of beginning of year	\$	1,854,098	\$	1,711,761
Expected return on plan assets		95,199		87,686
Contributions		116,484		101,053
Benefits paid		(16,731)		(17,128)
Administrative costs		(36,634)		- 0
Actuarial loss on plan assets		(16,181)		(29,274)
Fair value of plan assets as of end of year	\$	1,996,235	\$	1,854,098

### Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1% higher, the defined benefit obligation would decrease by \$340,640.

If the future salary increases by 1%, the defined benefit obligation would increase by \$261,485.

If all members lived one year longer, the benefit obligation would be \$1,960,003.

The sensitivity analysis presented may not be representative of the actual change in the benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Plan is responsible for making full pension payments to public officers transferred to the Authority for their period of employment in the Public Service and the PUC (that is, the pension will be based on combined employment with the Public Service, the PUC and the Authority). The Plan has the right to claim reimbursement from the Government for pension payments made to these persons in relation to the period of employment in the Public Service. Currently, no pension payments are being made to these persons.

## 7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Information Systems	Vehicles	Furniture and Office Equipment	Total
<b>Cost:</b>					
Balance at December 31, 2012	\$ 713,552	\$ 2,489,877	\$ 99,000	\$ 280,131	\$ 3,582,560
Additions	14,571	41,791	59,090	8,348	123,800
Disposal	-	(17,154)	-	-	(17,154)
Balance at December 31, 2013	728,123	2,514,514	158,090	288,479	3,689,206
Depreciation expense	-	77,160	-	1,198	78,358
Disposal	-	(10,381)	(27,000)	(2,250)	(39,631)
Balance at December 31, 2014	\$ 728,123	\$ 2,581,293	\$ 131,090	\$ 287,427	\$ 3,727,933
<b>Accumulated Depreciation:</b>					
Balance at December 31, 2012	\$ 332,991	\$ 1,566,482	\$ 59,307	\$ 114,421	\$ 2,073,201
Depreciation expense	146,022	477,041	11,130	52,457	686,650
Disposal	-	(17,121)	-	-	(17,121)
Balance at December 31, 2013	479,013	2,026,402	70,437	166,878	2,742,730
Depreciation expense	150,659	489,584	20,978	54,079	715,300
Disposal	-	(10,381)	(27,000)	(2,250)	(39,631)
Balance at December 31, 2014	\$ 629,672	\$ 2,505,605	\$ 64,415	\$ 218,707	\$ 3,418,399
<b>Carrying Value:</b>					
As at December 31, 2014	\$ 98,451	\$ 75,688	\$ 66,675	\$ 68,720	\$ 309,534
As at December 31, 2013	\$ 249,110	\$ 488,112	\$ 87,653	\$ 121,601	\$ 946,476

## 8. FUND BALANCES

### *Contributed capital*

The net assets transferred to the Authority were designated as contributed capital based on legislation enacted at the time; and revenue earned from transferred deferred revenue relating to regulatory activities no longer performed or from which fees are no longer earned by the Authority, net of any expenses associated with the net assets transferred from the PUC, are allocated to contributed capital.

### *Electronic communications fund*

Under the Communications Act, charges and fees levied by the Authority are to be determined in order to: cover the annual budgeted costs of its functions under the Communications Act; recover any deficit from previous years; and take into account any surpluses. As disclosed in Note 1, the Amendment Act (2013) repealed and replaced section 37 of the principal Act with the following conditions relative to the Electronic Communications Fund (the "Fund"): monies paid into the Fund that are not immediately required by the Authority are to be considered surplus funds; the Minister of Finance at the end of the financial year may authorize the Authority to reserve from the surplus funds such sums as the Minister may determine; subject to the aforementioned, at the end of each financial year the Authority shall pay into the Consolidated Fund all surplus funds standing to the credit of the Authority. During the current year, the Authority paid the sum of \$998,117 into the Consolidated Fund.

The Amendment Act (2013) also repealed section 40 of the principal Act, which provided for the Authority to impose sufficient fees and charges to carry out its duties including anticipated costs for the forthcoming financial year and allowed it to retain surplus funds

to be applied for subsequent years.

The Authority will determine, at the end of each financial year, whether any fund balances include amounts that had been previously budgeted, and billed to licensees, for existing contracts, planned projects and other commitments and which are not completed by the end of the year. Such amounts will be designated as funds which are immediately required by the Authority. Additionally under the former section 40, the Authority was to retain any excess sums collected for application to the following financial year(s). In previous years, 2009-2012 (prior to the repeal of section 40), the Authority utilized surpluses in the fund to amend charges and fees in subsequent years levied on the licensees by the Authority. The Authority has identified \$425,000 as funds which are immediately required as at December 31, 2014 (2013: nil).

## 9. DEFERRED REVENUE

	2014		2013	
Electronic communications operating licence fees	\$	-	\$	-
Telecommunications, radio communications and other fees		-		4,616
	\$	-	\$	4,616

Telecommunications, radio communications and other fees totals are current.

## 10. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise: i) Government ministries and departments; ii) Government corporations and agencies; iii) entities controlled by the Government; iv) entities in which the Government has a significant ownership interest; and v) key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements, are as follows:

	2014		2013	
<b>Assets</b>				
Cash at banks	\$	1,817,835	\$	1,996,458
Accounts receivable		2,341		3,010
	\$	1,820,176	\$	1,999,468
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$	15,950	\$	19,150
<b>Revenue</b>				
Electronic communications operating licence fees	\$	4,434,370	\$	3,623,541
Telecommunications, radio communications and other fees		243,643		100
	\$	4,678,013	\$	3,623,641
<b>Expenses</b>				
Salaries and benefits	\$	41,573	\$	38,837
Communications		34,617		33,354
Travel		-		1,800
	\$	76,190	\$	73,991

## Related party balances and transactions – (Continued)

### Key Management Compensation

Key management personnel comprise the members of the Board, the chairman of the Audit Committee and members of the Strategic Committee. The executive members of the Board and three other members of the Authority's management constitute the Strategic Committee. Compensation of key management personnel for the year for salaries and other short term benefits amounted to \$1,045,586 (2013: \$671,340).

## 11. COMMITMENTS AND CONTINGENCIES

### Commitments

The Authority signed a five-year lease for office space, which commenced 1 June 2010. Future minimum rental payments required under the operating lease are as follows:

2015	\$	128,250
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### Contingencies

The Authority is party to several legal cases involving its major licensees in the electronic communications sector, including a related party. In most instances, the cases involve breaches of the Telecommunications Act and Telecommunications Sector Policy, or challenges against the rulings by the Authority brought by licensees. Costs associated with these legal cases are uncertain, and will depend on whether or not the Authority is successful; which is not possible to predict. Accordingly, no provisions have been made in these financial statements relative to the legal proceedings.

## 12. FINANCIAL RISK MANAGEMENT

The Authority engages in transactions that expose it to credit risk, liquidity risk and interest rate risk in the normal course of business. The Authority's financial performance is affected by its capacity to understand and effectively manage these risks.

### (a) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Authority's exposure to credit risk is concentrated in its cash at banks and accounts receivable. The Authority mitigates the risk associated with cash at banks by placing its deposits with financial institutions in good standing with the Central Bank of The Bahamas. The monitoring of payment history before continuing to extend credit to licensees mitigates the risks associated with accounts receivable from non-related parties. Accounts receivable from related parties are considered to have minimal credit risk, as this risk is with the Government.

The Authority in its effort to minimise credit risk exposure monitors the accounts receivable balances ensuring that all efforts are expended in order to reduce accounts with long overdue balances. The aged analysis of gross accounts receivable comprises:

	2014	2013
<b>Days Outstanding</b>		
0 - 90 days	5,905	5,501
91 - 180 days	844	1,500
181 - 365 days	19,190	17,425
More than 365 days	472,449	459,392

Based on its experience, the Authority considers balances less than 180 days to have acceptable credit quality.

Accounts receivable include balances due from a major licensee that are currently being disputed by the licensee. The Authority is of the opinion that it has sufficient legal bases to support its claims and has several courses of action to pursue payment, some of which have been initiated.

**(b) Liquidity risk**

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of the Authority's financial commitments as they become due. The Authority maintains a level of liquid assets that mature in the short term or could be redeemed immediately to meet cash requirements for normal operating purposes. The Authority has the ability, under the Act, to charge supplemental fees to licensees in order to cover operating expenses.

As of 31 December 2014, all of the Authority's liabilities are due within one year.

**(c) Interest rate risk**

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to cash flow interest rate risk is concentrated in its term deposits, and the Authority has elected not to hedge this risk as it is not considered significant. The Authority does not have any significant fair value interest rate risk.

**13. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments utilised by the Authority include the recorded financial assets and liabilities, and their estimated fair values approximate their carrying value due to the relatively short term nature of these instruments.

**14 CAPITAL MANAGEMENT**

The Authority's objectives when managing capital are to: i) safeguard its ability to continue as a going concern; and ii) maintain a capital base sufficient to support the expected expansion of its regulatory powers and associated operations.





# URCA

2015 ANNUAL PLAN

## 1. URCA'S PLAN FOR 2015

### 1.1 STRATEGIC OUTLOOK

URCA's Strategic Plan 2014 – 2019 took effect from the beginning of 2014 and will therefore inform URCA's Annual Planning for 2015. The 2015 Annual Plan is a continuation of the organization implementation of the Strategic Plan which reflects the Government's mandate for the sector through the 2014 Electronic Communications Sector Policy. The objectives remain

- » Promotion of the interest of the public
- » Commitment to development of our people
- » Cultivation of a work environment based on employee engagement, transparent leadership and effective management
- » Commitment to Public Engagement

### 1.2 FOCUS AREAS AND KEY PROJECTS FOR 2015

This Section outlines URCA's broad priorities, derived from its Strategic Goals identified in section 2.1.

#### 1.2.1 PREPARATION FOR MOBILE LIBERALISATION

Building on the work done in 2014, the liberalisation of the mobile sector will continue to be URCA's top priority in 2015. This will involve both URCA's full participation in the selection process as requested by the Government from time to time, as well as URCA's work to ensure that its regulatory framework is optimal for the regulation of a competitive cellular mobile market.

It should be noted that this work will also enhance URCA's regulation of the ECS in respect of other focus areas such as protection of consumers and encouraging competition.

#### 2.2.2 PROTECTION OF CONSUMERS

URCA will during 2015 continue to promote and implement the Consumer Protection Regulations, which were finalised in December 2013.

URCA will also ensure the completion of other service quality related initiatives as well as rigorous monitoring and enforcement of licensees' obligations as regards network quality of service, and the formation of a Consumer Advisory Committee, a multi stakeholder committee which will review and advise URCA on issues relating to consumer protection in the ECS.

### 1.2.3 ENCOURAGING COMPETITION

The interests of the public are best promoted by vibrant and sustainable competition in the ECS. URCA's regulatory framework is centred on reducing barriers to entry for new entrants and introducing properly designed regulatory measures, particularly in respect of dominant operators in specific markets. All new regulatory measures are being developed with regard to best practice considerations.

URCA's regulation of competition in the ECS is centred around its processes for regulation of licensees with SMP which processes were based on the transitional provisions contained in the Comms Act 2009. Having completed the assessment of SMP in key retail markets having been completed in 2014, in 2015 URCA will implement the remedies identified in its SMP assessment.

In 2015 URCA also intends to develop and introduce other measures to facilitate and encourage competition in the ECS.

URCA will continue its investigation of on-going competition related matters, and will also continue to exercise its ex-post powers as appropriate from time to time, based on complaints submitted or other matters which may come to light.

### 1.2.4 PROMOTING AFFORDABLE ACCESS TO SERVICES THROUGHOUT THE BAHAMAS

URCA will continue throughout 2015 with a number of regulatory initiatives designed to ensure the provision of universal service in accordance with the Comms Act and in the best interests of persons in The Bahamas. In particular, URCA intends in 2015 to issue its final decision on the Universal Service Fund rules, complete its consultation on the Net Avoidable Cost Guidelines and to continue work on the remaining projects within the universal service framework for The Bahamas.

### 1.2.5 PROMOTING A WIDE RANGE OF HIGH QUALITY CONTENT SERVICES

In 2014 URCA, through the Content Regulation Industry Group (CRIG), commenced work on the review of the Code of Practice for Content Regulation (the Code). The review will continue to a public consultation on the revised Code in 2015, and the CRIG will also continue to assist URCA in its administration and enforcement of the Code as appropriate.

### **1.2.6 MANAGING RADIO SPECTRUM EFFECTIVELY AND EFFICIENTLY**

URCA will continue with initiatives to not only manage the spectrum effectively, but also to ensure that it is used optimally so as to promote the availability of the highest possible quality and variety of services to all persons in The Bahamas. To that end, in 2015, in addition to focussing on spectrum requirements and management to facilitate cellular mobile competition, URCA will continue with its spectrum monitoring and enforcement activities on a day to day basis.

In 2015, URCA will also continue the process to rationalise the FM Broadcasting spectrum band, to ensure that FM broadcasting is carried out in accordance with best practices, and that the use of the band is optimised. These initiatives will start with the introduction of technical standards for FM broadcasting, and assessment of the use of the band by existing licensees.

As noted, below, URCA will also be engaged in preparations for and attendance at the World Radiocommunications Conference 2015, which is a key planning event for management of radio spectrum.

### **1.2.7 INTERNATIONAL PARTICIPATION AND ENGAGEMENT**

URCA is striving through regulatory and sector excellence within The Bahamas and appropriate international engagement, to achieve international recognition for The Bahamas as the regional centre of excellence in ICTs and ECS regulation. Therefore, in 2015, URCA's involvement in international organizations will continue based on its strategic priorities

URCA's ITU engagement will largely be focussed on participation in the World Radiocommunications Conference (WRC15), which will be held in November in Geneva, Switzerland. To that end, URCA will be closely monitoring proposals submitted for consideration at the WRC15, and will be attending and participating in preparatory meetings at the regional and global level, as well as WRC15 itself. Much of URCA's preparation will be conducted at the regional level through participation in CITEL and CTU meetings and forums arranged for preparatory purposes.

In April 2015, URCA will host the Latin America and Caribbean meeting of the ITU Telecommunications Standardisation Bureau's (ITU-T) Study Group 3 (SG3LAC), which deliberates and makes recommendations on matters relating to telecommunications costing, pricing and other economic issues. URCA is also considering the hosting, in partnership with the Government and the industry, of an ITU-T Conference on ICTs and Climate Change in late 2015.

In addition to preparation for WRC15 at CITEL and CTU, URCA will continue to participate in both organisation's deliberations and meetings, which in 2015 are expected to include discussions on various matters affecting the region's telecommunications sector. Some of these include recent consolidation of major regional operators, the treatment of new ICT services which have the potential to disrupt existing markets, and the improvement of access and connectivity, particularly to vulnerable social groups and countries.

URCA will also participate in OOCUR deliberations, including attendance at the annual OOCUR Conference 2015, which will be held in the Turks and Caicos Islands.

Another key international organisation which provides URCA with effective training and coordination opportunities is the Commonwealth Telecommunications Organisation (CTO). URCA will continue its relationship with CTO with a view to capitalising on training and development opportunities as they arise.

### **1.2.8 BUILDING REGULATORY CAPACITY AND HUMAN CAPITAL**

URCA's Strategic Plan will continue to guide the human resources function throughout 2015. URCA will need to prepare for a major change in the near future with the possible addition of new sector(s) to regulate (see 2.2.11 below). With a move to new premises anticipated by the second half of the year, URCA will be adequately resourced in terms of its physical capacity to allow for renewed efforts to source highly trained and experienced professionals across several key disciplines. URCA will strengthen its commitment to people development and leadership through specialised training and strong performance management.

### **1.2.9 EDUCATING OUR STAKEHOLDERS**

During 2014, URCA was unable to make significant inroads in this area. However in 2015 URCA will place increased priority on hosting periodic workshops and other forums for its various stakeholders on topical issues as well as sessions aimed at providing guidelines on the implementations of key regulatory measures targeting the appropriate licensees.. URCA's international participation activities, in particular the proposed conference and meeting hosting, will also serve to provide a forum within which stakeholders can be educated about matters pertaining to the ECS.

URCA will seek to educate stakeholders on topics such as the Codes of Practice for Content Services, the Consumer Protection

Regulations, Number Portability, matters related to Cellular Mobile Competition, as well as other topical issues that arise on a day to day basis relating to the sector.

### **1.2.10 RAISING PUBLIC AWARENESS OF URCA**

URCA as a statutory regulatory body with the remit to regulate the ECS has a duty to implement the ECS policy objectives. One key ECS policy objective is to further the interests of consumers by promoting competition in the sector. As such it is critical to bring further public awareness of URCA's role and mandate with regards to the ECS. Therefore, the year URCA will seek to:

- » ensure that consumers and other stakeholders have a clear understanding of the role and functions of URCA; and,
- » keep consumers and other stakeholders abreast of developments in the sector with an emphasis on access to services in the sector.

URCA will continue its efforts to build relationships with licensees, the media, academia and other stakeholders. This will be done through regular forums, special events and participation on radio and television shows. One such activity will be the co-hosting of Girls in ICT Day, a global initiative of the ITU, and the observance of the 150th Anniversary of the ITU. Both activities, Girls in ICT Day in particular, will allow URCA to promote the sector with specific emphasis on girls and young women and their access to and their active involvement in the sector, particularly ICT.

Efforts will continue to ensure that there is access to and understanding of the Consumer Protection Regulations. This includes continuing the distribution of URCA's Consumer Protection Regulations Booklet to all Family Islands, and additional distribution points in New Providence. The promotion of the Consumer Protection Regulations will be expanded to include display advertisements in the local print media and pull out summary sheets/flyers. Consumer Education activities will include visits to schools, family island forums and participation in sector related conferences and seminars held locally.

In 2015 URCA will also conduct a comprehensive review of all complaint handling procedures and institute procedures to ensure that complaints are properly documented, tracked and resolved.

A significant part of URCA's public awareness work in 2015 will involve the review and revamping as necessary of URCA's website and greater use of other social media.

The activities identified above will involve a significant amount of work and to that end URCA is committed to expanding and enhancing the human resources in the corporate and consumer relations department. To this end, the budget allocation for 2015 has been increased to ensure adequate support for the necessary activities..

### **1.2.11 PREPARING TO REGULATE NEW SECTORS OF THE ECONOMY**

URCA was set up with the intent to regulate sectors other than the ECS. The Government of The Bahamas recently published an Energy Policy and is making preparations to reform the energy sector. In connection with the stated Government policy positions, URCA is readying itself to regulate the energy sector in The Bahamas. It is anticipated that the Government will have legislation passed in 2015 and that URCA will be given the authority to regulate the energy sector. Likewise the Government is also working on the reform of the water and sewerage sector in the country and has engaged consultants to assist. URCA continues to work with the Government and the consultants with a view of URCA becoming the regulator for that sector in due course.

## **1.3 URCA'S KEY PROJECTS FOR 2015**

It should be noted that as part of its aim to plan, execute and report on its work in a more sustainable manner, URCA has modified its reporting period from quarters to trimesters. Therefore, in 2015 and moving forward URCA will identify projects to be carried out based on three periods in each year, from 1 January to 30 April, 1 May to 31 August, and 1 September to 31 December. Section 2.3.1 identifies the projects to be undertaken by URCA, through each trimester of 2015.

It must be noted that not all work undertaken by URCA is represented below. The projects that are specifically identified are those which have major significant public impact. What is not reflected are the myriad of secondary issues, complementary investigations such as competition investigations and research activities that lend support to the achievement of the overall goals of URCA.

### **1.3.1 2015 PROJECTS BY TRIMESTER**

This section provides details, including time schedules, of the projects carried over from 2014 as well as the new projects that will be initiated in 2015.

#### **Projects Continued from 2014**

The following projects commenced in 2014 or prior are currently

on-going and will be continued during 2015. These have been discussed in detail in the 2014 review set out in Section 1.2.

- » *Mobile Liberalisation*
- » *Mobile Spectrum Auction*
- » *Guidelines for Calculation of Net Avoidable Costs for BTC and CBL*
- » *Universal Service Affordability Guidelines*
- » *Content Regulation Industry Working Group – Review of Code of Practice for Content Regulation*
- » *Review of BTC’s Accounting Separation Results for 2013*
- » *Alternative Dispute Resolution Scheme for Disputes between Consumers and Licensees*
- » *Consultation on FM Radio Technical Standards*
- » *Consultation on Network Quality of Service Standards*
- » *Review of Licensing Guidelines*
- » *CBL Applications for REV TV Prime Local and REV TV Prime Price Increase*
- » *Competition Complaints –*
  - *BTC against CBL/Cable Media*
  - *CBL against BTC re International Call Blocking*
- » *Investigation of BTC Outage of 22 March 2014*

### **New Projects 2015**

As stated above, URCA’s main priority for 2015 will be to address matters pertaining to the introduction of competition in the cellular mobile sector, which URCA sees as the most important factor affecting the development of the ECS in The Bahamas at this time. Based on the importance of this initiative, and the likelihood that the work required will consume a significant portion of URCA’s resources during 2015, URCA has not sought to commence any significant new projects during 2015, except for those selected to further cellular liberalisation. The majority of other projects identified are therefore ones which URCA commenced or conducted significant work on in 2014, thereby enabling completion in 2015 without unduly affecting the availability of resources for URCA’s preparation for cellular liberalisation.

### **January to April 2015**

In addition to the projects carried over from 2014, during the first four months of 2015, URCA expects to commence work on the following projects:

#### **Preparation for Cellular Liberalisation**

As previously discussed in the section on Strategic Outlook, URCA’s highest priority will continue in 2015 to be work toward the liberalisation of the cellular mobile market.

In accordance with the requirements of that process, in 2014 URCA commenced preparations to conduct the Spectrum Auction which is anticipated to take place in the first Trimester of 2015 following completion of the Phase 1 assessment.

URCA will also continue its work toward ensuring that a robust and effective regulatory framework is in place for a liberalised cellular mobile market, and also to expedite the activities which are necessary to introduce competition in the sector. In that regard, in addition to matters already commenced, some of the key issues which will receive URCA’s attention during the first Trimester of 2015 are listed below.

- » Regulations for Infrastructure Sharing
- » Revision of the Interconnection Regime
- » Review of BTC RAI0 charges
- » Establish Auction Rules and Conduct Spectrum Auction
- » Licensing of New Mobile Operator
- » Spectrum Management for Mobile Network Operators
- » Consideration of National Roaming for Cellular Networks

#### **Annual Report 2014**

Section 41 of the Utilities Regulation and Competition Authority (URCA) Act, 2009 requires that URCA, no later than four months after the end of each year, prepare and publish a plan of its proposed objectives for the forthcoming year; and a report of the carrying out of its functions during that financial year. As such, URCA will during the first trimester of 2015, seek to complete its annual report for 2014, as well as to publish the final version of this Annual Plan.

#### **Market Review - Implementation of Ex-Ante Remedies**

Coming out of its “Final Determination on the Assessment of SMP in the ECS in The Bahamas under Section 39(1) of the Comms Act”

(ECS 14/2014), URCA identified certain next steps on which it will commence work in the first trimester of 2015. These are:

- » Develop and consult on the price cap remedy design and implementation. The details on the design and implementation of the price cap remedies are a key next step for URCA which will be commenced in the first trimester of 2015.
- » Amendments to the Retail Pricing Rules (RPR) concurrently with implementation of price cap remedy.

#### Revision of Interconnection Regime

URCA's consideration in 2014 of the Interconnection and Access Guidelines has indicated that there is a need for enhanced regulatory oversight of the interconnection process particularly in relation to the time taken to negotiate interconnection agreements, as well as to implement interconnection pursuant to such agreement. To that end, URCA intends in early 2015 to commence consultation on a regulatory intervention which will introduce clear timelines for interconnection related activities.

#### Review of BTC RAI0 Charges

Currently, BTC is the only cellular mobile operator in The Bahamas and the retail charging regime does not require any termination charge to be paid in respect of domestic calls to mobile numbers. As such, although BTC is regulated as the SMP provider in cellular mobile services, BTC's RAI0 in mobile networks does not identify a regulated termination rate, except for international calls terminating on BTC's mobile network.

In preparation for cellular mobile competition, URCA will consider this issue and will, if appropriate implement changes to BTC's RAI0 to address the issue.

#### May to August 2015

##### Review of Mobile Charging Regime

Cellular mobile services in The Bahamas provided by BTC are currently under a Mobile Party Pays ("MPP") regime, which means that calls from a mobile phone are charged on the basis of Calling Party Pays ("CPP"), but calls from a fixed line to a mobile phone are charged on a Receiving Party Pays ("RPP") basis. During 2015, URCA will consider this issue in preparation for cellular mobile competition in order to determine whether a regulatory intervention is appropriate, and if so, what regulatory treatment would be appropriate.

#### Market Review - Mobile Services

Following selection and licensing of a new Cellular Mobile operator, URCA will consider whether or not the new operator should be treated as having SMP in mobile termination (voice and SMS/MMS). On the retail side, URCA would need to determine whether BTC's mobile services will be subject to retail price regulation going forward.

#### Mobile Number Portability

Number Portability in The Bahamas was launched for fixed networks on 2 December 2013 subsequently URCA has made determinations and ensured the implementation of a system which will accommodate mobile number portability with minimal adjustment and coincident with the introduction of competition. URCA will ensure that the process for implementation of mobile number portability occurs concurrently with the build out of any new mobile networks, so as to ensure that mobile numbers are able to be ported from day one of mobile competition in The Bahamas. URCA will therefore reconstitute the Number Portability Working Group following licensing of the new cellular mobile operator to include all previous participants and the new provider. While URCA is committed to achieving its timeline with respect to Mobile Number Portability, URCA remains cognisant that it must concurrently review other key aspects of the regulatory framework as it pertains to mobile services, as envisaged in other parts of the Annual Plan for 2015.

#### Review of Accounting Separation Results of SMP Operators

The Separated Accounts of SMP operators are submitted to URCA annually, and are reviewed by URCA to ensure that they have been prepared consistently with URCA's Accounting Separation Guidelines (ECS 12/2010 and 13/2010), and to identify any regulatory impact. This will commence on submission in 2015 of the SMP operators' 2014 accounts (due for CBL on 30 June and for BTC on 30 September) and is expected to continue for approximately three to six months in each instance.

#### September to December 2015

In addition to the intention to focus its plan for 2015 on matters pertaining to mobile liberalisation, URCA has also noted in past years that due to the significant body of work commenced during the first through third quarters of each year, and the statutory tasks required annually and due at the year-end such as completion of URCA's Annual Plan, annual budgeting, completion of audits and issuance of URCA's fee schedule, the commencement of new projects during the final months of the year is often not feasible. Accordingly, URCA

expects that its focus during the last trimester of 2015 will be to ensure the completion of projects commenced earlier in the year, and completion of its statutory year-end obligations.

### On-going Activities

Outside of the slate of projects that URCA has specifically identified, there are other activities which URCA is obliged to undertake in the fulfilment of its responsibilities under the Comms Act. These are particularly related to administrative functions and the handling of ad hoc matters which arise in the regulatory context. These include, but are not limited to:

- » Statutory duties such as satisfying URCA's accountability to its stakeholders by publishing its work plans and annual reports within the statutory periods;
- » Monitoring compliance by licensees with licence conditions and regulatory measures, and taking enforcement action where appropriate;
- » Investigations and enforcement in respect of complaints of anti-competitive behaviour;
- » Reviewing and investigation complaints under the content codes;
- » Handling complaints by consumers regarding electronic communications services as they arise; and
- » Various consumer awareness and publicity initiatives undertaken by URCA to ensure that members of the public are aware of key issues, and the role of URCA.

These activities have been taken into account as far as practicable in estimating timeframes above. However, the nature of URCA's duties is such that unforeseen work may impact on URCA's ability to complete or even commence projects identified.

## 2 URCA PROJECT TIMELINES FOR 2015

Based on the foregoing, URCA's project plan for 2015 is set out in Table 1 below. It should be noted that the table provides URCA's total work period on the project, and therefore reflects time taken on internal development of policy and regulatory positions, the external engagement on any initiative, and the publication of a final regulatory measure (where relevant). It should also be noted that projects related to the Mobile Liberalisation initiative have not been included as these are, to some extent, dependent on the timeframes and specific outcomes of the selection process.

**Table 1 - URCA Project Timelines for 2015**

Project	Start Date	End Date
Consultation on Guidelines for Calculation of Net Avoidable Costs - USO	Commenced in 2014	T2, 2015
URCA Annual Plan 2015	Commenced in 2014	T1, 2015
ADR Schemes for Disputes between Consumers and Licensees	Commenced in 2014	T2, 2015
Infrastructure Sharing Regulations	Commenced in 2014	T1, 2015
URCA Annual Report 2014	T1, 2015	T1, 2015
Revision of Interconnection Regime	Commenced in 2014	T2, 2015
Establish Auction Rules and Conduct Cellular Mobile Spectrum Auction	Commenced in 2014	T2, 2015
Review of BTC RAI0 Charges	T1, 2015	T2, 2015
Licensing of New Cellular Mobile Operator	T2, 2015	T2, 2015
SMP in Call Termination for New Mobile Operator	T2, 2015	T2, 2015
Network Quality of Service Regulations	Commenced in 2014	T2, 2015
Review of BTC 2013 Accounting Separation Results	Commenced in 2014	T2, 2015
Universal Service Affordability Guidelines	Commenced in 2014	T2, 2015
Review of Licensing Guidelines	Commenced in 2014	T3, 2015
Monitoring and Managing the Introduction of Cellular Mobile Competition	T2, 2015	T3, 2015
Review of Content Codes	Commenced in 2014	T3, 2015
FM Broadcasting Technical Standards	T1, 2015	T3, 2015
Market Review - Implementation of Ex-Ante Remedies	T1, 2015	T3, 2015
Mobile Number Portability	T2, 2015	T3, 2015
Review of 2014 Accounting Separation Results of SMP Operators (BTC and CBL)	T2, 2015	T1, 2016
Annual Plan 2016	T3, 2015	T1, 2016

### Planned Consultation Schedule for 2015

While URCA will carry out several activities during 2015, not all of these will involve public engagement throughout the process. Table 2 below shows the major public consultations proposed for 2015, including anticipated publication dates.

**Table 2 - Planned Consultation Schedule 2015**

Consultation Document	Anticipated Publication Period	Anticipated Consultation Closing Period
URCA Annual Plan 2015	Published in 2014	T1, 2015
Infrastructure Sharing Regulations	Published in 2014	T1, 2015
Consultation on CBL Applications for REV TV Price Increase and Introduction of REV TV Prime Local	Published in 2014	T1, 2015
Interconnection Regulations	T1, 2015	T2, 2015
Review of Licensing Guidelines	T2, 2015	T2, 2015
Consultation on Network Quality of Service Standards	T2, 2015	T2, 2015
Consultation on FM Radio Technical Standards	T2, 2015	T2, 2015
Universal Service Affordability Guidelines	T2, 2015	T3, 2015
Review of Content Codes	T2, 2015	T3, 2015
Market Reviews – Implementation of Ex Ante Remedies	T2, 2015	T3, 2015
Annual Plan 2015	T3, 2015	T1, 2016

### 3 URCA'S 2015 BUDGET

URCA's full-time staff complement is anticipated to be twenty-seven (27) including proposed new hires in 2015. In an effort to continuously improve URCA's effectiveness and to secure the desired levels of knowledge transfer, there are plans to augment staff complement with emphasis being placed on new hires with economics and technical expertise. Over the long run, it is anticipated that this should result in a decreased reliance on external professional service providers.

URCA will ensure that it has sufficient finances to meet its

regulatory mandate and will make sure that it delivers the best possible service to its stakeholders. In so doing, URCA will also ensure that it provides full accounting of its activities as required by Section 41(1)(b) of the URCA Act. In avoidance of doubt, URCA will publish its Annual Report and Accounts for 2014 on or before 30 April 2015.

URCA's Operating and Capital Budget for 2015 is provided in table 4, below.

**Table 4 - URCA's Operating and Capital Budget 2015**

	2014	2015
Non-Executive Members Honoraria and Expenses	213,065	203,040
Executive Members Compensation	306,990	341,883
Staff Costs	1,930,188	1,909,174
Professional Services	1,294,645	1,413,000
Conferences, Training and Travel	508,830	575,996
Rent and Utilities	457,002	553,844
Consumer Education and Public Relations	270,000	325,000
Office Services	170,480	226,000
Information Technology	69,775	80,600
General and Administrative Expenses	260,712	319,751
Total Operating Expenditure (OPEX)	5,481,687	5,948,288
Depreciation	711,135	357,608
Total Operating Budget Recovered through URCA fees	6,192,822	6,305,896
Capital Expenditure	46,500	690,500

The budgeted operating expenditure is inclusive of depreciation, which is factored into the calculation of the URCA fee and has decreased by over \$353,000.

Further explanation of each expense category is as follows:

- » Non-executive members' compensation includes honoraria of \$11,000 per month (for all 3 non-executive members of the Board) and business related travel expenses for the non-ex-

- executive member who is resident overseas. This expenditure decreased 5% compared to 2014 budget due to reduced expatriate non-executive travel due to expiration of tenure of one of the expatriate non-executive board members;
- » Notwithstanding an increase of 11% over last year budgeted costs, Executive members' compensation which includes salaries and other benefits for executive members represents approximately 5% (2014: 6%) of the operating expenditure for the period which continues to decrease when compared to previous years;
  - » Staff costs decreased to 30% of the total operating budget (2014: 35%) and is anticipated to decrease by approximately 1% over last year's budget notwithstanding increased staff levels (4 new hires and summer interns) and increases in line with performance management program;
  - » Professional services expenditure is anticipated to increase by 9% due to allocation of significant funds for technical and economic consultants related to significant projects anticipated in 2015 including funds for implementation of SMP remedies arising out of URCA's recent market review (\$200k), mobile liberalization (\$150k) and mobile number portability (\$100k) as well as allocation of funds to financial/ internal audits and continued and anticipated legal matters;
  - » Conferences, Training and Travel is anticipated to increase by almost 13% over the previous year; this relates to anticipated travel for Executives and other staff relating to training and engagement with international organisations, through attendance at meetings, conferences, seminars and workshops;
  - » Rent and utilities will increase due to expiration of the lease and space limitations for URCA's current premises, which necessitated the move to new premises by the end of May 2015. In order to accommodate anticipated increased staff level, the new premises will be significantly larger than the office space currently occupied, though the rental rate per square foot is significantly reduced;
  - » Consumer Education and Public Relations is budgeted to increase by 20% due to continued initiatives aimed at educating and informing consumers on various electronic communications sector including public consultations on sector issues (including mobile liberalization), community outreach and utilizing other advertising media;
  - » Office services is budgeted to increase by 33% over prior year's budget, due to allocation for office security, office supplies, printing, general insurance and miscellaneous items;
  - » Information technology expenditure includes LAN maintenance, quarterly diagnostics of operating systems, and numerous software renewals;
  - » General and administrative expenses are budgeted to increase 23% due to anticipated increases in maintenance for URCA's new premises (which will result in a larger area to maintain) and an allocation for bad debt;
  - » All spending categories that will be subject to Value Added Tax have been increased to account for the implementation of VAT from 1 January 2015.









