



# **Three Year Strategy & Annual Plan for 2012**

***Draft for Comment***

**Consultation Document**

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UTILITIES REGULATION & COMPETITION AUTHORITY

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## **1. Introduction**

### **1.1 Scope**

The Utilities Regulation and Competition Authority (URCA) is pleased to publish its Three Year Strategy and Draft Annual Plan for 2012. The remainder of this document outlines:

- A recap of URCA's broad priorities for the three years 2009 – 2012 as published in its Annual Plan and Strategy 2009 - 2010;
- A Synopsis of URCA's activities and achievement for the period from 2010 – 2011
- URCA's proposed key activities for the forthcoming financial year;
- A series of key performance indicators which URCA shall use to measure its performance during the forthcoming financial year;
- The level of remuneration to be received by non-executive and executive members for the forthcoming financial year; and
- URCA's budget for the forthcoming financial year.

URCA hereby invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this Draft Annual Plan. Details on how to respond are in Section 8.

### **1.2 Background**

URCA came into effect on 1 August 2009, following the promulgation of the Utilities Regulation and Competition Authority Act, 2009 (the URCA Act). The Communication Act, 2009 (the Comms Act) establishes URCA as the converged regulator of, and competition authority for, the Electronic Communications Sector (ECS) – covering radio and television broadcasting, radio spectrum, internet and data, pay-tv and voice telephony<sup>1</sup>. In 2009 the Government articulated its vision for the Sector in its Electronic Communications Sector Policy (the Sector Policy) that provided for, among other things, the immediate full liberalisation of the ECS, with the exception of cellular services, on 1 September 2009.

### **1.3 Industry Overview**

Electronic communications networks and services form an essential part of the backbone infrastructure underpinning the commercial and social progress of the Bahamian economy. URCA

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<sup>1</sup>It replaced the legacy regulators for radio spectrum and telecommunications, the Public Utilities Commission (PUC), and radio and broadcasting, the Television Regulatory Authority.

estimates that the size of the sector in 2010 was approximately \$428 million<sup>2</sup> or 5.7% of the country's Gross Domestic Product (GDP) of \$7.53 billion.<sup>3</sup>

Tourism and financial services are the bedrock of the Bahamian economy and are estimated to account for 58% of GDP<sup>4</sup>. Access to high quality electronic communications technologies and services at competitive prices are therefore essential for GDP growth and external competitiveness of Bahamian businesses.

The major operators of domestic electronic communications networks and services in The Bahamas are:

- Bahamas Telecommunications Company Limited (BTC), which operates fixed voice and data services and mobile cellular voice and mobile data services. In April 2011, the Government completed the sale of a 51% stake in BTC, retaining 49% of the issued and outstanding shares. Certain transitional provisions relating to BTC that were included in the Comms Act were amended; in particular, section 114 was repealed and replaced so as to provide that no determination of the rules relating to the award of any second cellular licence would be made nor would any direct or indirect external process with respect to granting a second cellular licence be carried out before the third anniversary from the date of completion of the sales transaction.
- Cable Bahamas Ltd. (CBL), which operates a network of fibre-optic and/or coaxial cables and provides Pay TV and high speed data services and connectivity. CBL through one of its subsidiaries, SRG, now provides voice service.
- The state-owned Broadcasting Corporation of The Bahamas (BCB) (also referred to as ZNS), which operates one (1) TV station and three (3) radio stations, has the only radio station with national coverage. BCB is designated by the Comms Act as the Interim provider of Public Service Broadcasting.<sup>5</sup>

Under the Comms Act, BTC and CBL have been deemed to have Significant Market Power (SMP) in certain markets<sup>6</sup>, and URCA has in accordance with the provisions of the Comms Act, placed certain obligations on each of BTC and CBL. In 2011 both BTC and CBL were deemed compliance with the obligations and are consequently permitted to enter new markets for electronic communications services.<sup>7</sup>

In 2010 overall electronic communications sector revenues are estimated to have registered a decrease of approximately 7%, from \$460 million to \$428 million.<sup>8</sup> During the period from 2009 to 2011, URCA has granted operating and spectrum licences to a number of new and prospective

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<sup>2</sup>Estimates based on URCA information collected from licensees

<sup>3</sup>ECLAC, Economic Survey of Latin America and the Caribbean 2009-2010

<sup>4</sup>ECLAC, Economic Survey of Latin America and the Caribbean 2009-2010

<sup>5</sup>Communications Act 2009, section 115

<sup>6</sup>Communications Act 2009, section 116

<sup>7</sup>URCA SMP Final Decision (<http://www.urbahamas.bs/publications.php?cmd=view&id=41&pre=y>)

<sup>8</sup>Estimates based on URCA information collected from licensees

providers of electronic communications services. Table 1 below illustrates the number and various licences that URCA has issued since 2009.

**Table 1 – Type and number of licences issued**

TYPE OF LICENCE	NUMBER OF LICENSEES*
Individual Spectrum Licence	135
Individual Operating Licence	10
Class Spectrum Licence Not Requiring Registration	27
Class Spectrum Licence Requiring Registration	51
Class Operating Licence Not Requiring Registration	24
Class Operating Licence Requiring Registration	21
<b>TOTAL</b>	<b>268</b>

\*Figures do not include revoked licences and licences that have been surrendered.

URCA continues to seek opportunities to encourage competition in key markets, in an effort to improve the accessibility, quality and affordability of electronic communications services. Competition is encouraged through new licences for fixed, pay TV, and broadband. Moreover, URCA intends to further the promotion of competition through enforcement of ex ante remedies for access and/or interconnection, ensure compliance with the competition provisions of the Comms Act and driving forward market-based approaches to spectrum licensing, making available spectrum for cross-platform services, and removing barriers to switching suppliers.

The following is a brief overview of the status of each of the key markets for electronic communication services in The Bahamas.

#### Fixed Telephone Services

BTC has SMP in the fixed telephone services market, and currently provides local, inter-island, and international telephone services to the Bahamian public. In addition to BTC, Systems Resource Group Ltd. (SRG), a subsidiary of CBL<sup>9</sup>, also provides international, inter-island and local calling services to the Bahamian public. As at the end of 2010, penetration of fixed telephone services in The Bahamas stood at 37.71 subscribers per 100 inhabitants<sup>10</sup> or 129, 314 lines in service.

<sup>9</sup> SRG was acquired by CBL in May 2011. As a consequence SRG now operates as one of the subsidiaries listed on the schedule to CBL's licence.

<sup>10</sup>Source: ITU Telecommunications Statistics

A comparison of penetration rates for The Bahamas and a selection of countries is provided in Figure 1.

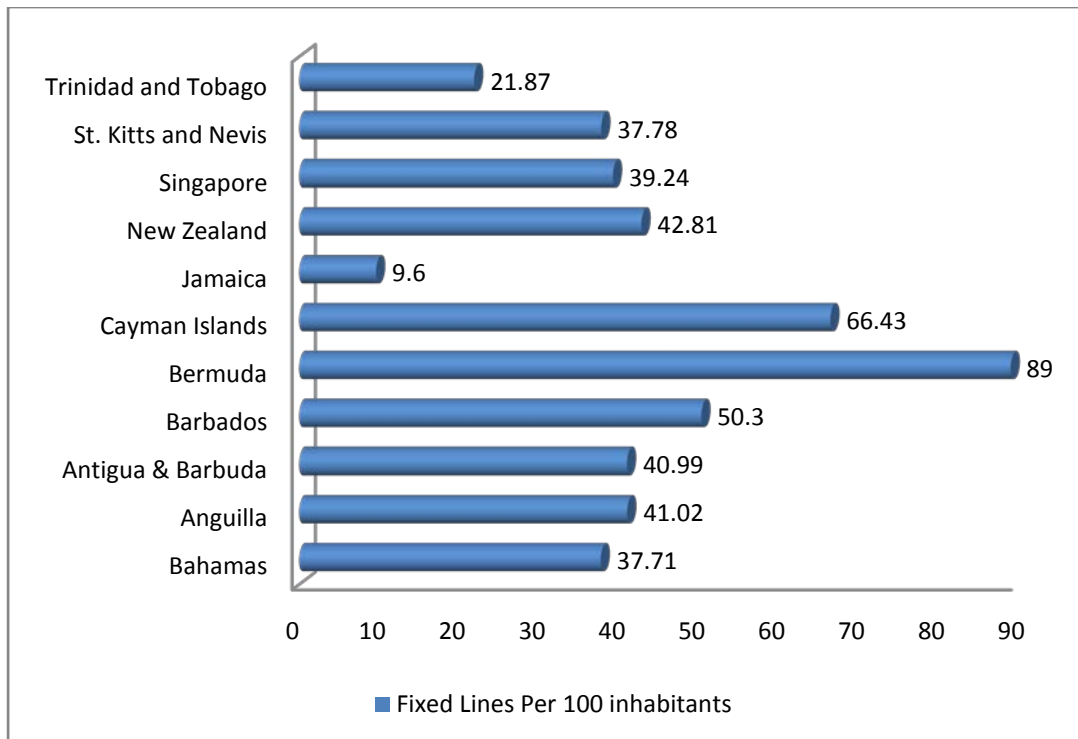


Fig. 1 – 2010 Fixed Lines Per 100 Inhabitants, Country Comparison.<sup>11</sup>

The Bahamas, therefore, compares unfavourably with most countries in the sample with Jamaica and Trinidad & Tobago being the only countries with lower penetration rates.

Prices for fixed telephone services provided by BTC have remained steady over the past five years, with the last significant price change being made in November 2005. Residential access is currently provided at \$15.00 per month (\$12.00 for qualifying senior citizens), while business access is provided for \$36.00 per month. Calls within the local charging area are free, while domestic long distance calls cost \$0.18 per minute.<sup>12</sup> BTC charges for international calls at rates ranging from \$0.47 for calls to the USA, to \$0.85 for Cuba and countries outside the Caribbean and North America.

SRG’s fixed access services were primarily targeted at business customers, offering discounted per minute call rates using a fixed wireless network. SRG launched its new voice service in November 2011. Prices start at \$14.99 per month, which includes unlimited local and on network calls with over 12 calling features.

SRG and BTC also provide VOI based services to residential customers at package rates ranging from \$9.95 to \$34.99 per month. These packages require Internet Access and generally provide a quantity

<sup>11</sup>Source: ITU Telecommunications Statistics

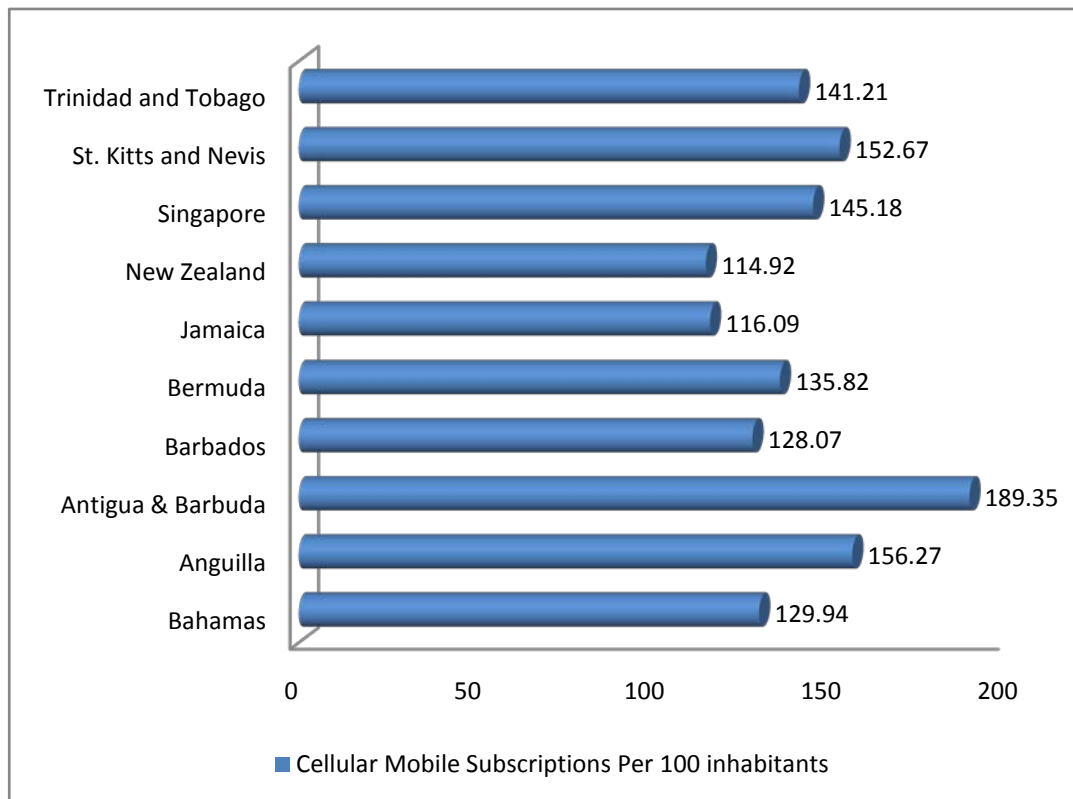
<sup>12</sup>Source: URCA data obtained from Licensees

of domestic long distance and/or international calls included in the plan price, with different rates for out of plan calls.<sup>13</sup>

### Cellular Mobile Telephone Services

BTC is currently the only operator licensed to offer mobile telephone services in The Bahamas.

For 2010 penetration of cellular mobile telephone services in The Bahamas is high, with 124.94 subscribers per 100 inhabitants.<sup>14</sup> A comparison of penetration in The Bahamas with a selection of other countries is provided in Figure 2.



**Fig. 2 – 2010 Cellular Mobile Subscriptions Per 100 Inhabitants, Country Comparison<sup>15</sup>**

The Bahamas is the only country in the sample which continues to have a monopoly provider of cellular mobile telephone services. Notwithstanding this, access to mobile telephone services in The Bahamas is virtually ubiquitous, with penetration exceeding one phone per person and significantly higher than some markets where competition exists.

### Internet and Data Services

Broadband Internet services are currently provided in The Bahamas by CBL, BTC and a number of smaller ISPs. CBL was designated by the Comms Act as having SMP in the market for the provision of high speed data services and connectivity.<sup>16</sup>

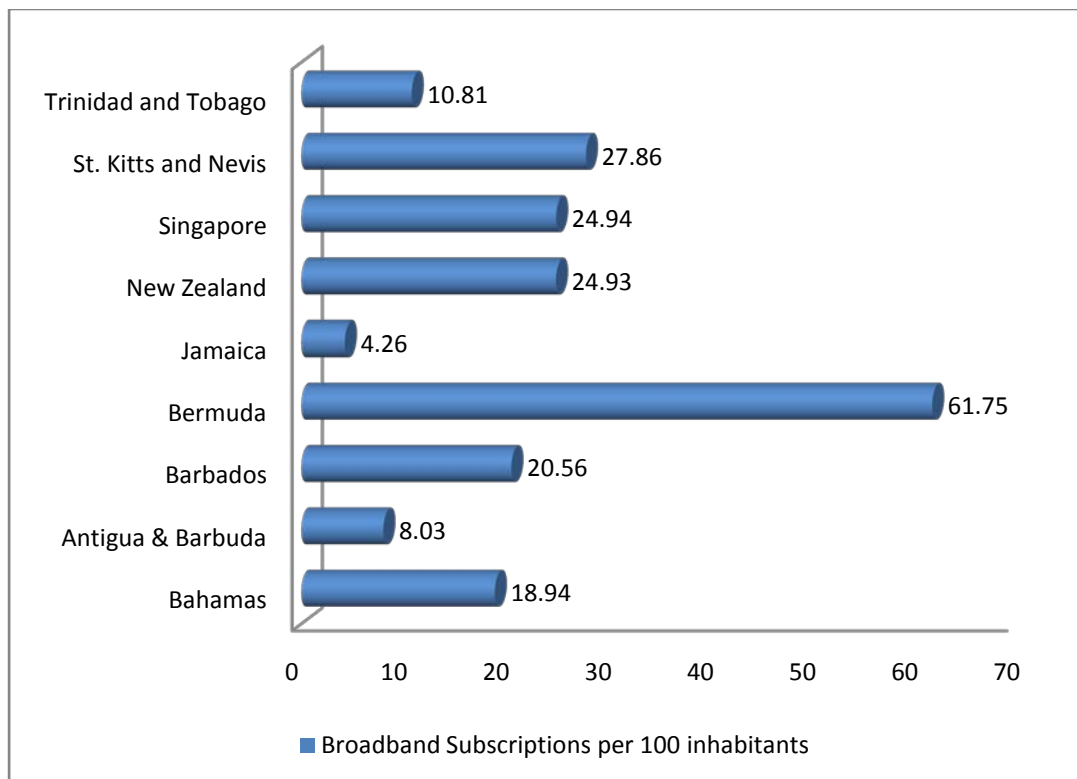
<sup>13</sup> Source: Licensees' website

<sup>14</sup> Source: ITU Telecommunications Statistics

<sup>15</sup> Source: ITU Telecommunications Statistics

<sup>16</sup> Section 116, Communications Act 2009

As at the end of 2010, total Broadband penetration was estimated at 18.94 subscribers per 100 inhabitants, or 66,882 connections. A comparison of the broadband penetration in The Bahamas with selected other countries is at Figure 3.



**Fig. 3 – 2010 Broadband Subscriptions Per 100 Inhabitants, Country Comparison<sup>17</sup>**

Residential broadband access prices in The Bahamas range from \$10.70 per month for a download speed of 1.5Mbps and a limit of 10 hours of 75Mb, to \$70.70 per month for a download speed of 9Mbps, with unlimited usage.<sup>18</sup>

### Pay TV

Pay TV in The Bahamas is currently provided by CBL, which provides a cable television service using a fibre optic/coaxial fibre network. CBL was presumed by the Comms Act to have SMP in the provision of Pay TV services. Penetration of Pay TV in The Bahamas in 2010 was estimated at 22.16 (2009: 22.95) subscribers per 100 inhabitants.<sup>19</sup> Prices for cable television range from \$30 per month for a package containing 51 Analogue/Digital channels to \$100 per month for over 200 Digital channels.

<sup>17</sup>Source: ITU Telecommunications Statistics, URCA Data collected from Licensees

<sup>18</sup>Source: Licensees' websites

<sup>19</sup>Source: URCA data obtained from Licensees



### Free to Air Broadcasting

The state-owned Broadcasting Corporation of The Bahamas (BCB/ZNS), which operates one (1) TV station and three (3) radio stations, has the only radio station with national coverage. Persons licensed in 2011 to operate free to air radio stations, with varying coverage, are set out in Table 2.

**Table 2–Radio Broadcasting Licensees**

<b>LICENSEE</b>	<b>ISLAND</b>	<b>FREQUENCY</b>
Guardian Radio Ltd.	New Providence	96.9 (FM)
Infinity Communications Ltd.	Freeport	103.7 (FM)
J.K. Communications Network Limited	New Providence	101.1 (FM)
Sheena Carroll Enterprises Ltd.	New Providence	105.1 (FM)

### International Networks

Currently, international connectivity to The Bahamas is provided by the following operators:

- BTC, which operates the Bahamas 2 cable system which provides connectivity to Florida from New Providence and Grand Bahama; the Bahamas Domestic Submarine Network (“BDSNi”) cable system which connects the islands in The Bahamas and links Haiti to The Bahamas, and also provides connectivity to Europe and other locations through its Satellite Earth Station located at Soldier Road in New Providence.
- Caribbean Crossing Ltd., a wholly-owned subsidiary of CBL, which operates a fibre-optic submarine cable system linking four islands in The Bahamas (Grand Bahama, New Providence, Eleuthera and Abaco) to the continental United States, providing telecommunications transmission capacity for the carriage of data and Internet services for other licensees. With the advent of competition, CCL may provide capacity to other licensees operating voice telephony services.
- Columbus Networks Inc, whose ARCOS network provides connectivity between The Bahamas, the United States and several countries in The Caribbean, and Central and South America.

## 2. Vision and Values

### 2.1 Vision

URCA's vision for the electronic communications sector involves:

- the realisation of a fully sustainable competitive market;
- adequate choice of service providers for consumers;
- improved value-for-money propositions (price and quality);
- consumers to be well informed and protected; and
- presence of modern converged infrastructure,

all of this geared to making the people, society, and economy of The Bahamas more productive.

URCA aims to create the key enablers that support the smooth functioning of a competitive market, promoting innovation in converging platforms and services, and for all stakeholders to make well-informed decisions in a leading regulatory regime that is transparent and predictable.

The mission statement of URCA is:

We are committed to achieving sustainable competition and promoting consumer interests, through effective and efficient regulation of utilities and broadcasting.

In its efforts to attain this vision and in carrying out its mission, URCA is committed to performing its functions in a manner that is transparent, proportionate, non-discriminatory and objective. The mission statement implies a number of principles which URCA holds central to all the activities that it carries out:

- Putting the consumer as the key beneficiary of all market and regulatory activity whilst taking into account the service providers and other stakeholders;
- Promotion of competition that is sustainable in the medium to long term;
- Reliance on market forces where possible; while in the absence of effective competition, regulation will seek to simulate the effects of competition;
- Regulation will tend towards technological and service neutrality and be sufficiently flexible as to enable change and allow for technology and service convergence;
- Promotion of policies that increase innovation;
- Regulatory decisions will be transparent and accessible in order to facilitate decisions by market players, policy makers and other stakeholders;
- Regulatory activity should enhance socio-economic welfare and improve national productivity;

- Providing a framework for the supply of audio-visual content that provides public value to Bahamians and the public at large;
- Deployment of relevant international practices and policies in the formulation of any decisions at the local level. Further to its regulatory remit, URCA will encourage the public and business community to embrace Information and Communications Technology (ICT), delivered through the ECS, as a key enabler to social and economic welfare;
- Management of the resources of URCA efficiently so as to minimize the cost of regulation on the industry whilst maintaining its effectiveness as a regulator; and
- Managing state resources in a manner that promotes competition whilst optimizing revenue to the public treasury.

## 2.2 Values

URCA aspires to succeed in its Mission through the adoption of the following values.

### VALUES

1. **Think Customer** - We understand our stakeholders so that we can deliver effectively and efficiently for them.
2. **Keep our promises** - We are passionate about doing what we say we will.
3. **Champion professional conduct** – We act with integrity and take personal responsibility.
4. **Do what's right** – We do what matters for our stakeholders.
5. **Succeed together** – We debate, decide and collaborate as a team.
6. **Open communications** – We encourage open and honest dialogue.
7. **Skilled and motivated colleagues** – Our team is skilled and motivated to do their best.

### **3. Recap of Strategy and Priorities for 2009 - 2012**

URCA's strategies and priorities during its first strategic period have been tailored towards fulfilling its mandates under the Comms Act and to implement the relevant aspects of the ECS policy that was issued by the Government in October 2009. It has also sought to build an organisational culture that promotes and recognises performance as it builds institutional capacity to meet the needs of the ECS.

In recognition of the importance of the ECS to the economic and social welfare of The Bahamas, the objectives of the Policy, as set out in the Comms Act<sup>20</sup> are to further the interests of consumers by promoting competition through:

- Enhancing the efficiency of the electronic communications sector and the productivity of the Bahamian economy;
- Promoting investment and innovation in electronic communications networks and services;
- Encouraging, promoting and enforcing sustainable competition;
- Promoting the optimal use of state assets, including radio spectrum;
- Promoting affordable access to high quality networks and carriage services in all regions of The Bahamas;
- Maintaining public safety and security;
- Contributing to the protection of personal privacy;
- Limiting public nuisance created by usage of electronic communications;
- Limiting any adverse impact of networks and carriage services on the environment; and
- Promoting availability of a wide range of content services which are of high quality and which provide social and cultural value to Bahamians and the public at large.

The Sector Policy sets out its direction as to URCA's priorities over the three year period, 2009 – 2012. These are grouped under the following headings:

- Setting internal and external procedures and guidelines
- Transition of Existing Licensees and Processing of New Licences
- Interim Determinations of Significant Market Power (SMP) and SMP Obligations
- National Spectrum Plan

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<sup>20</sup> Copies of this document may be downloaded from [www.urbahamas.bs](http://www.urbahamas.bs)

- Process and Principles for Market Reviews
- Universal Service Obligations
- Content Regulation and Public Service Broadcasting
- Consumer Protection.

The strategic and business priorities for URCA have been developed not only in the context of the objectives under the Comms Act, and the Sector Policy, but also URCA's experience and assessment of ongoing and envisaged trends in the markets that URCA regulates.

Based on the foregoing, URCA identified and decided that, in aligning its activities to the policy, for 2009 to 2012, it would focus on five broad Strategic Priorities:

- **Implementing Regulatory Safeguards** that are necessary for a level-playing field, eliminate barriers to entry and competition, and allow for effective regulation of the sector, such as access and interconnection, retail price regulation, and fostering competition through relevant provisions of the Comms Act.
- **Promotion of Competition** in converging markets through new licences for fixed, pay TV, and broadband services, driving forward market-based approaches to spectrum licensing, making available spectrum for cross-platform services; and removing barriers to switching suppliers for consumers.
- **Public Interest** policies that deliver on the objectives of providing quality public service broadcasting and protecting consumers through content regulation and supporting new approaches to online issues.
- **Consumer Protection** that empowers the public to make informed choices through education programmes, developing and enforcing consumer protection policies, and driving improvements in quality of service.
- **Institutional Capacity Building** – the four key policy strategies will be delivered through developing institutional capacity by ensuring that URCA has skilled and trained colleagues and is sufficiently resourced to carry out its functions.

URCA's work-plan for the period from September 2009 to the end of 2011 therefore sought to address certain key activities which were immediately necessary in furtherance of the above strategic priorities.

### 3.1 Implementing Regulatory Safeguards

*Implement critical regulatory safeguards such that there is a level playing field for sustainable competition to flourish amongst existing and new competitors.*

URCA considers that this Strategic Objective would be achieved through:

- Designing and implementing pro-competitive measures that are proportionate and efficient to their purpose
- Ensuring that SMP operators do not have an ability to foreclose markets to prevent new market entry
- Ensuring the availability of appropriate wholesale products where key components of an electronic communications network are uneconomic to replicate
- Ensuring that reasonable requests for access and interconnection by licensees are not unduly withheld, agreements for access and interconnection are established in a timely manner, and terms and conditions are transparent, non-discriminatory and charges are appropriately derived
- Fair and effective application of the regulatory controls and safeguards introduced
- Monitoring the application of ex-ante remedies following market analysis
- Taking enforcement action against licence breaches (e.g. revocation of licences and imposing fines), ex-ante obligations for SMP operators, and any alleged anti-competitive behaviour

Consistent with the foregoing, some of the key activities completed in 2011 were as follows:

- Obligation on SMP Operators
  - URCA engaged in ensuring that BTC and CBL comply with the SMP obligations imposed, which was a precondition to either provider entering new markets. CBL and BTC each were deemed compliant during 2011 and are allowed to enter new markets.
- Retail Price Regulation
  - Further to URCA's issuance of Retail Price Regulation guidelines for the SMP operators, URCA monitored compliance with those guidelines, including assessment of permanent price changes and special promotions.
- Accounting Separation and Cost Accounting
  - URCA's review of the audited (2010) Accounting Separation and cost accounting reports of the operators determined to have SMP was completed by December 2011.
- Review and approval of BTC's Reference Access and Interconnection Offer (RAIO)
  - URCA issued its Final Decision on BTC's RAIO in January 2011 and approved BTC's RAIO in June 2011.

- Untying Broadband Internet from Cable TV
  - URCA continues to monitor CBL's untying obligation.

### 3.2 Promoting Competition

*Foster sustainable, dynamic and innovative competition in the ECS that delivers choice of high quality products and services at competitive prices.*

URCA continues to promote competition in the ECS through:

- Ensuring that the licensing regime is fair and non-discriminatory amongst licensees
- Regulation which affords operators the opportunity to earn a reasonable rate of return on their investment
- Providing the sector with a clear vision of how spectrum will be managed and ensuring that adequate spectrum is available for provision of service specific activities (such as cellular) or converged services (such as triple-play)
- Where possible, ensuring that barriers to competition are minimized by removing barriers to consumers switching from one provider to another, such as number portability (fixed to fixed and mobile to mobile)

In addition to the projects listed, during the 2011 period URCA addressed several issues which included consideration of an acquisition by an SMP operator which had significant implications for both merger control and SMP obligations, regulation of new services and price changes for regulated services provided by SMP operators, inter-operator disputes, and investigations of allegations of anti-competitive behaviour by BTC.

### 3.3 Consumer Protection

*Empower the public to make informed choices through education programmes, developing and enforcing consumer protection policies, and driving improvements in quality of service.*

In December 2011, URCA commenced work on a public consultation on Consumer Complaints Handling Guidelines for the Licensees (service providers) which would ensure that all consumers receive a baseline level of service with respect to complaints lodged with service providers.

URCA's intent is to continue to promote consumer protection by:

- Providing the public with relevant and timely information in relation to their specific rights and entitlements as end-users of electronic communications services, and promoting consumer participation in the regulatory process

- Dealing efficiently with operator non-compliance with consumer provisions of their licence
- Facilitating access to services as defined through universal service obligations

### **3.4 Public Interest**

*Ensure and encourage the provision of quality public service broadcasting, protect consumers through content regulation and support and encourage new approaches to online issues.*

URCA proposes to achieve the Strategic Priority of promoting the public interest by:

- Seeking to ensure effective and informative Public Service Broadcasting (PSB) in The Bahamas
- Developing and implementing a Code of Practice for regulating content

During 2011 URCA commenced work toward achieving these outcomes by completing the following activities:

- Public Service Broadcasting
  - This culminated in a public consultation in the 4<sup>th</sup> Quarter of 2010 and this was carried on into 2011. The recommendations will be forwarded to the Minister with responsibility for ZNS in early 2012 for his consideration.
- Content Regulation
  - URCA established the Industry Working Group which has been engaged in regular debate on the issues impacting upon the regulation of broadcast content. The draft Code of Practice for the Regulation of Content and Audiovisual Services were published in November while the final codes are expected to be published in early 2012.

### **3.5 Institutional Capacity Building**

*URCA will continue to build the skills and expertise needed to regulate effectively and to establish itself as a leading regulator.*

The HR initiatives cover areas such as the development of capabilities, skills and behaviours. These are supported by key enablers that include open communications and proactive employee relations. These initiatives are intended to work together to realise the HR strategy of promoting people excellence, which is integral to achieving URCA's overall goal for organisational effectiveness.

The broad objectives for the period were intended to transform from the legacy PUC's image and culture to an organisation that is performance driven, which recognises the value of colleagues in



the attainment of the corporate objectives. The key enablers to achieving this transformation were identified as:

- The introduction of a pay for performance management system (P4PMS)
- Implemented a Variable Incentive Plan which is an integral part of the P4PMS
- Introducing a compensation philosophy and pay scale based on new market-tested salary bands
- Developing and implementing structured organizational wide training programmes, covering regulatory and other functional areas, general competency and managerial skills, formal certification, and leadership development.
- Introduction of new and transparent processes for recruitment
- Implementing “DocuWare” – a software package for integrated document management which makes file management more efficient, secure, controllable and easy to retrieve.

All of these initiatives are “works in progress”.

## 4. Planned Activities for 2012

2012 may be regarded as the year for consolidation and institutional capacity building as URCA prepares itself for a new thrust of activities predicated on the new Sector Policy to be issued in 2012. During 2012, therefore, URCA will focus on completing the obligations mandated by the Act and the ECS Policy and to build institutional capacity.

The projects planned for 2012 are based on: (i) existing regulatory proceedings and likely follow-up required on similar topics; (ii) regulatory measures designed to promote competition and enforce regulatory safeguards; and (iii) URCA's views on fulfilment of its mandate as guided by the Comms Act and the Sector Policy.

Respondents are welcome to comment on the timing of particular projects, as well as the overall proposed work plan.

Therefore, URCA sets out below the projects and activities proposed for 2012, under the four strategic priorities identified in the Strategic Plan 2009 – 2012.

It is of significance that the ECS Policy expires in October 2012. URCA is obliged, under the Comms Act to provide timely advice to the Government on a new Sector Policy for the period 2012 – 2015. URCA expects to complete its advice on this Policy by June 2012.

### 4.1 Implementing Regulatory Safeguards

*Implement critical regulatory safeguards such that there is a level playing field for sustainable competition to flourish amongst existing and new competitors.*

URCA considers that this Strategic Objective would be achieved as previously mentioned in Section 3.1.

Having completed a significant number of key projects under this priority URCA will continue to ensure that key regulatory safeguards are in place by focussing on the projects set out in Table 3 below:

**Table 3 - Implementing Regulatory Safeguards 2012**

Planned Projects and Activities	Description of Output	Starting Time frames	End Date
Regulating SMP Operators	Public Consultation on URCA's Study of BTC's Efficiency*	Jan. 2012	June 30, 2012
	Review of RAIO charges to reflect new information	Jan. 2012	Dec. 31, 2012

	Public Consultation on Identifying operators with SMP in Call Termination	June, 2012	Dec. 2012
Addressing Disputes between Operators	Public Consultation on an Alternative Dispute Resolution process for the Electronic Communications Sector	March 2012	Sept. 30 , 2012
Accounting Separation and Cost Accounting	Public Consultation on Publication Requirements for Accounting Separation	Dec. 2011	March 31, 2012
	Review of Accounting Separation and Cost Accounting Reports of SMP Operators	July 2011	Dec. 31, 2012

*\* This project is an outcome of the consultation on BTC's RAI0. The conclusions of this study may result in a whole new suite of follow up work.*

Due to the dynamic nature of the sector, URCA's regulatory guidelines and procedures are subject to continuous review and validation to ensure that they remain appropriate and fit for purpose. During 2012, URCA will continue to undertake such reviews and may from time to time undertake any revisions to existing regulatory safeguards that may be necessary or expedient to ensure that its strategic priorities are achieved.

#### 4.2 Promoting Competition

*Foster sustainable, dynamic and innovative competition in the ECS that delivers choice of high quality products and services at competitive prices.*

URCA will continue to promote competition in the ECS as previously mentioned in Section 3.2.

**Table 4 - Promoting Competition 2012**

Planned Projects and Activities	Description of Output	Starting Time frames	End date
Lowering barriers to entry and other key regulatory issues	Developing processes and principles for the Implementation of Number Portability	Jan. 2012	March 31, 2013

#### 4.3 Consumer Protection

*Empower the public to make informed choices through education programmes, developing and enforcing consumer protection policies, and driving improvements in quality of service.*

As has been indicated earlier, work had commenced on a public consultation on Guidelines for Handling Consumer Complaints to be used by the Licensees (service providers) which would ensure that all consumers receive a baseline level of service with respect to complaints lodged with service providers. Work on these guidelines will carry over into 2012.

Additionally, URCA's intent is to continue to promote consumer protection as previously mentioned in Section 3.3.

To that end, the following projects are proposed for 2012:

**Table 5 – Empowering the Consumer 2012**

Planned Projects and Activities	Description of Output	Starting Time frames	End Date
Consumer Advocacy and Awareness	Public Consultation on Consumer Protection Regulations	March 2012	Dec. 30, 2012
	Formation of a Consumer Advisory Council	June 2012	Sept. 30, 2012
	Conduct of appropriate consumer advocacy initiatives and encouraging increased consumer empowerment and awareness	Jan. 2012	Ongoing
Universal Service Obligations	Public consultation on regulations for Universal Service	Jan. 2012	Dec. 31, 2012
Facilitating and addressing Consumer Complaints	Public consultation on a Guidelines for Consumer Complaints Handling	Dec. 2011,	March 31, 2012
	Strengthening URCA's in house capability for dealing with consumer referrals	Jan. 2012	Ongoing

#### 4.4 Public Interest

*Ensure and encourage the provision of quality public service broadcasting, protect consumers through content regulation and support and encourage new approaches to online issues.*

URCA proposes to achieve the Strategic Priority of promoting the public interest as previously mentioned in Section 3.4.

In 2012 URCA will continue to work toward the outcomes identified above through the following projects:

**Table 6 – Promoting the Public Interest 2012**

Planned Projects and Activities	Description of Output	Starting Time frames	End date
Public Service Broadcasting	Implementation of PSB recommendations	TBD*	
Content Regulation	Publication of Code of Practice.	Nov. 2011	Jan 31 2012
	Compliance Monitoring	Feb. 2012	Ongoing

\*The timelines are based on the interaction with the Minister with responsibility for ZNS.

#### 4.5 Institutional Capacity Building

*URCA will continue to build the skills and expertise needed to regulate effectively and to establish itself as a leading regulator.*

The HR initiatives cover areas as previously listed in Section 3.5.

In 2012, the HR priorities will be as follows:

- Revise and complete the design of the processes related to the development of the P4PMS and re-introduce it into the organisation
- Develop and implement programmes specifically designed to build and strengthen local capacity in regulatory and competition competences – this will be achieved through the upskilling of colleagues and continued emphasis on knowledge acquisition and transfer.
- Continue to build management and leadership capabilities and behaviours through formal training and on-the-job experiences.
- Employee retention and succession planning – developing colleagues to ensure that they are developed for expanded and future roles
- Using colleagues' feedback and opinions on the various components of their work life garnered through various methods over time, respond to and revisit processes, improve communications and other challenges that prevail in the workplace.

#### **4.6 Other Regulatory Projects and Activities**

Outside of the slate of projects that URCA may identify as part of its initiatives to meet its regulatory objectives there are other activities that are required if URCA is to fulfil its obligations to the sector. These are particularly related to administrative functions as well as activities that have overarching impacts on the sector generally. In the former case, there are statutory duties such as satisfying URCA's accountability to its stakeholders by publishing its work plans and annual reports within the statutory periods. In the latter case, the preparation of the new sector policy is of primary importance; URCA must also ensure that The Bahamas is compliant with international standards and obligations, and that it makes its contributions in these arenas. These activities, like those of a regulatory and administrative nature, also require levels of effort for which URCA has to plan.

URCA is required pursuant to Section 6 of the Comms Act to formulate and present a revised draft sector policy to the Minister. URCA is of the view that this revised policy will be a pivotal instrument to position ICTs as a driver for future economic and social development of The Bahamas. In this context URCA has noted that the Government of The Bahamas has recently engaged on a number of initiatives to enhance access to ICTs, including an e-Government platform which was launched in 2011. Unquestionably, the future prosperity of The Bahamas lies with the speed with which it transitions to a fully digitally inclusive information society. The new ECS policy must be integrated with other policies that are related to the attainment of this ideal as it is the ECS sector that is the enabler for the information society to be realized. To this end, therefore, URCA recognises that role that it must play as a champion for the uptake of ICTs in all facets of Bahamian society and economy.

URCA's work in the areas of Universal Service and Public Service Broadcasting are, for instance, directly relevant to the promotion of access by Bahamians to ICTs. Thus, URCA has to ensure that

the sector is positioned to respond to demands for state-of-the-art networks and services that enhance national productivity and competitiveness.

Table 7 provides a summary of the key activities that are to be undertaken that are of a general but important nature,

**Table 7 - Other Regulatory Projects and Activities**

<b>Planned Projects and Activities</b>	<b>Description of Output</b>	<b>Start date</b>	<b>End date</b>
Compliance with statutory obligations	Audit of 2011 Financial Statements	Jan. 2012	March 31, 2012
Compliance with statutory obligation	2011 Annual Report and Annual Plan	Jan. 2012	April 30, 2012
Compliance with statutory obligation	Prepare and publish 2013 Annual Plan	Sept. 2012	Dec. 31, 2012 - Draft– April 2013 - Final
Compliance with statutory obligation	Drafting ECS Policy for 2012 - 2015	Jan. 2012	June 30, 2012
Compliance with statutory obligation	Review National Spectrum Plan	July 2012	Dec. 31, 2012
Regulatory Administration	Review of Licensing Guidelines	April 2012	Sept 30, 2012
Regulatory Administration	Publication of Licence Fees for 2013	Nov. 2012	Dec. 31, 2012
Regulatory Administration	Review of Spectrum Fees	March 2012	Oct. 30, 2012
Regulatory Administration	Review of Spectrum Management Activities	January 2012	July 31, 2012
Administrative Management	Develop KPIs for 2013 and going forward	July 2012	Dec. 2012
Compliance with International standards	Initiate Digital Switchover programme for The Bahamas	Jan. 2012	March 31, 2013

It should be noted that the 3 year Strategy and Annual Plan may be revised, when there is greater clarity on the timing of reforms and timing of the transfer of regulatory responsibility to URCA for other sectors. URCA's current financial and human resources, as well as governance, are geared towards the electronic communications sector, and the budget is set solely to meet the regulatory needs of this sector, and hence recovered from various fees from the ECS.

## **5. Preparing for the future**

URCA is mindful of its role in facilitating an environment for The Bahamas to realise the goal of being a fully inclusive information society recognising that 100% e-literacy should not be considered as an unrealistic goal. It is fully appreciated that while the policy initiatives to promote an e-environment do not reside fully with URCA, the ECS policy can be an effective vehicle towards the attainment of these goals. Accordingly, URCA intends to champion the uptake of ICT as the enabler for economic growth; this would be consistent with the objectives elaborated in the current ECS policy. In its development of the next Policy, however, URCA will be seeking to recommend that these roles be entrenched and strengthened so as to ensure there are no gaps in the policy and governance environment that would militate against the attainment of the goals for an e-society.

It will be important that the environment for sustainable competition be fiercely protected and that URCA leverages every opportunity to ensure that market conditions favour investment and innovation in electronic communications and services. To this end, URCA considers that the delivery of adequate broadband services throughout The Bahamas should be the essence of the policy on universal service and it is in this context that URCA will be seeking to implement universal service obligations to advance the socio-economic well being of residents of The Bahamas. The role of wireless technology in this context will be important and, consequently, URCA will be preparing itself and the market to introduce competition in wireless services without delay, but subject to any restrictions in the sector policy and the relevant legislation.

The future resourcing and institutional capacity design of URCA should reflect these expectations and directions.



## 6. Evaluating Our Effectiveness

In line with good corporate and management practice, and to ensure accountability to relevant stakeholders, URCA proposes to evaluate its effectiveness through:

- Measurement and monitoring in line with key performance indicators (KPIs)
- Publication of an Annual Report on its operations and performance.

For 2012, URCA will use the KPIs provided in Table 8 below and publish the results as part of the 2012 Annual Report which is to be published by the end of April 2013. Going forward to 2012, it is proposed to maintain the same KPIs so as to enable easy tracking of organisational performance over time.

**Table 8 – URCA Key Performance Indicators 2012**

<b>Statutory/Regulatory</b>	<b>Finance</b>	<b>HR</b>	<b>IT</b>
<b>Draft annual plan and strategy published before end of financial year</b>	Cost of Finance function as a percentage of expenditure	Cost of HR function as a percentage of expenditure	Cost of IT function as a percentage of total expenditure
<b>Annual report and final annual plan published within 4 months of year end</b> <b>Draft annual plan and strategy published before end of financial year</b>	Period end cycle time Year end Cycle time	Cost of HR function per employee	Organizational ICT spend (investment in ICT infrastructure and hardware across the organization)
<b>Final Determinations to be issued within one month from end of receiving responses/comments</b> <b>Annual report and final annual plan published within 4 months of year end</b>	Forecasting accuracy	Ratio of employees (full time equivalent) to HR Staff	
<b>Final Decisions completed in period stated in Annual Plan</b> <b>Final Determinations to be issued within one month from end of receiving responses/comments</b>	Cost of Licensee Invoicing	Average days for full time employee per year invested in learning and development	
<b>Time to publish results, decisions and other regulatory measures after close of consultation:</b> - <i>within 30 days</i> - <i>31-60 days</i> - <i>&gt;60 days</i> <b>Final Decisions completed in period stated in Annual Plan</b>	Debtor Days	Leavers as percentage of the average total staff	
<b>Compliance with key Obligations by SMP Operators</b> <b>Time to publish results, decisions and other regulatory measures after close of consultation:</b> - <i>within 30 days</i> - <i>31-60 days</i> - <i>&gt;60 days</i>	Number and Value of Creditor Notes and Adjustments	Sick days per employee per annum	
<b>Number of URCA</b>	Long outstanding debt	Cost of learning and	

Regulatory measures appealed or litigated Compliance with key Obligations by SMP Operators		development activity as percentage of total payroll	
Consumer complaints: <i>Total received; Resolved as % of total;</i> <i>Time Taken to Resolve</i> Number of URCA Regulatory measures appealed or litigated		Cost of advisors as a percentage of the total payroll Cost of learning and development activity as percentage of total payroll	
Licenses issued within: - 30 days - 45 days Volume of licenses processed in the year Consumer complaints: <i>Total received; Resolved as % of total;</i> <i>Time Taken to Resolve</i>		Percentage of roles filled by permanent and contract staff Cost of advisors as a percentage of the total payroll	
Licenses issued within: - 30 days - 45 days Volume of licenses processed in the year		Average lapse time (working days) from a vacancy/advertisement occurring to the acceptance of an offer for the same post. Percentage of roles filled by permanent and contract staff	
		Cost of recruitment per vacancy Average lapse time (working days) from a vacancy/advertisement occurring to the acceptance of an offer for the same post.	
		Percentage of people in role 12 months of service Cost of recruitment per vacancy	
		Percentage of people in role 12 months of service	

## 7. URCA Budget

The full-time staff complement is eighteen, of which covering (7) are engaged primarily in Operations and (11) are engaged primarily in Policy and Regulation. This compares to a total of twenty-two at the end of 2010. The regulatory work load has been such that URCA has had to rely on outsourcing not only to fill skills gaps but also to overcome the shortfall in staffing levels. In an effort to improve URCA's effectiveness and to secure the desired levels of knowledge transfer, there are plans to increase the staff complement, targeting the acquisition of additional skills in economics and engineering. Over time this should result in the continued downward trend in the expenditure on professional services.

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 will provide a full accounting of its activities as required by Section 41 (1) (b) of the URCA Act. For the avoidance of doubt, URCA shall publish its Annual Report and Accounts for 2011 on or before 30 April 2012.

URCA's Operating and Capital Budget for 2012 is provided in Table 9 below.

**Table 9 – URCA Operating and Capital Budgets (B\$) 2012**

	2011	2012
Non-Executive Members Honoraria and Expenses	185,000	224,500
Executive Members Compensation	470,388	362,634
Staff Costs	1,708,350	1,822,326
Professional Services	1,043,500	997,000
Rent & Utilities	408,000	446,921
Conferences, Training, Travel	291,000	354,480
Office Services	144,700	140,000
Advertising and Public Relations	108,000	110,000
Data Processing	74,600	76,383
General and Administrative Expenses	181,500	177,510
<b>Total Operating Expenditure (OPEX)</b>	<b>4,615,038</b>	<b>4,711,754</b>
Depreciation	670,000	693,046
<b>Total Operating Budget Recovered Through URCA Fees</b>	<b>5,285,038</b>	<b>5,404,800*</b>
<b>Capital Expenditure</b>	<b>154,500</b>	<b>106,000</b>

*\* URCA shall use this budgeted amount to set URCA Licence Fees for 2012. It should be noted that the industry will receive credit for 2010 to offset against 2012 URCA fees.*

The underlying Operating Expenditure (OPEX) has increased by \$96,716 when compared to the level of 2011 budgeted expenditure. However, expenditure inclusive of depreciation, which is factored into the calculation of licence fees ("URCA Fees"), has increased by \$119,762.

Further explanation of variances in 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 travel and accommodation expenses of the two members from overseas. The increase of 21% reflects additional sums to be paid to members for additional time spent outside of regular Board meetings.
- Executive members' compensation includes salaries and other benefits for the executive members and represents about 8% of the operating expenditure for the period, representing a slight decrease of approximately 2% when compared to prior year's budget.
- Staff costs include salaries and benefits for the staff and have increased by 7% over prior year increasing to 39% of the operating budget due to increase in the staff complement and costs associated with various HR initiatives/programmes.
- Conferences, training and travel include expenses for attending conferences/workshops and training, including selected ITU and CTU events, and work related travel such monitoring various activities which require travel out of New Providence. This 21% increase is a result of the training of new staff and the upskilling of the staff complement. URCA will also host a regional conference in November 2012 for which it will provide some level of sponsorship.
- Professional Services includes continued expenditure for regulatory consultancy, external legal services (including litigation), HR advisors, financial auditors, and internal audit functions. This budgeted amount reflects a decrease from 2011, although there is some risk attached here due to challenges in anticipating and budgeting for competition investigations and appeals/litigation.
- Rent and Utilities reflect the rental of office accommodations and the respective utilities to support URCA's operation. The 10% increase over prior year's budget is caused by increases in rental cost per lease agreement and anticipated increase in other utilities expenditure.
- Office Services includes expenses for office supplies, printing, general insurance and miscellaneous items.
- Advertising and Public Relations remains at prior year's level as there is continued emphasis in engaging in regulatory consultations and public awareness.
- Other General and Administrative Expenses which remains flat at 4% include membership fees, automobile expenses, and maintenance of office premises. The budgeted amount for regulatory membership fees covers the cost of participating in international and regional regulatory agencies' activities. This participation was mandated by the Government of The Bahamas.
- Depreciation captures the systematic expensing of fixed assets over their useful life. In light of the extensive capital expansion having been completed during 2010, the capital expenditure in subsequent years including 2012 has been significantly reduced. The increase in depreciation covers the anticipated acquisition during 2012 for computer equipment, data management tools and an automobile.

## 8. Responding to this Draft Plan

The timetable for responses to this Annual Plan will be as follows:

- All responses to this consultation should be submitted by 5 PM on 3 February 2012.
- URCA shall endeavour to publish these responses on its website by 5 PM on 7 February 2012.

URCA shall also publish the Final Annual Plan as soon as practicable after 3 February 2012 (the deadline for receipt of comments) and in any event no later than 4 months after the end of the financial year, namely, by 30 April 2012; the Final Annual Plan will be published in conjunction with the Annual Report. URCA will hold one oral hearing to present the Annual Plan and Annual Report and to answer questions from interested third parties. URCA will communicate the date and venue, with advance notice, for this hearing.

Persons may obtain copies of this document by downloading it from the URCA website at [www.urcabahamas.bs](http://www.urcabahamas.bs).

Persons may deliver their written submissions or comments on the public consultation document to URCA either:

- by hand, to URCA's office at UBS Building Annex, East Bay Street, Nassau;
- by mail to P.O. Box N-4860, Nassau, Bahamas; or
- by fax, to 242 393 0237; or
- by email, to [info@urcabahamas.bs](mailto:info@urcabahamas.bs)

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