

Annual Report and Plan

Oral Hearing



College of The Bahamas, Nassau
25 May, 2011

Agenda

- Introductory Remarks
- Governance & Board Activities
- Annual Report
- Annual Plan
- Q&A



Introductory Remarks






- **First full financial year for URCA**
 - 2009 Annual Report as for five month period from 1 August to 31 December 2009
- **2010 Annual Report and 2011 Plan published ahead of statutory deadlines:**
 - In accordance with section 41(1) and 41(6) of the URCA Act
 - 2010 Annual Report & 2011 Annual Plan published on 12 April, 2011
- **Today, our objective is to present the 2010 Annual Report and 2011 Annual Plan and answer related questions:**
 - To enhance transparency and accountability
 - In accordance with section 41(7) of the URCA Act



Governance & Board Activities



URCA Board Appointments

	2008	2009	2010	2011	2012	2013	
Wayne Aranha		1 Aug.			1 Aug.		
J.P. Morgan		1 Aug.					1 Aug.
Katherine Doehler		1 Aug.			1 Aug.		
Usman Saadat		1 Aug.				30 Sep.	
Kathleen Smith				Jan 2011			



General Activities of the Board

- Reviews and approves **major regulatory decisions** and all publications
- Meets at least **12 times a year**
- Reviews URCA's performance against budget and monthly financial statements and policies geared towards **sound financial management**
- Publishes a **Quarterly Report** outlining its activities and deliberations
- **Audit Committee**, chaired by Philip Stubbs
- **Conflict of Interest declarations** by Board and colleagues
- **Confidentiality Agreements** by Board and colleagues



Key Outputs of the Board in 2010

- Developed **Key Performance Indicators** to be used to measure and evaluate corporate performance
- Approved **HR strategy** and resulting changes in performance management and compensation
- Lead the **Recruitment** of Executive Members
- Developed **risk management framework** and action plans to mitigate risk
- Initiated **competitive selection process** for selection of regulatory advisors and other advisors.
- Reappointment of **Audit Committee Chairman**
- Approval of **Annual Report & Annual Plan**



Annual Report



Financial Highlights 2010

Table 2 – Performance against budget

	Actual	Budget	Variance
Fees	5,448,633	4,718,040	730,593
Other Income	276,285	-	276,285
Total Income	5,724,918	4,718,040	1,006,878
Expenses:			
Non-Executive Honoraria and Expenses	189,643	186,384	(3,259)
Executive Members' Compensation	414,449	437,229	22,780
Staff Costs	1,600,623	1,458,832	(141,791)
Conference, Training and Travel	205,612	223,800	18,188
Professional Services	1,667,313	1,270,500	(396,813)
Advertising, Consumer and Public Relations	64,637	155,600	90,963
Rent and Communications	407,128	302,400	(104,728)
Information Technology	59,156	60,000	844
Office Services	134,527	80,300	(54,227)
General and Administrative Expenses	25,410	66,720	41,310
Depreciation	171,925	534,000	362,075
Provision for Doubtful Accounts	(23,013)	-	23,013
Total Operating Expenses	4,917,410	4,775,765	(141,645)
Comprehensive Income/(Loss)	807,508	(57,725)	865,233

- Total income almost \$1mn above budget driven by recognition of deferred revenues (\$420k) and interest income (\$220k)
- Total expenses over-budget by 2.9% resulting from over-run of regulatory advisory during the period Jan-April 2010
- Comprehensive Income of \$808k

Changes in Accounting Policies

- **Amendment to the URCA Act** – enacted by the Bahamian Parliament on December 22, 2010. The amendment required that URCA remit the sum of \$5,910,000 to the Consolidated Fund, of which \$4,310,000 was transferred during January 2011;
- **Prior Period Adjustment** – As described in Note 15 to the financial statements, URCA considers the allocation of certain deferred revenues assumed from the PUC to surplus a more accurate presentation of the financial performance of the Authority.



Financial Highlights (2)

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 31 December 2010

(Expressed in Bahamian dollars)

	Contributed Surplus \$	Electronic Communication Fund \$	Total \$
Initial contributed surplus	6,290,160	-	6,290,160
Total comprehensive income [Notes 2(l) and 15]	<u>463,250</u>	<u>(255,592)</u>	<u>207,658</u>
Balance as of 31 December 2009	6,753,410	(255,592)	6,497,818
Transfer to the Consolidated Fund (Note 8)	(5,910,000)	-	(5,910,000)
Total comprehensive income	<u>420,302</u>	<u>387,206</u>	<u>807,508</u>
Balance as of 31 December 2010	<u>1,263,712</u>	<u>131,614</u>	<u>1,395,326</u>

- Restatement of 2009 Contributed Surplus and Electronic Communications Fund (ECF) for change in accounting policy
- Transfer of \$5.9mn from Contributed Surplus due to changes in URCA Act
- Comprehensive Income for 2010 allocated between Contributed Surplus and ECF consistent with 2009 revised treatment
- Contributed surplus has decreased to \$1.26mn (from \$6.75mn in 2009)
- ECF is in a surplus of \$132k, despite restated loss of \$255k for 2009



Key Performance Indicators (Finance)

Table 3: Finance KPIs

KPI	Value
Cost of Finance Function	6.35 %
Period end cycle time	11.25 days
Year end cycle time	26 days
Budgeting accuracy	-2.97%
Cost of licensing invoice	\$1,362
Debtor days	25 days
Number of billing adjustments	9
Value of adjustments	\$169,019
Long outstanding debt as percentage of total debt	82.55%



Key Performance Indicators (HR &IT)

Table 9: HR and IT KPIs

KPI	Value
Cost of HR function (% of total cost)	5.88%
Cost of HR function per employee	\$13,354
Ratio of total personnel to HR personnel	11:1
Average number of training days per employee	6 days
Leavers as a percentage of total personnel	13.04%
Days lost through sickness p.a.	7 days
Investment in learning & development as a percentage of payroll	9.9%
Cost of advisors as a percentage of total payroll	44.8%
Percentage of roles filled by Bahamians	86.4%
Average lapse time from vacancy to acceptance of offer	60 days
Cost of recruitment per vacancy	\$16,048
Percentage of people in role after 12 months	91%
Percentage of Staff receiving annual appraisal	100%
Cost of IT Function	0.61%
ICT investment	0.31% or \$704 per user
Percentage of users able to access network remotely	73%



Regulatory Overview 2010

- SMP Obligations issued April 22, 2010
 - Common to both BTC and CBL: Accounting Separation, Retail Price Regulation and Broadband Resale Offer
 - Specific to BTC: RAIO, Elimination of charges for incoming international calls to mobile and national averaging of broadband
 - Specific to CBL: Untying of pay TV from broadband
- Merger Control
 - Radio Three Limited and Dovorov Limited (media)
 - CBL and SRG
- Numbering
 - Numbering Plan – May 2010
 - Number Portability Survey – October 2010



Key Regulatory Activities – 2010

KPIs

- Processing of Licence Applications
 - IOL – 22 days, ISL – 16 days, COL – 14 days, CSL – 14 days
- Draft Annual Plan and 3 Year Strategy before year end
 - Published on 10 December 2010
- Public Consultations started in period published in 2009 Annual Plan
 - Content Regulation: Procedures for Developing Codes (Q1) – February 3, 2010
 - Final SMP Decision (Q2) – April 22, 2010
 - Draft National Numbering Plan (Q2) – May 25, 2010



Key Regulatory Activities – 2010

KPIs

Consultation/Project	Quarter slated to start	Actual Start date
Compliance with Retail Price Regulation	Q2	June 2010
Review BTC's RAIO	Q2	June 15, 2010
Review of Separated Accounts	Q2	May 31, 2010
Review of compliance of SMP other obligations	Q2	May 2010
Publication of Public Register of Licensees	Q1	April 1, 2010
Publication of National Spectrum	Q1	March 12, 2010



Key Regulatory Activities – 2010

KPIs

Project	Timing (2010)	Start Date
Opening of new spectrum bands	Q2	Oct. 2010
Spectrum refarming		Postponed
Infrastructure sharing	Q3	Postponed
Number Portability	Q3	2011
Universal Service Regulations	Q2	2011
Consumer Awareness – price & quality benchmarks		Data collected in Q4
Compliance with Licence Conditions	Q3	Q4
Public Service Broadcasting	Q2	Q4
Content Regulation – Codes of Practice	Q3	In progress; 2011



Annual Plan



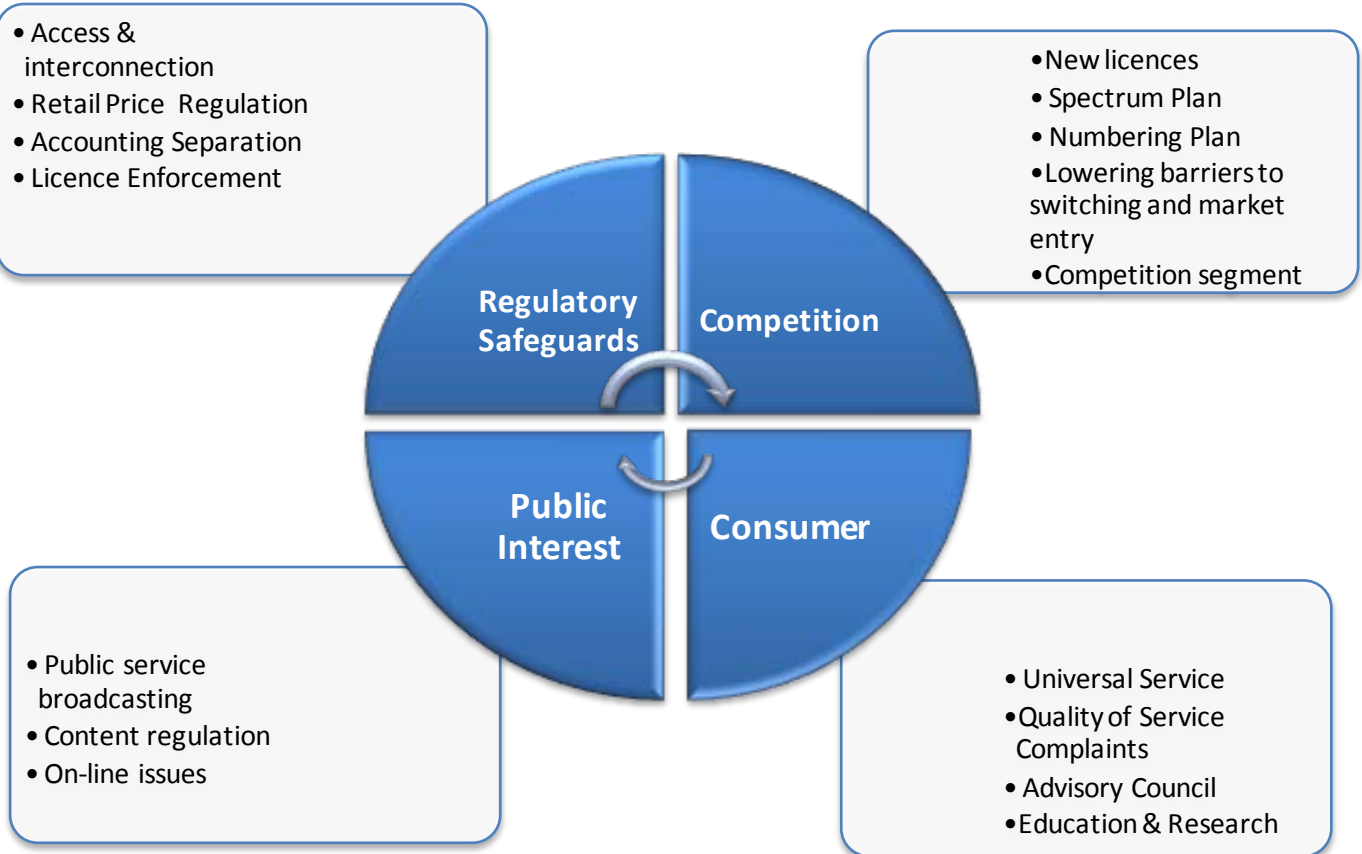
Annual Plan

- Section 41(2) URCA Act – Annual Plan for the forthcoming year:
 - Strategy to meet objectives
 - Set out broad priorities for next 3 years
 - KPIs to be used to measure performance
 - Level of remuneration to be received by non-executives and executives
 - Budget
- Section 41(4)-(7) of URCA Act – Annual Plan to be:
 - Published in draft form before end of financial year for consultation
 - Published after end of consultation
 - Published together with Annual Report
 - Presented at Oral Hearing



Priorities for URCA

(over 3 year period)



Institutional Capacity – Driving People Excellence

Activities, Consultations & Publications (2011)

Q2

- Publication of Separated Accounts
- Methodology for Market Review of SMP
- Alternative Dispute Resolution
- Consumer Advisory Council
- Universal service
- Complaints Handling and Consumer Dispute Resolution

Q3

- BTC Efficiency Study
- Identifying operators with SMP in call termination
- Revision of 2012 Fee Schedule
- Content Regulation – Codes of Practice

Q4

- Digital switchover of analogue television broadcasting



Budget: 2011 vs 2010

	2010	2011
Non-Executive Members Honoraria and Expenses	186,384	185,000
Executive Members Compensation	437,229	470,388
Staff Costs	1,458,832	1,708,350
Conferences, Training, Travel	223,800	291,000
Professional Services	1,270,500	1,043,500
Advertising and Public Relations	155,600	108,000
Premises Rent Cost and Communications	302,400	408,000
Information Technology	60,000	74,600
Office Services	80,300	144,700
General and Administrative Expenses	66,720	181,500
Total Operating Expenditure (OPEX)	4,241,765	4,615,038
Depreciation	534,000	670,000
Total	4,775,765	5,285,038



Thank you!

Q&A

Contact us: 393-0234

Consumer Helpline - 322-7157 or toll free 242-300-0233

Email info@urcabahamas.bs





Utilities Regulation and Competition Authority

SEARCH
[Archives](#) [Home](#)

- [ABOUT US](#)
- [CONSUMER CENTRE](#)
- [COMPETITION POLICY](#)
- [LICENSING](#)
- [NEWS ROOM](#)
- [PUBLICATIONS](#)

Skilled and Motivated Colleagues
Our team is skilled and motivated to do their best.

Three icons representing different communication technologies: a mobile phone with signal waves, a radio tower with signal waves, and a satellite dish with signal waves.

I Am A

I Am An

URCA Regulatory Regime

Utilities Regulation & Competition Authority (URCA) was established as an independent regulator responsible for

Latest News

- 18 May 11 [Public Notice: Methodology for...](#)
- 16 May 11

Public Consultation

- 18 May 11 [URCA publishes Co...](#)
- 05 May 11