



QUARTERLY REPORT OF THE BOARD

COVERING THE PERIOD 1 JANUARY – 31 MARCH 2013

ECS 08/2013

14 June 2013

1. Introduction

In fulfilment of its continuing commitment to accountability and transparency, the Board of URCA is pleased to publish its Quarterly Report for the First Quarter of 2013, covering the period 1 January to 31 March 2013.

2. Summary of Key Actions – Audit Committee

- Committee Meetings – During the First Quarter of 2013, the Audit Committee had two meetings, on 26 February and 21 March.
- Internal Audit function – The Audit Committee discussed and agreed to retain the Internal Auditor for 2013 and the scope and established the internal audit priorities for 2013. The Internal Auditor will carry out reviews/audits of the effectiveness of URCA's internal controls over key systems and the management of risk in the Policy and Regulation unit, URCA's Key Performance Indicators, URCA's Information Systems and the areas of expense accounts, discretionary spending and employee benefits. The Audit Committee also agreed with the Internal Auditor that in 2013 he will also carry out three (3) comprehensive reviews of the status of management's actions to resolve issues raised during previous internal audits conducted in 2012. The Audit Committee also reviewed and discussed a status report prepared by the Internal Auditor summarising the implementation by management of the first six internal audit reviews prepared by him on the effectiveness of URCA's internal controls over key systems and the management of risks regarding Key Performance Indicators, Fees and Billings, Information Security Controls, Human Resources and Administration, Cash and Banking, and Payroll and Fixed Assets. The Audit Committee concluded that URCA should establish internal Key Performance Indicators for some of these matters and recommended to the Board that management should provide the Audit Committee with quarterly reports on implementation of the Internal Auditor's recommendation.
- Audited Financial Statements for Fiscal 2012 – The Audit Committee met with URCA's External Auditors to review the 2012 draft audited financial statements and ensure that the audit of URCA's accounts would be finalised before the statutory deadline of 30 April 2013. The Auditors advised the Committee that the Board needed to ratify its position on the treatment of revenues that are subject to the Freeport jurisdictional issue and that URCA needed to maintain a Register of Contracts.
- Management Accounts – The Audit Committee reviewed URCA's management accounts and financial performance for December 2012 through February 2013 and provided the Board with its comments and recommendations on those accounts.

- Audit Committee's Annual Report to the Board for 2012 – The Audit Committee has begun preparations for drafting its Annual Report to the Board for the 2012 fiscal year in accordance with section 33(2)(c) of the URCA Act. The report will address URCA's performance against its 2012 Annual Plan and the extent to which URCA's deployment of its financial resources in 2012 delivered value for money.
- Risk Management – The Audit Committee began the long-range process of reviewing URCA's Risk Assessment Matrix outlining the various levels of risk to the organisation, their likelihood and mitigation strategies while seeking input from executive management and the Internal Auditor. In addition, the Audit Committee requested management to contract the necessary expertise to prepare a disaster recovery plan for completion in 2013.

3. Summary of Key Actions – Operations

- Annual Report for 2012 and Annual Plan for 2013 – The Board was updated during the quarter on the results of the public consultation on the draft Annual Plan and draft Budget for 2013 and the progress in finalising the drafting of the 2013 Annual Plan and the Annual Report for 2012 following the conclusion of the public consultation and the annual audit.
- Human Resources and Administration – Each month, the Board was provided with updates regarding URCA's Human Resources initiatives, including developments in URCA's on-going programmes to review and revise its performance management and compensation system, and recruitment and restructuring exercises. URCA has retained the services of a consultant company to conduct a comprehensive compensation survey.
- Executive Management – The Board has been regularly updated and involved in significant executive management decisions as they arise during each month.
- Legal Matters – The Board was advised during the quarter of the introduction by amendment to the URCA Act of the requirement, as soon as possible after publication, for the Minister responsible for relations with URCA to cause URCA's Annual Plan and Annual Report to be laid before both chambers of Parliament. The Board was also advised of changes in Ministerial portfolios whereby the Prime Minister is charged with responsibility for the Electronic Communications Sector, and the Attorney General and Minister for Justice is charged with responsibility for relations with URCA. Following a call for Expressions of Interest, the Board approved URCA's List of those External Legal Practitioners who URCA may request to provide external legal services to the organisation during the period 2013-2016. The Board was regularly updated on the status of dormant legal proceedings inherited by URCA

from the Public Utilities Commission and efforts made to amicably resolve those proceedings where possible. The Board initiated a legal review of URCA's Conflict of Interest Declaration to bring it in line with the specific wording of section 25 of the URCA Act.

- Corporate and Consumer Relations – The Board approved the budget for an extensive range of Corporate and Consumer Relations activities during 2013. These activities are designed to increase customer awareness of URCA's role and responsibilities as well as to encourage participation in the regulatory process.
- Strategic Planning and International Relations –The Board was apprised of strategic planning meetings between the executive management of URCA and key stakeholders during the quarter including meetings with the Attorney General as portfolio Minister responsible for relations with URCA, the Ministry of Works, BTC and Cable Bahamas, with the possibility of future meetings with the Prime Minister as sectorial Minister, the Minister of National Security as Minister responsible for Public Service Broadcasting, the Broadcasting Corporation of The Bahamas and other regulated entities. The Board was also apprised of executive management meeting with the Ministry of Foreign Affairs to discuss matters of mutual interest regarding The Bahamas' involvement with international and regional organisations and spectrum.
- International Telecommunication Union (ITU)/ International Telecommunications Satellite Organization (ITSO) Workshop – The Board approved a proposal for URCA to facilitate the Government's hosting of an annual ITU workshop in Nassau in late May in conjunction with ITSO.
- Licence Fees - The Board is regularly updated each month on various queries from licensees, and actions to resolve and collect URCA Fees, Spectrum Fees and/or Communications Licence Fees.

4. Summary of Key Actions – Regulatory

- Local News Reports – The Board is regularly provided with various newspaper articles and comments that arose in the local press from URCA decisions and/or consultations during the period and, where necessary, press releases were issued to clarify URCA's position on those issues. The Board is also provided with local newspaper articles, information and comments regarding developments in other sectors that URCA might regulate in the future.

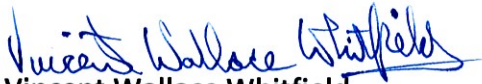
- Jurisdictional Issues – During the quarter, the Board was kept abreast of matters pertaining to URCA’s regulatory jurisdiction in the Port area of Freeport, Grand Bahama.
- Number Portability – The Board was updated on progress during the quarter regarding the technical and administrative issues affecting implementation of Number Portability in The Bahamas by URCA’s Number Portability Working Group, comprised of all major licensees, members of URCA’s staff and external advisors on regarding and the finalising of arrangements with a selected provider of a Number Portability Administration Service for The Bahamas with projected implementation forecast for the third quarter of 2013. The Board emphasised to the executive management its keen interest in seeing this critical dimension to the promotion of competition implemented on schedule.
- Electronic Communications Sector (ECS) Policy – The Board was updated on progress regarding submission of the draft Sector Policy document for 2013-2016 to the Prime Minister to satisfy the requirements of the Communications Act and advised that the Government had, by notice in the Official Gazette, extended the period for consultation with URCA on the revised Sector Policy to 5 April 2013 while extending the 2009 Sector Policy until such time as a revised Sector Policy is published.
- SMP Obligations – The Board was advised that Cable Bahamas had notified URCA of the conclusion of all phases of digitising its network in the islands of New Providence, Grand Bahama, Abaco and Eleuthera at the end of 2012; twelve months ahead of schedule, and that CBL had sought URCA’s confirmation that CBL’s untying obligation was completed.
- Retail Price Applications – The Board reviewed and rejected the application by Cable Bahamas for a 27% per cent increase in the residential and commercial price of the SuperBasic television package for the reasons stated in URCA’s Final Decision on the matter.
- Access and Interconnection – The Board was notified that URCA’s General Counsel was mediating a disagreement between SRG and BTC arising from BTC blocking cellular roaming traffic to The Bahamas but the Board declined to receive further details in the event that the mediation is unsuccessful and the matter later escalates into a regulatory dispute requiring Board consideration. In addition, the Board was advised that URCA had received advance notification of a similar issue arising between BTC and Jazztell.
- Competition Matters – The Board agreed to monitor the length of time taken by URCA to review competition complaints during 2013 and was updated on the

progress of the investigation of other complaints against licensees designated as having Significant Market Power. The Board was advised of URCA's approval of the acquisition and change of control of Pure Gold Investment Ltd. (Star 106.5 FM) by NG Investments Ltd.

- Spectrum Administration – The Board was advised of progress with the Government reviewing the draft National Spectrum Plan, the status of offers previously made for take-up in the 700 MHz band and URCA's work on drafting a Request for Proposals for consultants to advise URCA on the pricing of spectrum.
- Content Regulation – The Board was apprised of complaints against broadcasters received by URCA during the quarter, particularly following the referendum on web-shop gambling but the complainants were referred to the individual stations, and one involving broadcasting rights for the CARIFTA Games.
- Universal Service Obligations (USO) – The Board was advised that, following the publication of the Statement of Results and Final Decision on Universal Service Obligations during the quarter, URCA was now focussing on a number of sub-projects that flowed out of the Final Decision, including follow-up on the nationwide implementation by Cable Bahamas of the basic television service obligation.
- Licensing, Investigations and Enforcement – The Board was informed of licensing activities, applications, investigations, enforcement and revocations during the quarter, including the transfer of the spectrum previously issued to Clear Voice to PMs Networks (Bahamas) Ltd. following the payment by the new licensee of all arrears of licence fees owed by the defunct entity. The Board reviewed the regulatory proceeding arising out of BTC's network outage in June 2012 and decided that, for reasons of commercial confidentiality, the full decision would not be published but a synopsis of same would be issued.
- Numbering Administration – The Board was notified of URCA's numbering administration activities and the review of numbering utilisation reports received from BTC and Cable Bahamas, as well as the fact that URCA was not currently in danger of exhausting numbers in the 242 area code.
- Consumer Protection – The Board was advised that work continued apace in the drafting and finalisation of the draft Consumer Protection Regulations with publication of the consultation proposed for the second quarter of 2013.
- During the quarter covered by this report, the Board approved regulatory and other measures, including those that resulted in the following documents being published:

- 1) Final Determinations issued to the Broadcasting Corporation of The Bahamas regarding (i) a paid political advertisement of the Free National Movement broadcast on 2 May 2012 and (ii) alleged use of profanity during a 4 May 2012 television broadcast 15 January 2013
- 2) Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO) under section 119 and Schedule 5 of the Communications Act 2009 - Statement of Results and Final Decision [ECS 01/2013] 23 January 2013
- 3) Guidelines for the Type Approval of Licence-Exempt Radio Spectrum Devices [ECS 02/2013] 23 January 2013
- 4) Cable Bahamas Limited: Application for Permanent Price Change for SuperBasic Cable Television Services Statement of Results and Final Decision [ECS 02/2013] 11 February 2013
- 5) Revised Public Register of Individual and Registered Class Licensees 19 February 2013
- 6) Quarterly Report of the Board - 4th Quarter 2012 [ECS 03/2013] 20 February 2013
- 7) Revised Public Register of Individual and Registered Class Licensees 19 March 2013

Dated: 14th day of June 2013



Vincent Wallace Whitfield

Secretary to the Board