



# **QUARTERLY REPORT OF THE BOARD**

*COVERING THE PERIOD 1 OCTOBER – 31 DECEMBER 2010*

**ECS 04/2011**

23 February 2011

## **1. Introduction**

As part of its continuing commitment to accountability and transparency, the Board of URCA is pleased to publish its fifth Quarterly Report, covering the period 1 October to 31 December 2010.

## **2. Summary of Key Actions – Audit Committee**

- Risk Management – The Audit Committee completed its work in developing a risk assessment matrix aimed at recognising, prioritising and mitigating internal and external risks to the organisation. A document was forwarded to Executive Management for its input before the Committee’s meeting in February 2011.
- Value for Money Indicators – The Audit Committee reviewed and approved Key Performance Indicators (KPIs) proposed by Executive Management. These KPIs will be used as inputs into the Value for Money Audits that are to be carried out by the Audit Committee after the end of each financial year.
- Internal Audit function – The Audit Committee reported that this function (the purpose of which is to further test and strengthen internal controls) is on target to commence in April 2011 using an external provider that will be selected via a competitive Request for Proposal (RFP).
- The Board unanimously confirmed the reappointment for one year of Mr. Philip Stubbs as Chairperson of the Audit Committee with effect from 1 November 2010.
- Schedule of Audit Committee Meetings for 2011 – The Audit Committee agreed to reduce the number of its meetings in 2011, but the Committee’s Chairperson would continue to meet monthly with URCA’s Finance Officer to review the monthly management accounts.
- Management Accounts - The Audit Committee reviewed URCA’s management accounts and financial performance and provided the Board with its comments on a monthly basis.

## **3. Summary of Key Actions – Operations**

- DPR Recruitment – Due to the appointment of Usman Saadat to the position of CEO, the role of Director of Policy & Regulation (DPR) was advertised locally and internationally to facilitate a competitive selection process. Following a screening process, followed by two rounds of interviews, the Board interviewed the final two candidates before making its selection.

- Annual Plan and Budget for 2011 – The Board was updated during the quarter on progress in preparing the draft Annual Plan and Budget for 2011. The Board was particularly keen to ensure that URCA endeavour to reduce its expenditure on external consultants, while noting that the organisation would see a decrease in spending on external consultants over time as it increased its available manpower and skills. The Board also acknowledged that the Budget now included dues (and estimated expenses associated with meeting attendance) for The Bahamas' membership in the International Telecommunication Union (ITU) and the Caribbean Telecommunications Union (CTU) as URCA had now been delegated the task by the Government of representing The Bahamas at international/regional organisations under section 7(c) of the Communications Act. The Board approved the budget in early December.
- Human Resources – The Board was updated on several human resources initiatives resulting in URCA reorganising its Personnel Policies Manual to incorporate its Pay for Performance Management System and other revised policies.
- The Attorney General was also consulted on URCA's remuneration policies, as required in the URCA Act.
- Industrial Relations – The Board was updated on URCA's efforts to have the Ministry of Labour to conduct an audit of personnel at URCA, in order to ascertain eligibility within the Bargaining Unit for membership in the BCPOU.
- Engagement with Government Officials – The Board was updated on the CEO's courtesy visits with the Attorney General, as the Minister responsible for relations with URCA, and with the Minister of State for Social Development, to discuss matters of mutual interest.
- Consumer Engagement – The Board was briefed on the responses to URCA's consumer education campaign. The Board was also notified of the Consumer & Information Officer's one-week attachment to the Office of Utility Regulation in Kingston, Jamaica.
- The Board has been kept updated and abreast of significant management decisions as they arise during each month.

#### 4. Summary of Key Actions – Regulatory

- The Board was made aware of various newspaper articles and comments that arose in the press from URCA decisions and/or consultations during the period and, where necessary, press releases were issued to clarify URCA's position on these issues.
- The Board was made aware of management's efforts to assess alternative database systems that would assist with efforts to improve the daily updates of the ships' register maintained by the Bahamas Maritime Authority in London, England.
- The Board was briefed on the progress and on-going deliberations of the Industry Working Group on Content Codes.
- Spectrum Monitoring – The Board was briefed on the installation and erection of URCA's Spectrum Monitoring Equipment at appropriate sites from the Defence Force and Police Force.
- The Board was briefed on URCA's ongoing enquiries and engagement with BTC on various outages that affected BTC's network in the Family Islands as well as a major national outage in early August.
- SMP obligations – The Board was updated on how both BTC and CBL were progressing with compliance to their respective SMP obligations. In particular, it was noted that:
  - URCA had closed the public consultation on BTC's Draft Reference and Access Interconnection Offer (RAIO) and was now analysing the responses and comments received.
  - BTC and CBL having both previously submitted their Separated Accounts to URCA, URCA had reviewed the package of documents submitted (methodology, documentation, and results), including holding meetings with each operator to clarify a number of queries, resulting in URCA submitting Preliminary Decisions upon each operator, giving them an opportunity to respond, and eventually issuing a Final Decision to each operator directing them to resubmit their Separated Accounts in accordance with revisions acceptable to URCA. During the Quarter, CBL complied with URCA's Final Decision and were certified by URCA as having complied with this SMP obligation.
  - Having reviewed CBL's untying proposals, URCA issued a Preliminary Decision to CBL on the proposal, held discussions with CBL on defining and measuring compliance, as well as recommending improved methods of customer notification to alleviate concerns during the trials in eastern New Providence,

gave them an opportunity to respond, and eventually issued a Final Decision to CBL, resulting in CBL resubmitting their proposal with revisions acceptable to URCA and were certified by URCA as being compliant with this SMP obligation.

- URCA concluded its completeness review of the Broadband Resale Offers (“BRO”) published by both SMP operators on their websites. Each operator was notified of the changes they would have to make to their published BROs and resubmit them for URCA’s approval. During the Quarter under review, BTC complied with URCA’s directives and were certified by URCA as having complied with this SMP obligation.
- The Board was briefed on URCA issuing a formal notification to CBL and SRG that URCA was opening a 90-day in-depth investigation of their application to merge their businesses, in order to more fully review the legal and competition issues that are likely to arise.
- In light of the Board-approved Memorandum of Understanding (MOU) with the Nova Scotia Utility Review Board (NSURB), Mr. Saadat spent two days in Halifax, Canada, meeting with NSURB officials, observing their operations and determining how URCA can best benefit from the Canadian experience to regulation of the energy and water sectors, and obtain assistance with training and knowledge transfer.
- The Board was updated on progress on the litigation filed by CBL regarding the payment of licence fees for its Freeport operations and provided with a briefing paper prepared by external counsel on the merits and status of the case.
- The Board reviewed the question of URCA’s continued membership in the Organisation of Caribbean Utility Regulators (OOCUR) and agreed that URCA would participate for another year before reassessing its position.
- The Board reviewed URCA’s Terms of Reference documents for the CEO and DPR with a view towards making any necessary revisions in light of the advertisement of job descriptions for the two positions.
- The Board considered and agreed to conducting some of its meetings in 2011 via teleconference in order to effect cost savings in holding meetings of the Board, starting with the meeting in January.
- During the Quarter under review, the Board approved regulatory and other measures, including those that resulted in the following documents being published:
  1. ECS 23/2010 - Consultation Document on Opening New Spectrum Bands.

2. ECS 24/2010 Request for Proposals for Professional Services - Standing Offers for Regulatory, Legal, Economic, Technical and other specialist services for Communications, Water and Energy sectors in The Bahamas.
3. ECS 26/2010 Consultation Document on URCA's Draft Three Year Strategy & Annual Plan for 2011.
4. ECS 27/2010 URCA's Fee Schedule 2011.
5. ECS 29/2010 Consultation Document on Review of Public Service Broadcasting.
6. Order and Reasons for Decision issued to BTC and SRG in their dispute on the termination rate for inbound international calls.
7. Final Decision on CBL's Accounting Separation obligation.
8. Final Decision on CBL's Untying of Broadband Internet obligation.
9. Preliminary Determination on BTC's 'Talk It Up Card'.
10. Final Decision on BTC's Accounting Separation obligation.