



QUARTERLY REPORT OF THE BOARD

COVERING THE PERIOD 1 OCTOBER – 31 DECEMBER 2012

ECS 03/2013

20 February 2013

1. Introduction

As part of its continuing commitment to accountability and transparency, the Board of URCA is pleased to publish its Quarterly Report for the Fourth Quarter of 2012, covering the period 1 October to 31 December 2012.

2. Summary of Key Actions – Audit Committee

- The Board, on the recommendation of the Non-Executive Members of the Audit Committee, reappointed Mr. Philip Stubbs as Chairperson of the Audit Committee for a further one-year period commencing 1st November 2012.
- Internal Audit function – The Audit Committee met with and discussed three reports prepared by the Internal Auditor regarding URCA’s internal processes on Cash and Banking, Payroll and Fixed Assets, and a report on all previous reports submitted by him. Regarding the report on Cash and Banking, as a result of the Internal Auditor’s recommendations, URCA made adjustments to its internal operating processes on the procedures for signing cheques, access to URCA’s online banking system within the Finance unit and the physical verification of petty cash balances. The Internal Auditor advised the Audit Committee that management had taken steps to resolve the issues identified in the report on Cash and banking. Regarding the Internal Auditor’s report on Payroll and Fixed Assets, the Internal Auditor advised the Committee that there were no issues on co-operation by management in responding to his report and none of the issues identified by him were of high risk. Regarding the follow-up report on previous reports, the Committee was advised that management had addressed those issues that it could address quickly, and in other cases had moved long term issues into 2013.
- Audited Financial Statements for Fiscal 2012 – The Audit Committee met with URCA’s External Auditors in December to ensure that the audit of URCA’s accounts would be finalised before the statutory deadline of 30 April 2013 and to get a progress report on the interim audit field work. The Auditors advised the Committee of their concerns regarding the treatment of revenues that are subject to the Freeport jurisdictional issue and the importance of URCA not running an accumulated surplus as it would have to be factored into URCA Fees billings for 2013.
- Management Accounts - The Audit Committee reviewed URCA’s management accounts and financial performance for October through December 2012 and provided the Board with its comments on those accounts.
- The Audit Committee agreed to draw up a schedule of new tasks for the Internal Auditor to undertake during 2013.

3. Summary of Key Actions – Operations

- Annual Plan and Draft Budget for 2013 – During the quarter, the Board approved the draft 2013 Annual Plan and Budget for public consultation.
- Human Resources – The Board was updated each month on Human Resources initiatives, including on-going programmes to review and revise URCA's performance management and compensation system, recruitment and restructuring processes and the recognition of staff achievements.
- Each month, the Board was kept updated and abreast of significant management issues and decisions as they arose.
- Licence Fees - The Board has been regularly updated on various queries from licensees, and enforcement actions to resolve and collect outstanding URCA Fees, Communications Licence Fees and/or Spectrum Licence Fees.
- Strategic Planning – The Board and the staff held separate meetings on strategic planning for URCA. The Board also approved a proposal that URCA should meet with stakeholders in December and January for their assessments on strategic planning for the sector.
- International Relations – The Board was advised of a meeting between URCA and the Minister of Foreign Affairs to discuss matters of mutual interest, including diplomatic requests for spectrum and URCA's role in relations with external organisations such as the Organisation of American States/Inter-American Telecommunication Commission (OAS/CITEL) and the Caribbean Community (CARICOM).
- Litigation – The Board has been regularly updated on URCA's efforts to cost-effectively dispose of dormant lawsuits originating under the Public Utilities Commission.
- Organisation of Caribbean Utility Regulators (OOCUR) Meetings – The Board was advised on the progress towards and successful outcome of the OOCUR Meetings held in Freeport in November, and also received a final administration report on the conference regarding attendee numbers, hosting expenditure and evaluation results.
- World Trade Organisation (WTO) Accession – The Board was notified of URCA's meeting with staff and consultants from the Ministry of Financial Services when a presentation was made on progression of The Bahamas' accession to the WTO.

4. Summary of Key Actions – Regulatory

- Jurisdictional Issues - 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 advised that URCA's Number Portability Working Group, comprised of all major licensees and members of URCA's staff and advised by Laurasia Associates, met several times during the period on the technical and administrative issues regarding the implementation of Number Portability in The Bahamas. The Board was also advised that the Number Portability Working Group was making progress toward finalising arrangements with a selected provider of a Number Portability Administration Service for The Bahamas. The Board was advised that preparations continued toward projected implementation of Number Portability in the second quarter of 2013.
- Electronic Communications Sector (ECS) Policy – The Board was updated on the submission of the draft Sector Policy document to the Prime Minister to satisfy the requirements of the Communications Act and discussions on proposed time frames for an extension of the current Policy in the event of public consultations on the draft document.
- SMP Obligations – The Board was advised that the review of BTC's Reference Access and Interconnection Offer (RAIO) would result in BTC's call termination rates for fixed and mobile call termination declining by 53% to 17%. The Board was also notified that Cable Bahamas had advised URCA of its plans to complete the Untying Obligation throughout The Bahamas ahead of schedule, by the end of 2012. The Board accepted the deferral until 2013 of the planned project on SMP in call termination.
- Spectrum Administration – The Board was updated on progress in drafting the 2013/2016 Spectrum Plan for the Minister's review, inclusive of issues such as the recovery of URCA's administrative costs.
- Investigations, Complaints and Related Regulatory Activities - The Board was regularly updated on investigations of complaints of anti-competitive conduct, applications and approvals of Special Promotions, and allegations by the public or broadcasters of breaches of the Content Code.
- Cable Bahamas SuperBasic Price Increase Application – The Board was advised of the issues raised by the public during town meetings and progress on drafting the Statement of Results and Final Decision for this application for the Board's consideration

- Dispute Resolution – The Board was notified of URCA receiving a request for mediation of an inter-operator dispute between SRG and BTC under their RAIO on international roaming charges and approved the appointment of the General Counsel to mediate the dispute. The Board agreed that if the mediation was unsuccessful and became a regulatory dispute, the General Counsel would not participate in that matter.

- ITU Meetings - The Board was advised on URCA's participation in preparatory meetings held at the ITU in Geneva in advance of the World Conference on International Telecommunications, held in Dubai in December 2012.

- Regulatory and Other Measures - During the Quarter under review, the Board approved regulatory and other measures, including those that resulted in the following documents being published:
 1. Notices of Revocation of Class Operating Licence Requiring Registration issued to Hi Technology Communications and Individual Operating Licence issued to Tombstone Holdings Ltd.
 2. Preliminary Determination and Draft Order issued to BTC regarding network outages.
 3. ECS 24/2012 - Quarterly Report of the Board for Third Quarter 2012.
 4. ECS 09/2010 (revised) - Public Register of Individual and Registered Class Licensees.
 5. ECS 25/2012 - Statement of Results and Final Decision on BTC RAIO Charges.
 6. ECS 26/2012 - Publication of Draft 2013 Annual Plan for comment.
 7. ECS 27/2012 - URCA Fee Schedule for 2013.



C. Vincent Wallace Whitfield
Secretary to the Board