



2012

UTILITIES REGULATION AND COMPETITION
AUTHORITY

URCA

A N N U A L R E P O R T

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A N N U A L P L A N



URCA

2012 ANNUAL REPORT • 2013 ANNUAL PLAN



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Message from the Chairperson



It is my pleasure to present the Utilities Regulation and Competition Authority's (URCA) Annual Report for the year ended December 31, 2012. The Annual Report also includes the audited financial statements for 2012, which present URCA's financial position at December 31, 2012 including the results of the operations for the year; and URCA's Annual Plan for 2013, which outlines the activities that URCA will focus on during the coming year. Also included in this Annual Report are highlights of URCA's performance during the year, against the goals we set out a year ago, in our Annual Plan for 2012. We also highlighted activities that came up during the year, which although not specified in the year's plan, were addressed among other URCA priorities.

There were a number of important achievements and other milestones during 2012, may be broadly characterised in terms of our planning and regulatory landscape, URCA's leadership and our on-going participation in regional regulatory affairs. Developments in the planning and regulatory landscape included URCA's March 2012 publication of a comprehensive Code of Practice for Content Regulation (the Code), which impacts all licenced radio and television broadcasters in The Bahamas, was a particularly significant achievement in terms of URCA's public interests priorities. With 2012 also representing a general election year, the relevance and importance of the Code was underscored, with as many as three URCA investigations into Code violations, each connected in some way to political activities, during the year. The purported violations involved matters claiming use of offensive language in two instances and a defamatory accusation in another; as members of the public demonstrated their ability to challenge whether specific actions by broadcasters maintained the standards articulated in the Code.

Also during 2012, URCA established an administrative framework for the implementation of Number Portability. As a result, in 2013 fixed telephone subscribers will be able to change service providers without having to change their telephone number. URCA also opened the 700MHz radio spectrum band. Used by the most advanced telecommunications networks worldwide, licensing for the 700 MHz bandwidth was subject to a competitive application process, and by the year's end one licence had been issued [Bahamas Telecommunications Company

Ltd (BTC)]. The band opening is expected to significantly enhance the reach of broadband wireless access throughout the Bahamian archipelago which is critical for the inclusion of all persons in the use of information and communications technologies (ICTs).

During the year, URCA also concluded an efficiency study of BTC and subsequent review of the operator's approach for setting Reference Access and Interconnection Offer (RAIO) charges. This will ultimately impact the interconnection rates that BTC charges other licenced operators (OLOs), who are considered BTC's wholesale customers; and likewise the final costs passed on to the customers of those OLOs. URCA's measures are aimed at ensuring a level playing field that is conducive to sustainable competition, while also ensuring that prices are derived on a cost basis.

Upon becoming the Chairperson of URCA, I emphasised my concerns about raising consumers' industry awareness and also helping the consumer to understand who we are, what we do and the importance of how what we do can impact their everyday living, URCA's efforts to engage residents in the public consultation on the Cable Bahamas Limited's (CBL) application to increase the price of its SuperBasic cable television package were reflective of our commitment to consumer engagement. The consultation included town hall styled meetings in New Providence, Grand Bahama, Abaco and Long Island; community meetings with civic groups in Exuma, Abaco and Grand Bahama; and radio and television appearances on national and local broadcasters, as far south as Inagua and also including Exuma, Abaco and New Providence. A key goal of URCA is to help to develop an engaged and informed consumer base. Arming consumers with information empowers them to make informed choices in the use of ICTs. To that end URCA will increase its own public awareness efforts during 2013, both in terms of general information and in connection with planned consultations for the year.

During 2012, URCA also made key leadership changes. In addition to my own August 1st appointment, succeeding former Chairperson Mr. Wayne Aranha whose term ended on July 31st, URCA made two senior executive appointments. In April, former URCA Director of Policy and

Regulations (DPR) Mrs. Kathleen Riviere-Smith was named Chief Executive Officer (CEO); and in July, Mr. Stephen Bereaux who previously held the post of Senior Case Officer was named as the new DPR. Most notably both of these senior positions were filled internally. URCA will continue its on-going efforts of capacity strengthening.

In terms of regional participation, URCA's hosting of the 10th Annual Organisation of Caribbean Utility Regulators (OOCUR) Conference in November was a particularly special honour. Held under the theme "Utility Regulation in The Caribbean: A Case of the Harmonisation of Approaches to Regulation", URCA hosted the conference at the Grand Lucayan in Freeport, Grand Bahama from November 7 – 9, 2012. The event attracted 80 participants from 18 countries including the United States and the United Kingdom, in addition to our regional neighbours in the Caribbean. The conference provided a forum for discussion of regulatory best practices, among regulators, across the range of utility services, including telecommunications and broadcasting, policy makers, academics and consultants. 2012 also marked the organisation's 10th year since its July 2002 establishment making recognition of OOCUR's founding organisation's like URCA (then the Public Utilities Commission, PUC) and some of its most important individual contributors a particular highlight of the three-day event.

As we now look ahead to 2013, I extend my thanks to my fellow Board members and to the URCA staff for their performance during 2012. URCA's accomplishments during the year are indicative of their continued commitment to the mandate of URCA underpinned by a sound work ethic and organisational commitment to excellence. I also extend a very special thank you to our stakeholders and to members of the public; whose collective contributions are essential to ensuring effectiveness in the processes that support our decision-making.



Randol Dorsett
Chairperson

"... I emphasised my concerns about raising consumers' industry awareness and also helping the consumer to understand who we are, what we do and the importance of how what we do can impact their everyday living..."

About URCA

The Utilities Regulation and Competition Authority (URCA) is the regulatory authority with responsibility for the electronic communications sector (ECS) in The Bahamas. The sector comprises fixed and mobile telephone services, spectrum and numbering, broadcasting including pay television and Internet services.

Governance

In 2009, a new regulatory regime for electronic communications in The Bahamas was established with the passage of three (3) core pieces of legislation. The Communications Act, 2009, The Utilities Regulation and Competition Authority (URCA) Act, 2009 and the Utilities Appeal Tribunal (UAT) Act, 2009. URCA replaced the Public Utilities Commission (PUC) and the Television Regulatory Authority (TRA).

URCA is an independent authority governed by a five-member Board comprising three (3) non-executive members, including the Board's chairperson, and two (2) ex officio members; the Chief Executive Officer (CEO) and Director of Policy and Regulation (DPR). Non-executive members are appointed by the Governor General.

Established pursuant to the provisions of the URCA Act, URCA's Audit Committee is also a key component of the organisation's governance structure. Its work includes:

- ▶ Review of the monthly financial reports prepared by management
- ▶ Review, monitoring and implementation, of recommendations made by the internal and external auditors
- ▶ Review of the annual financial statements, including the assessment of the accounting policies
- ▶ Selection of an independent audit firm to audit URCA's accounts annually
- ▶ Annual reporting to the Board on URCA's performance

The Audit Committee also has oversight of the work of the internal auditor, whose activities during the year were concentrated mainly on the testing and reporting on the adequacy and effectiveness of internal controls and compliance with legal and regulatory requirements.

“The URCA Mission, Vision and organisational values are defining factors for each of the regulator’s five strategic priorities: *Implementing Regulatory Safeguards, Promotion of Competition, Public Interest, Consumer Protection and Institutional Capacity Building.*”

In accordance with statutory requirements URCA, prior to the end of its fiscal year, prepares and publishes for comment a plan of its activities for the ensuing year. This annual plan is finalised, after considering the responses to the plan, and is published along with the annual report, including the audited financial statements, within four months of the year end. In furtherance of the requirement for accountability, URCA is required to arrange at least one oral hearing during which the annual plan and annual report is presented and questions from interested parties answered. URCA also prepares a quarterly report of its activities; this is provided to the Minister responsible for relations with URCA and published on the Authority's web site. The requirements imposed by the Act and by the policies and practices adopted by the Board and management ensure that the activities and affairs of URCA are conducted transparently and that its stakeholders are sufficiently informed.

Organisational Structure

URCA is broadly structured into two areas, Policy and Regulation and Operations. Policy and Regulation comprises five functional units: Consumer and Information, Legal, Monitoring and Licensing, Economics and Regulatory Finance and a Technical unit. Operations functions include finance, human resources and general administrative functional areas.

Vision, Values and Strategic Outlook

The URCA vision for the electronic communications sector in The Bahamas is based on five key sector achievements:

- ▶ The realisation of a fully sustainable competitive market
- ▶ Adequate choice of service providers for consumers
- ▶ Improved value-for-money
- ▶ A well informed and protected consumer base
- ▶ Continued presence of modern converged infrastructure

With a mission built on a commitment “to achieving sustainable competition and promoting consumer interests, through effective and efficient regulation of utilities and broadcasting” the URCA value system is based on seven signature principles:

1. Always consider consumer interests: 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.

The URCA Mission, Vision and organisational values are defining factors for each of the regulator’s five strategic priorities: *Implementing Regulatory Safeguards, Promotion of Competition, Public Interest, Consumer Protection and Institutional Capacity Building.*



Market Overview

Industry Overview

Undeniably, electronic communications play a major role in any economy. As a revenue generating sector it makes a significant and direct contribution to the economy; and as an essential infrastructure for other sectors, it contributes indirectly by virtue of its enhancements to communications, and its improvements to the scope for innovation in doing business and conducting business efficiently; all of which also supports and strengthens the investment environment.

As an archipelagic nation, and the challenges inherent in this geographic make-up, electronic communications is especially important to the overall development of The Bahamas, and plays a particularly critical role at times when connectivity and access to information services are especially important. It is an essential tool for the achievement of sustained external competitiveness, effective governance at national and local levels, and the balanced administration of socioeconomic development needs throughout the country. In today's economies, ICTs are a proven tool for enhanced productivity.

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

- ▶ BTC, which operates fixed voice and data services and mobile cellular voice and mobile data services..
- ▶ CBL, which operates a network of fibre-optic and coaxial cables and provides Pay TV, high speed data services and connectivity, and fixed voice services.
- ▶ The state-owned Broadcasting Corporation of The Bahamas (BCB) (also referred to as ZNS), which operates one TV station and four radio stations. BCB also operates the only radio station with national coverage, and is the designated Interim Public Service Broadcaster¹.

Industry Performance

In 2011, the electronic communications sector (ECS) expanded by 3.7%, following an estimated \$16 million increase in revenue to \$444 million from \$428 million in 2010. Representing a modest rebound, the increase followed an approximate 7% decline in 2010, from \$440 million

in 2009. Based on the information provided by key stakeholders, URCA estimates that in 2012, sector revenues will grow for a consecutive year, by 3% to 4 % over the 2011 performance, topping \$460 million.

In 2011, employment in the ECS exceeded 1,350 persons. A slight fall off however to approximately 1,300 persons, is anticipated based on initial information received for 2012.

URCA continues to be vigilant in encouraging 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. In 2012, URCA issued 138 licences, including 124 Class Spectrum Licences Requiring Registration, raising the year-to-date total for all licences by the end of 2012 to 349, including 171, Class Spectrum Licences Requiring Registration. Other ways that URCA facilitates greater promotion of competition, are through enforcement of ex ante² remedies for access and/or interconnection, ensuring compliance with the competition provisions of the Communications Act and driving forward market-based approaches to spectrum licensing, making available spectrum for cross-platform services, and removing barriers to switching suppliers.

Status of Key Markets

Fixed Voice Services

BTC has Significant Market Power (SMP) in the fixed telephone services market, and currently provides local, inter-island, and international telephone services to the Bahamian public. CBL is BTC's primary competitor in this market, having launched its services in late 2011.

In 2012 the number of fixed-line subscribers grew to over 131,000 from 127,726 in 2011, or 2.56%. This brings The Bahamas' penetration rate as at the end of 2012 up to 37 subscribers per 100 persons (increasing from 36 at the end of 2011). Figure 1 shows the change in number of fixed-line subscribers per 100 inhabitants, and total subscribers over the period from 2009 to 2012.

In comparison to fixed penetration rates elsewhere, including the world's global average, The Bahamas has fared well.



Prices for fixed telephone services provided by BTC have remained steady over the past seven years, with the last significant price change occurring in November 2005. Residential access is currently provided at \$15.00 per month (\$12.00 for qualifying senior citizens), and business access at \$36.00 per month. Calls within the local charging area are 'free' (i.e. included as part of the monthly subscription fee), while domestic long distance calls cost \$0.18 per minute. BTC charges for international calls at rates that range from \$0.47 for calls to the USA, to \$0.85 for Cuba and countries outside the Caribbean and North America.

CBL, which provides fixed voice service through its subsidiary Systems Resource Group Limited (SRG), offers packages at prices starting at \$14.99 per month, which includes unlimited local and on network calls and more than 12 calling features. CBL's voice services are offered in New Providence, Grand Bahama, Abaco and Eleuthera. CBL charges between \$0.17 for international calls to the USA and up to \$0.99 to Cuba, and also offers residential package prices from \$24.99 per month, which bundle specific volumes of international calls.

It should be noted that international calling is subject to an active long distance calling card market including significantly cheaper calling options offered by both BTC and CBL/SRG.

¹ Communications Act, section 115

² Ex ante regulation is "forward looking" in application, and generally consists of the use by regulators of "tools" or "levers" by which the regulator seeks to intervene in the development of a market. [Regulatory Policy, Ex Ante Competition Safeguards, Version 1.1, 30 September 2010]

Figure 1. Bahamas Fixed Telephone Subscriptions (2009 - 2012)

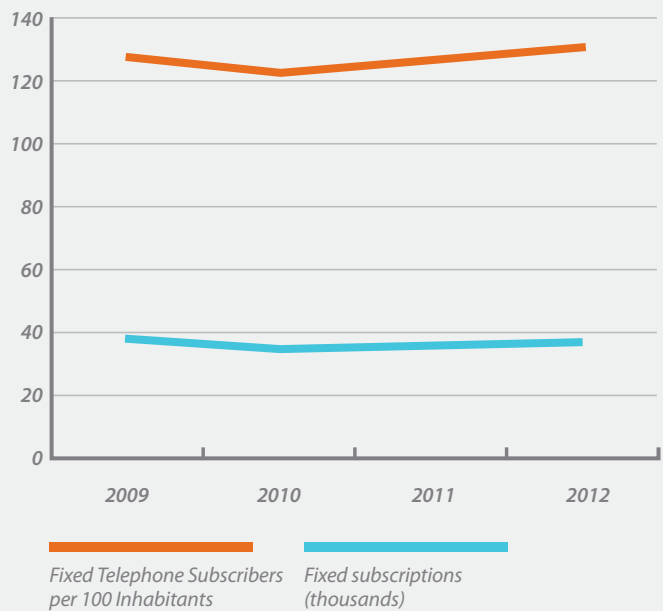
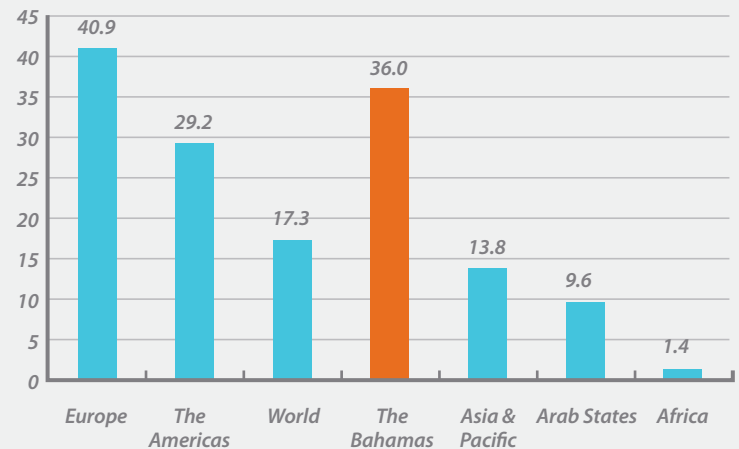


Figure 2. Global Comparison of Fixed Subscriptions per 100 Inhabitants 2011



Fixed Broadband Internet Services

Fixed broadband internet services are currently provided in The Bahamas by CBL, BTC and a number of smaller internet service providers (ISP). CBL was designated by the Communications Act as having SMP in the market for the provision of high speed data services and connectivity.

In The Bahamas, fixed broadband internet penetration remained fairly static experiencing a slight fall-off over the period from 2009 to 2011, showing a decrease from 19 subscribers per 100 inhabitants in 2009 and 2010, to 18 subscribers per 100 inhabitants in 2011. URCA is pleased to note that 2012 appears to have brought significant growth in fixed broadband penetration, likely to have occurred as a result of new packages and promotions introduced to the market during 2012 and general increases in the profile of electronic communications services across The Bahamas. URCA's initial estimates predict growth of more than 25% in subscriber numbers over 2011. Based on figures received from key stakeholders in this market segment, URCA estimates fixed broadband penetration in The Bahamas by the end of 2012 to be at least 22 subscribers per 100 inhabitants, up from 18 subscribers per 100 inhabitants at the end of 2011.

Figure 3 shows the change in the number of fixed broadband subscribers per 100 inhabitants over the period from 2009 to 2012.

The Bahamas' 2011 fixed broadband penetration at 18 subscribers per 100 inhabitants places The Bahamas in 41st place globally, between Cyprus and the Czech Republic. Figure 4 compares The Bahamas' 2011 fixed broadband internet penetration with key global regions.

The most recent survey of internet users for The Bahamas was conducted within the 2010 census. It revealed that 65% of all persons in the country are internet users³. This placed The Bahamas at 41 in worldwide rankings, and 12th among developing countries in internet users. Iceland reported the highest number of internet users with 95%, compared to 82% internet users in the U.K. and 77.9% in the US. Regionally, only Antigua and Barbuda reported a higher proportion of internet users⁴ than The Bahamas.

Figure 3. Bahamas Mobile Voice 2009 - 2012

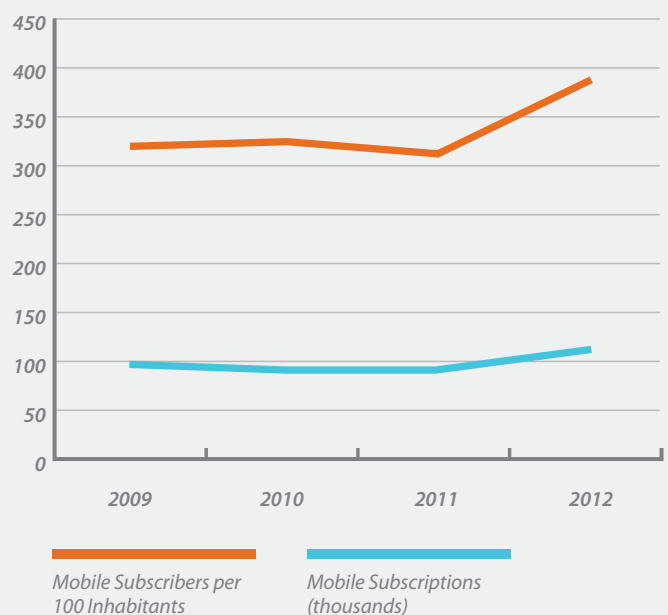
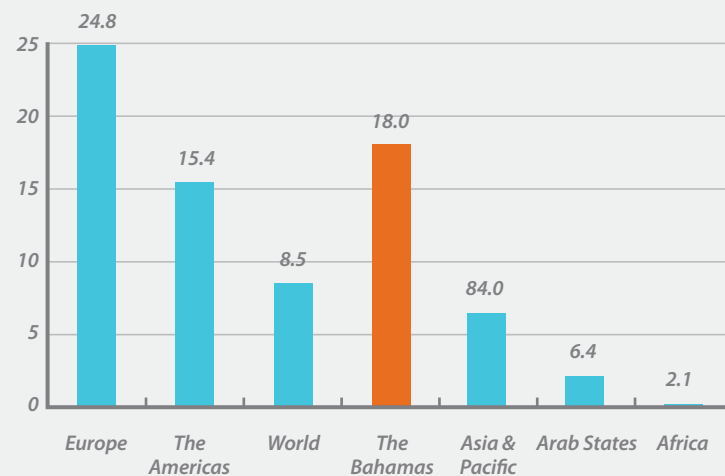
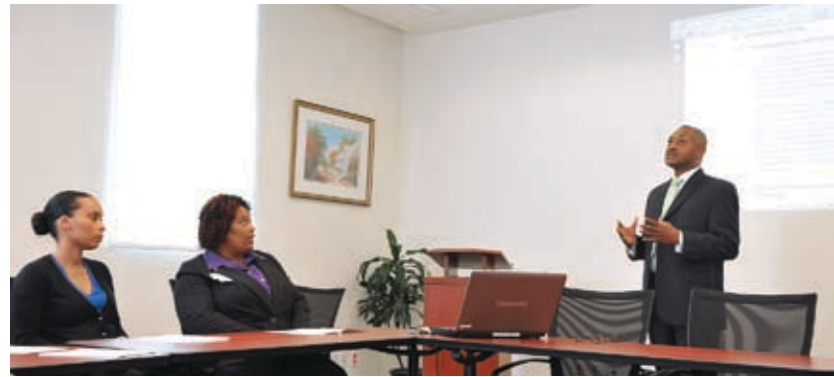


Figure 4. Comparison of Fixed Broadband Subscriptions per 100 Inhabitants, 2011





Residential broadband access prices from CBL range from \$38.70 per month for a download speed of 3Mbps, to \$70.70 per month for a download speed of 9Mbps, with unlimited usage. BTC, having recently begun to increase the speeds offered through its ADSL broadband internet service, has packages starting at \$29.99 per month, and increasing to \$39.99 per month for up to an 8Mbps download speed⁴.

Broadband offerings are also available in The Bahamas from several smaller licensees who provide service in particular areas or islands.

Mobile Services

BTC is currently the only operator licenced to offer mobile telephone services in The Bahamas, a monopoly which is enshrined in the Communications Act, 2009, to continue until 2014.

Mobile (voice) penetration in The Bahamas decreased from 102 subscriptions per 100 inhabitants in 2009 to 84 subscriptions per 100 inhabitants in 2011, representing a decrease of more than 90,000 in the total number of subscriptions. URCA's information indicates that much of this decrease has come about as a result of more effective and aggressive treatment of dormant prepaid accounts and significant improvements in the accuracy of reported information. It is noted however that a monopoly in the provision of cellular services is not considered to be optimal for encouragement of growth. In 2012, mobile subscriptions resumed an upward trend, increasing to approximately 86 subscribers per 100 inhabitants, growing by approximately 2.3%. The total number of mobile subscriptions in The Bahamas as at the end of 2012 was 302,786.

Figure 5 shows the change in number of mobile subscribers per 100 inhabitants of the period from 2009 to 2012.

In 2011, The Bahamas' mobile penetration rate (84) was just below the global average of 85.7 per 100 inhabitants, although still ahead of Africa and Asia and the Pacific region (Figure 6).

Figure 5.

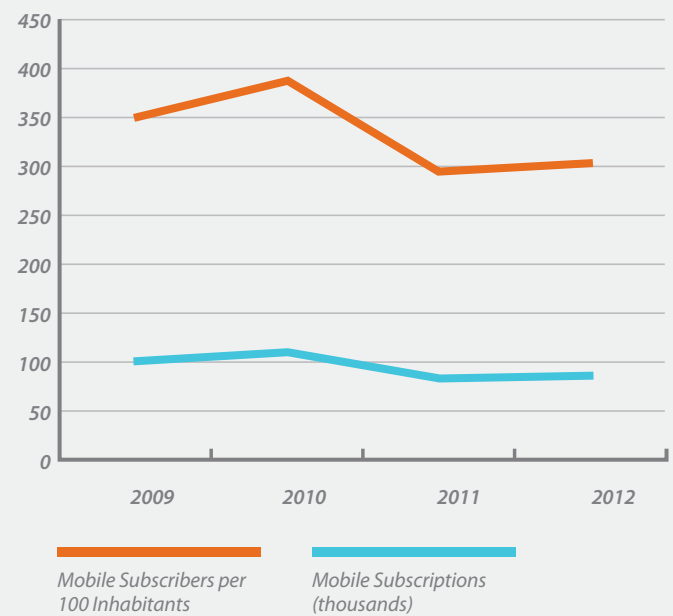
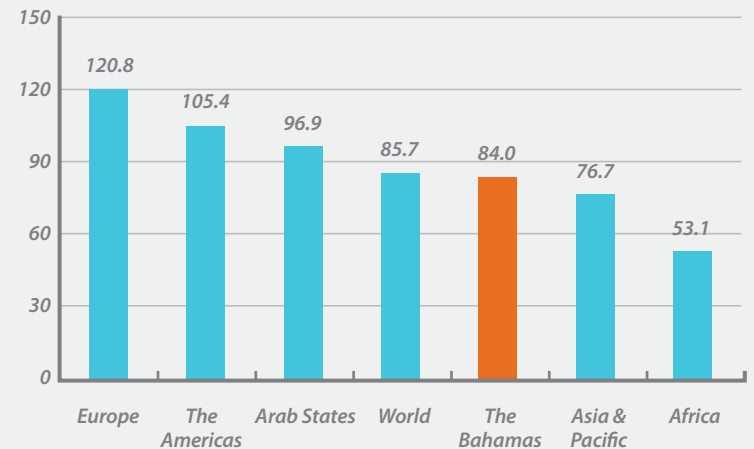


Figure 6. Comparison of Cellular Subscriptions per 100 Inhabitants, 2011



In terms of mobile broadband data services, The Bahamas was the only country compared to regions with similar offshore financial centres, still without such services, as at the end of 2011 (Figure 7).

This placed The Bahamas far behind our regional neighbours and at the bottom of international rankings. The mobile data offerings in The Bahamas at the end of 2011 were limited to General Packet Radio Service (GPRS) technology, and the total number of subscribers was approximately 18,000. The launch of mobile broadband services by BTC in 2012 led to immediate and substantial growth in mobile data penetration within its first year, and the number of subscribers at the end of 2012 exceeded 110,000, for a penetration rate of approximately 31 subscribers per 100 population.

Pay TV

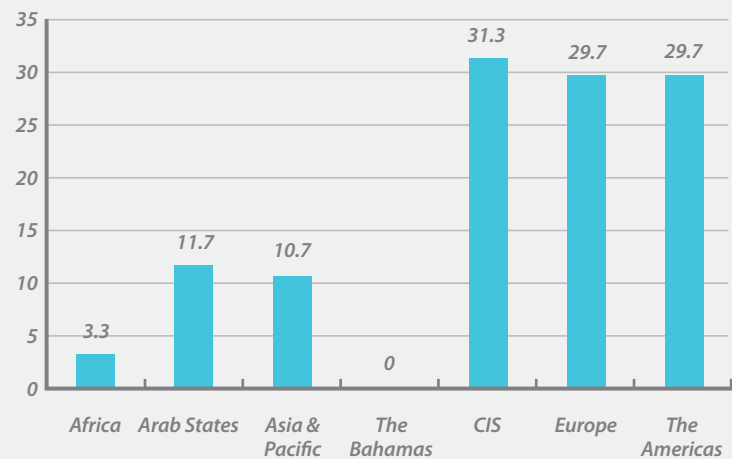
Pay TV in The Bahamas is currently provided by CBL, which provides a cable television service using a hybrid fibre optic/coaxial cable network. CBL was presumed by the Communications Act to have SMP in the provision of Pay TV services, and is the only major provider of the services in The Bahamas. URCA estimates from information received from key stakeholders that penetration of Pay TV in The Bahamas grew marginally from 22.89 in 2011 to just over 23 subscribers per 100 inhabitants as at the end of 2012, therefore continuing a virtually static trend over the 2009 to 2012 period.

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.

Free to Air Broadcasting

The state-owned Broadcasting Corporation of The Bahamas (BCB/ZNS), which operates one TV station and four radio stations, has the only radio station with national coverage. By the end of 2012, there were 31 other entities licenced to operate free to air radio stations, with coverage of varying islands or groups of islands throughout The Bahamas.

Figure 7. Active Mobile Broadband Data Subscriptions per 100 Inhabitants, 2011



Source: ITU World Telecommunication/ICT Indicators database, URCA information collected from Licensees



International Networks

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

- ▶ BTC, which operates the Bahamas' II-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 Crossings Ltd. (CCL), 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, provides 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., a wholly-owned subsidiary of Barbados' Columbus International Inc., whose Americas Regional Caribbean Optical-ring System (ARCOS) network provides connectivity between The Bahamas, the United States and several countries in The Caribbean, and Central and South America.

³ Source: Bahamas Department of Statistics, <http://statistics.bahamas.gov.bs/key.php?cmd=view&id=304>

⁴ Source: ITU Statistics available from <http://www.itu.int/ITU-D/ict/statistics/index.html>

⁵ BTC's download speeds for its \$29.99 package range from 1 Mbps to 4Mbps while the \$39.99 package speeds currently range from 2Mbps to 8Mbps, in each case depending on BTC's network capabilities at the subscriber's location.



Year in Review

1. Implementing Regulatory Safeguards

Enforcement of Obligations on SMP Operators

BTC Cost Efficiency

In July 2012, URCA issued a final decision regarding its public consultation on a “*Cost Efficiency Study of The Bahamas Telecommunications Company Limited*” [ECS 20/2012]. URCA concluded that adjustments to BTC existing Reference Access and Interconnection Offer (RAIO) were necessary to ensure that these charges only reflect efficiently incurred costs. Cost basis analysis is an essential tool for regulatory decision making. In the case of The Bahamas, particularly in setting appropriate interconnection charges, it is essential to ensuring that operational and other inefficiencies are not passed on to other licensees, and retail customers.

The consultative process was initiated on February 16, 2012, with URCA's release of the efficiency study [ECS 04/2012] for public review. The primarily twofold purpose of the exercise was to first determine whether BTC should be required to include an efficiency adjustment in the charges presented in its RAIO and if so required, to determine the size of such necessary adjustments. A March 30th deadline for the submission of comments on the document was given.

Following additional refinements and sensitivity checks to the initial analysis and consideration of comments submitted by respondents which included BTC and CBL, URCA's final decision concluded that based on the 2010 accounting separation data submitted by BTC, the service provider's productivity levels remained below those experienced by other comparator operators of fixed and mobile networks. URCA's July decision outlined efficiency adjustment targets for BTC and underscored the expectation that going forward, BTC's RAIO be revised to reflect these adjustments.

Review of RAIO Charges

As part of the next steps arising from the final decision on the BTC cost efficiency, URCA released for public consultation ECS 21/2012, “*Setting Regulated Interconnection Charges of The Bahamas Telecommunications Company Limited (BTC) Going Forward*”, alongside its July publication of

the above referred decision, ECS 20/2012. The consultation document, comprised URCA's review of BTC's existing RAIO rates for call termination services, and framed URCA's preferred approach for setting RAIO charges, including proposed measures regarding the level of charges going forward. The consultation was open for public review until October 4th, an extended deadline from the initial September 14th date, and included feedback from BTC, CBL and IP Solutions International Ltd (IPSI).

In a December 2012 final decision [ECS 25/2012], URCA established new interconnection rates for fixed and mobile termination on BTC's networks based on a benchmarking approach.

An interim measure, subject to review, URCA decided on the benchmarking option because BTC's accounting separation results were not sufficiently robust to serve as a base for the setting of RAIO charges. URCA explained in the decision document that the adoption of this approach ensures “*that BTC does not benefit from a delay in the transition to RAIO charges based on an efficient cost level*”. The measure is expected to “*incentivise BTC to improve its Accounting Separation system in a timely manner to allow transition to an alternative approach for setting RAIO charges*”.

BTC was directed to revise its RAIO tariff schedule to reflect the new rates no later than January 14, 2013.

Publication of Separated Accounts

In July 2012, URCA published its Statement of Results and Final Decision [ECS 18/2012] following consultation on the publication of separated accounts for operators with significant market power (SMP). BTC and CBL are the only operators in the electronic communications sector (ECS) with SMP. The regulatory practice of requiring dominant operators to publish separated accounts for each of their respective subsidiaries and/or service units enhances transparency in the regulatory process.

URCA's decision imposed the publication requirement only on BTC and not CBL, since at this time, only BTC provides wholesale services to other licenced operators (OLOs). The decision concluded a consultative



process that was launched in November 2011, with the publication of the initial consultative document, "Publication of Regulatory (Separated) Accounts" [ECS 21/2011]. BTC and CBL were the only respondents in the consultative exercise.

Accounting Separation

The preparation and submission of separated accounts is an on-going obligation imposed on SMP operators since 2010, when URCA issued specific accounting separation and cost accounting guidelines for both BTC and CBL.

During the third quarter of 2012, both SMP operators submitted to URCA, audited separated accounts for 2011. Following extensive review, in the ensuing fourth quarter, URCA deemed CBL's accounts compliant with that operator's respective guidelines [ECS 13/2012]; and BTC was considered to have satisfactorily adhered to the fundamentals of its guidelines [ECS 12/2010], albeit with concern regarding the robustness of the data.

In December, URCA waived the requirement that BTC publish information from its 2011 audited separated accounts. This decision, which applied only to the 2011 period, was taken following URCA's observation of shortcomings in the data provided by the operator. As a consequence, URCA established that there would be no benefit to the market, in publishing these separate accounts.

Retail Price Regulation

In September 2012, URCA launched a public consultation process regarding an application by CBL for a 27% increase in the price of its SuperBasic [RETVV Prime] cable television package. CBL, which has SMP in pay TV services, submitted an application to URCA in December 2011, to raise the price in the regulated service, as per established retail price regulations, which requires URCA approval before price changes in regulated retail services may be granted.

During 2012 and prior to the launch of that consultation, URCA engaged the cable television service provider in additional information gathering, related to the application. On September 4th, URCA

published the application and its analysis of the application for public review [ECS 23/2012]. The consultative period, which ended on October 19th, involved widespread public engagement, in accordance with URCA's mandate to solicit broad public response. This included URCA-hosted community meetings in New Providence, Abaco, Exuma, Grand Bahama and Long Island, and URCA-led discussions in the broadcast media, radio and television.

URCA also received more than 150 written responses to the consultation from the public. While URCA received comments on a variety of issues related to the proposed price increase, as well as various other matters relating to CBL and other providers of electronic communication services in The Bahamas, quality of service and customer care issues dominated the public feedback. URCA expects to issue its decision in early 2013⁶.

In addition to the CBL application for a permanent price change, several other applications for permanent price changes or promotions were submitted, for URCA's consideration in 2012. A complete listing is outlined in Table 1.

⁶ URCA issued its final decision denying CBL's application on February 11, 2013

Table 1 - Pricing Applications considered by URCA in 2012

Application Date	Applicant	Type of Application	Description of Application	URCA's Decision
11 December 2011	CBL	Permanent Price Change	Permanent Price Change to SuperBasic services.	Pending.
10 February 2012	BTC	Special Promotion	Special Promotion Offering Discounts on Cellular Mobile Instruments, from February 11, 2012 to March 10, 2012.	Approved - 10 February 2012
15 February 2012	BTC	Permanent Price Change	Application for Permanent Price Change for Cellular Mobile Services, i.e., BTC's launch of Apple's iPhone (Postpaid and Prepaid Mobile Subscribers).	Approved - 17 May 2012
5 March 2012	BTC	Special Promotion	Full Length Special Promotion dubbed Mad Weekends – Bonus Minutes on Prepaid Cellular Mobile Services on Weekends (i.e., 12:00 a.m. Saturdays to 11:59 p.m. Sundays).	Approved - 28 March 2012
26 March 2012	BTC	Special Promotion	Full Length Special Promotion on Discounted Mobile Devices with purchase of 4G Data Plans.	Approved - 30 March 2012
30 March 2012	BTC	Permanent Price Change	Application for Permanent Price Change for Individual postpaid cellular mobile voice services – Addition of New Galaxy Pac \$199.99.	Approved - 16 April 2012
30 March 2012	BTC	Permanent Price Change	Application for Permanent Price Change (price reduction) for Individual postpaid cellular mobile voice services (i.e., postpaid plans).	Approved - 16 April 2012
3 April 2012	BTC	Permanent Price Change	Application for Permanent Price Change for Corporate Postpaid Cellular Mobile Voice Services and the Addition of Two (2) New Plans – Corporate Plans.	Approved - 23 April 2012
4 April 2012	BTC	Special Promotion	(i) Change of Launch Date to April 14, 2012 – Special Promotion dubbed Mad Weekends; and (ii) Change of Date to April 21, 2012 – Special Promotion on Discounted Devices Linked to 4G Data Plan Purchases	Approved - 10 April 2012
4 April 2012	BTC	Discontinuation of Service	Application for the Discontinuation (i.e., offering to New Customers) of three (3) Corporate Postpaid Cellular Mobile Voice Plans	Approved - 23 April 2012
6 July 2012	BTC	Special Promotion	Application for a Special Promotion Full Length – 'Penny Text Weekends'	Approved - 17 July 2012
6 November 2012	BTC	Special Promotion	Full Length Special Promotion dubbed 'Free After- Offering Prepaid cellular mobile subscribers additional benefits (i.e., minutes, SMS, data) for the period 26 November 2012 to 4 January 2013.	Approved - 14 November 2012
9 November 2012	BTC	Special Promotion	Special Full Length Promotion– Penny Text Fridays	Not approved
16 November 2012	BTC	Special Promotion	Special Full Length Promotion – Penny Text Fridays	Approved - 27 November 2012
6 November 2012	BTC	Special Promotion	Full Length Special Promotion dubbed 'Free After- Offering Prepaid cellular mobile subscribers additional benefits (i.e., minutes, SMS, data) for the period 26 November 2012 to 4 January 2013.	Approved - 14 November 2012



CBL Untying of Broadband Internet from Cable TV

During 2012, URCA's monitoring of CBL's compliance with its obligation to untie its broadband services from its cable television service, continued with the service provider's detailed reporting to URCA, on its progress in the untying effort, each month.

In response to URCA's 2009 requirement that CBL untie the two services, permitting customers the choice of either service without being required to also purchase the other, CBL decided that it would fully digitise its network. URCA and CBL agreed on a timetable for this digitisation and consequent offering of untied services wherever CBL had a digital network. Indications from CBL's final progress report of 2012, suggest that the operator is ahead of its December 2013 deadline to complete untying of services in all areas.

2. Promotion of Competition

Investigations of Anti-Competitive Behaviour

An important aspect of URCA's responsibility in the promotion of competition is to adjudicate on complaints regarding anticompetitive behaviour. During 2012, URCA concluded investigations into three complaints arising from anti-competitive behaviour claims. One had been initiated in 2010 and another in 2011. No anti-competitive conduct was detected in either case.

One new complaint was received during the year. In the complaint, Systems Resource Group Limited (SRG) alleged abuse of a dominant position by BTC, in relation to the phone card market, including claims that the operator had entered into anti-competitive agreements. SRG alleged that BTC had executed exclusive contracts with retailers of phone cards, and in so doing, effectively removed competition or weakened existing competitors in the market. URCA's investigations were continuing as at the end of 2012.

Merger Control

In December 2012, PMS Networks (Bahamas) Limited (PMS) submitted for URCA's approval, a request of a change in control and proposed merger with Clear Voice Wireless Communications Limited. PMS, is an URCA licensee.

Merger control forms a key part of URCA's mandate of safeguarding sustainable competition. Specifically, in terms of ensuring that changes in control of any licensee in the sector, due to a merger or acquisition, would not have the effect of substantially lessening competition in the ECS of The Bahamas. URCA's examination in such instances would involve analysis covering five core aspects:

1. The relevant product and geographic markets
2. Market concentration and theories of harm
3. The counterfactual⁷
4. Potential barriers to entry and expansion
5. Efficiency gains directly consequential to the proposed merger

URCA's adjudication of the PMS case is expected in 2013.

⁷ Counterfactual assumptions are contrary to fact. It supposes what could, would or might happen under differing conditions. Counterfactual analysis enables evaluators to attribute cause and effect between interventions and outcomes. In the case of a merger request for instance, the 'counterfactual' would measure what could, would or may be the likely outcome(s), if no merger were to take place.

Licensing

During 2012, URCA issued 138 licences, including 124 class spectrum licences that required registration. This compared with 129 new licences in 2011, which included 105 class spectrum licences. Class spectrum licences authorise users of designated segments of spectrum to operate on a shared basis, under a common set of conditions. On average, URCA's processing of licence applications was completed within a timeframe, which for another consecutive year, remained well within the statutory requirement.

Processing of individual spectrum and individual operating licence applications were completed within 7 and 23-day averages compared to the 30-day requirement for all individual licence applications; class spectrum and class operating licence applications requiring registration, required on average 22 and 24 days respectively for completion, compared to the 45-day requirement for all class licence applications.

Spectrum Management

National Spectrum Plan

In 2012, URCA entered the final year of the first triennial National Spectrum Plan. Published March 12, 2010, the three-year plan which facilitated the introduction of new technologies, including early measures of facilitation for fourth generation (4G) telecommunication technologies, comes to an end in March 2013.

By the close of 2012, URCA was in the final stages of drafting another three-year blueprint, for the 2013-2016 period. In addition to continued facilitation of new and emerging wireless services, the plan will maintain the principal objective of fostering optimal use of the national resource. Subject to ministerial approval, URCA expects to publish the new National Spectrum Plan in March 2013.

Spectrum Monitoring and Compliance

During 2012, URCA realized significant process improvements in its spectrum monitoring and compliance activity. In particular, critical improvements were assessed in the collection and analysis of spectrum occupancy data; for verifying electromagnetic compatibility; planning

spectrum use; the allocation and assignment of spectrum licences; enforcement of licence conditions; and in the coordination of assignments with international organisations. These strides are attributable to URCA's successful integration of the National Spectrum Monitoring System (NSMS), and the Regulator's organizational and informational strategies. Commissioned during the first quarter of 2011, the integration of these key NSMS strategies facilitated improved efficiency and effectiveness in spectrum management. Efficiency gains were significant, allowing for an increased allocation of technical resources to up-skilling and capacity building, including designation of more than 800 hours of training and further strengthening URCA's implementation capabilities as it readies for the new National Spectrum Plan (2013-2016).

Opening of New Radio Spectrum Bands

In March 2012, URCA opened the 700 MHz, 11 GHz, 12GHz and 42 GHz spectrum bands. At the time of these openings, URCA also published policy to regulate the administration and use of the bandwidths, and on the same date issued a Request for Applications (RFA) for the 700 MHz band, inviting interested parties to apply for blocks of the spectrum, subject to a defined competitive process. The policy for the newly opened bandwidths [ECS 09/2012], which was first issued in draft form in January 2012 for public review, also outlined the terms and conditions by which licences would be awarded.

The 700 MHz band, with frequencies ranging from 698 MHz to 806 MHz, is considered an especially valuable fixed and mobile broadband network resource. Globally, it is the dominant band for 4G Long Term Evolution (LTE) technologies, used by the most advanced mobile networks in the United States and other major economies. 72 MHz of the available 108 MHz in the spectrum band was made available. A May 4th application deadline was given. Interest in the 11 GHz, 12GHz and 42 GHz spectrum bands was subject to URCA's established spectrum licence application process.

In August 2012, a spectrum licence for the 700 MHz band was issued to BTC. By the end of 2012, offers for two other 700 MHz spectrum licences had been made, with issue pending.



Number Portability

During August 2012, URCA issued a Final Determination on the Implementation of Number Portability in The Bahamas [ECS 21/2012], with two core purposes in mind:

1. To enable customers switching voice services from one fixed licensee to another to keep their fixed telephone numbers.
2. To enable customers switching their cellular voice service from one cellular licensee to another to retain their cellular telephone numbers, subject to implementation when a second mobile provider enters The Bahamas market

The final paper brought to a close a consultative process began in April 2011, with publication of the initial consultation document [ECS 08/2011]. Among the results and next steps arising from the 2011 consultations was the establishment of a Number Portability Working Group (NPWG), including relevant telephony services operators and headed by URCA, which commenced work in December of that year. The NPWG included representatives from BTC, CBL and IP Solutions International (IPSI) along with URCA appointed consultant advisor, the United Kingdom based firm Laurasia Associates.

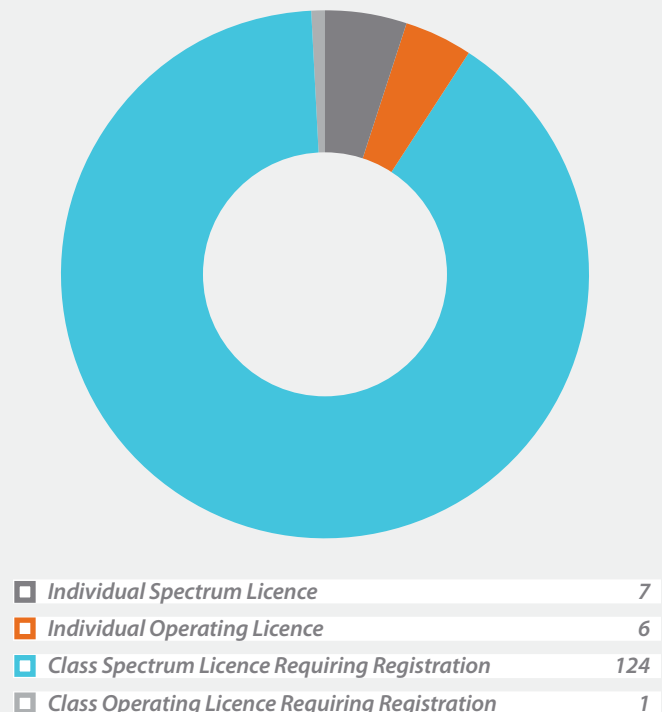
The NPWG met multiple times over the January – April, 2012 period; and on April 20th presented to URCA its first set of recommendations on number portability implementation, “*The Number Portability Working Group – Phase 1 Recommendations to URCA*”. These recommendations were incorporated in URCA’s May 30, 2012 preliminary determination. In those preliminary findings, URCA established that service provider number portability will be implemented for fixed networks in The Bahamas, using an All Call Query routing method, supported by a centralised database and clearinghouse, which would be administered by a licenced third party. Thus also on that date, URCA issued a Request for Proposals (RFP) for administrative services for number portability administration in The Bahamas, setting a June 29th deadline for proposals to receive consideration in the competitive process.

URCA expects to select and licence a number portability administrative services provider in early 2013. This provider will then enter into appropriate contractual arrangements with the relevant fixed telephone

Table 2: Average Processing Times for Licences Issued in 2012

Licence Type	Statutory Timeframe	Average Processing Timeframe	Total Licences Issued
Individual Spectrum Licence	30 days	7 days	7
Individual Operating Licence	30 days	23 days	6
Class Spectrum Licence Requiring Registration	45 days	22 days	124
Class Operating Licence Requiring Registration	45 days	24 days	1

Figure 8: Licences Issued in 2012 by Licence Type



services providers. Work of the NPWG will continue through 2013; implementation of number portability in fixed networks is expected for the second quarter of 2013.

3. Public Interest

Content Regulation

In March 2012, URCA published its Final Decision on the Code of Practice for Content Regulation (the Code). The Code [ECS 06/2012] which impacts all licenced radio and television broadcasters in The Bahamas follows initial release of a public consultation document on the subject, in November 2011. It establishes a code of practice for those licensees exercising editorial control and responsibility for audio-visual media services. The March 2nd publication of the final decision was followed by an April 19th revision, including deletions and corrections; among them deletion of the definition for “major political party”; which no longer appeared in the language of the new code, and clarification on broadcasting restrictions for the advertisement and sponsorship of alcohol.

In May 2012, URCA published a final determination and order, requiring licensees’ compliance with the Code, including those providing carriage services, content services, and on-demand audio-visual media services in The Bahamas; and licensees providing content services intended for reception by subscribers of carriage services. During the year, URCA investigated three possible violations of the Code; one instance in a complaint against More FM Company Limited, and two involving the Broadcasting Corporation of The Bahamas (BCB).

During the April 24, 2012 broadcast of the More FM radio programme RealTalkLive, use of offensive language purportedly occurred. Following review of the broadcast, URCA considered that under Clause 5.2(1) of the Code, which prohibits broadcast of “offensive language that has obscene or vulgar connotation”, an investigation was warranted. The investigation concluded however that having regard in particular to the context in which the purported offensive language was made, the licensee did not breach the stated clause, which continues “unless it is limited and justified by the context of the programme”. On October 22, 2012, URCA issued its Decision to More FM

In the first matter involving BCB, URCA commenced an investigation in response to a complaint submitted on May 2, 2012 that the BCB had contravened Clauses 4.2(1), 6.8 and 7.1(4) of the Code by broadcasting a paid political advertisement on its television station, ZNS-TV, that was allegedly defamatory of the complainant. The second BCB matter involved a May 4th paid political broadcast of a political rally by the Progressive Liberal Party at Clifford Park in New Providence, which was aired live. URCA received complaints from persons in New Providence and Abaco, of offensive language use during the broadcast, in violation of Clauses 3.1(2) and 5.2(1) of the Code. URCA launched investigations into both claims.

On October 22, 2012, URCA issued Preliminary Determinations in both matters. In response, BCB made representations to URCA and broadcast an apology to its viewers and statements of URCA’s findings during its nightly newscast on November 19 and November 20, 2012. Taking into account these actions by BCB, URCA concluded its investigations and on December 21, 2012, issued a Final Determination in both matters indicating that BCB had remedied the contraventions.

Universal Service

As a first step towards fulfilment of its requirement to establish the regulatory framework necessary for the implementation of the Government’s policy on universal service, in March 2012, URCA published for public review, the consultation paper “Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO) under Section 119 and Schedule 5 of the Communications Act 2009” [ECS 12/2012]. The consultation was conducted primarily for the purposes of clarifying the existing provisions in the legislation; addressing any ambiguities arising from these provisions; identifying the core principles from which guidelines for calculating the costs of USO may be developed; and initiating a framework building process towards establishing appropriate funding mechanisms for universal services. The final response date to the consultation was June 29, 2012. Both BTC and CBL submitted responses.

Publication of a final decision and a comprehensive statement of results are expected in January 2013⁸.



4. Consumer Protection

In 2012, URCA conducted an extensive investigation into a nationwide June 18th network outage, affecting BTC cellular mobile and fixed (voice and broadband) networks, with continued service disruptions into June 19th. The investigation, launched June 22, 2012, placed an initial reporting requirement on BTC, to address the core issues of whether BTC had taken reasonably practicable measures to prevent such outages; and given the occurrence of the outage, whether BTC took all reasonably practicable steps to restore the affected networks within the shortest time possible. BTC met this requirement on July 17th and on September 24th, satisfied additional information requirements by URCA in a supplemental report.

URCA expects to issue a preliminary determination and draft order on the matter, in January 2013, with issuance of a final determination and order later in the first quarter of the year⁹.

More generally, URCA receives and reviews consumer complaints as an on-going aspect of its broader consumer protection function. Complaints are typically escalated to URCA, only after consumers would have addressed their concerns directly with relevant operators, allowing operators then a reasonable opportunity to address the complaints. URCA then receives complaints in instances where consumers consider their attempts at resolution of issues with those operators unsuccessful or unsatisfactory.

Consumer Protection Regulations

During 2012, URCA began early stage development of Consumer Protection Regulations, with a view to establishing a framework for addressing consumer protection and service quality issues, including concepts of consumer rights and obligations and consumer advocacy. Once completed, the draft regulations will be published for public consultation. Widespread public consultation on the proposed framework is planned, with a start date early in the second quarter of 2013.

Consumer Complaints Handling Procedures

In June 2012, URCA issued its Statement of Results and Final Decision for its public consultation of “*Guidelines for Developing Licensee Consumer Complaints Handling Procedures*” [ECS 23/2011]. The Guidelines prescribe a minimum set of criteria on which Licensees must develop their own consumer complaints handling procedures.

Licensees were given ninety calendar days from the June 6th issuance of the Statement of Results and Final Decision, to submit for URCA approval, their complaints handling procedures. Following URCA’s review of the individual submissions, URCA issued a “Statement of No Objection” to each Licensee, certifying that the submitted procedures all conformed to the established criteria. An additional thirty- calendar-day requirement was extended to Licensees, for full implementation of their respective complaints handling procedures.

5. Institutional Capacity Building

Our People

Since URCA’s inception, the development and implementation of strategies for institutional capacity building has been one of URCA’s highest priorities. The human resources focus in 2012 was no different. Recognising, valuing and promoting excellence of URCA’s people is a core belief that influenced strategic human resources initiatives. During 2012 URCA increased its staff complement by 22%. As at December 31, 2012 there were 22 persons employed at URCA, compared to 18 at the end of 2011.

⁸ URCA issued its Final Decision on January 23, 2013.

⁹ URCA’s Final Determination was issued on March 21, 2013.

Performance Management/Professional Development

A major initiative during the year was to develop a new performance management system. The new system aims to provide a holistic approach to performance. The system will include career development plans, career paths, a training plan, a merit scheme and a short term variable incentive plan to not only assess and reward performance but also to encourage continuous professional development of URCA's people. This new system is scheduled to be implemented as a pilot program in 2013.

Recruitment/Staffing and Training

In 2012, a robust recruitment process allowed URCA to fill various key positions. URCA's competitive selection process included psychometric testing and knowledge assessments to ensure that successful candidates were the best fit for the organisation.

In the first quarter of 2012 two new management positions were introduced, the Corporate and Consumer Relations Manager and a Human Resource Manager. Both were filled by experienced Bahamians in their respective fields. The second quarter included the appointment of Kathleen Riviere-Smith, formerly the Director of Policy and Regulation (DPR), as Chief Executive Officer, on April 2, 2012. In the third quarter, Stephen Bereaux was appointed as the new DPR on July 17, 2012. Prior to this appointment he served as a Senior Case Officer in the Policy and Regulation department. Vincent Wallace Whitfield was also appointed to the General Counsel/Secretary to the Board post.

In 2012 URCA decided to revisit its succession planning for key positions within the organization. Recognizing that the local labour supply for persons with specific knowledge, skills and experience in utility regulation is limited, it was decided to develop and introduce a new apprenticeship program. The goal was to create a program that develops young Bahamians who are recent university graduates and have a keen desire to pursue careers in the utility regulation field. The first recruitment exercise successfully identified URCA's first entry level Assistant Case Officer in the economics discipline, who began employment with URCA during the fourth quarter of 2012.

During the year, staff training initiatives included participation of URCA personnel in the following:

- ▶ Spectrum Management and Digital Broadcasting workshop hosted by the Caribbean Telecommunications Union (CTU), in Port of Spain, Trinidad & Tobago in February 2012.
- ▶ The 32nd International Training Programme in Utility Regulation and Strategy facilitated by the Public Utility Research Centre (PURC) at the University of Florida, Gainesville, FL, USA in June 2012.
- ▶ The Rule of Law and Best Practices in Telecommunications Regulation, conducted by the United States Telecommunications Training Institute (USTTI) in Washington, DC, USA in June 2012.

Human Resources Technology

As a part of institutional capacity building URCA looked to improve its Human Resources infrastructure through the implementation of a new Human Resources Information System (HRIS). Previously the Human Resources department relied on manual processes to track, maintain and report employee information. The new HRIS, which will introduce the organisation to an employee self-serve module, will enable URCA to be more efficient in its Human Resources functions with optimal effect.

International Participation

During 2012, URCA participated in various regional and international meetings and conferences. Among them:

- ▶ The 28th Annual Caribbean Association of National Telecommunications Organizations (CANTO) held in July 2012 in Miami, Florida, USA, where Prime Minister of The Bahamas, the Rt. Hon. Perry G. Christie was the keynote speaker at the Opening Ceremony.
- ▶ The International Telecommunication Union (ITU) Global Symposium for Regulators (GSR) held in Colombo, Sri Lanka in October 2 – 4, 2012. At this event, URCA CEO, Kathleen Riviere-Smith, moderated the Symposium's session on "Defining markets: A regulatory ladder of intervention in a converged digital environment".
- ▶ Preparatory meetings of the ITU for the World Conference on International Telecommunications (WCIT) in Geneva, Switzerland

in October 2012. The WCIT which was held in Dubai, United Arab Emirates (UAE) in December 2012, was considered a landmark event because of its review of the International Telecommunications Regulations (ITRs); the first time since 1988.

- ▶ The 10th Annual Organisation of Caribbean Utility Regulators (OOCUR) Conference, which was hosted by URCA at the Grand Lucaya in Freeport, Grand Bahama from November 7 – 9, 2012. URCA presented two papers at the conference: “Co-Regulatory Approaches to Regulation: Content Regulation and Number Portability in The Bahamas” by URCA General Counsel, C. Vincent Wallace-Whitfield, and “A Case Study on Implementation of an Automated Spectrum Monitoring Metropolitan Area Network” by Assistant Case Officer Waldon Russell.

URCA’s participation in regional and other international events and its affiliation with various regulatory bodies, help URCA to stay abreast of important global developments with specific significance to the Regulator’s work; particularly issues and areas that help URCA to maintain regulatory relevance and effectiveness. Involvement on the wider stage also permits URCA to contribute to the international body of regulatory work, providing leadership in some areas. The Bahamas was re-elected as Chair of OOCUR for a second consecutive year, for 2012-2013. In November 2012, URCA Deputy Chairperson, Mr. J. Paul Morgan, assumed the post of Chairman of OOCUR.



Key Performance Indicators (KPIs)

Tables 3 – 14 highlight URCA’s performance in core functional areas, based on specified performance measurement indicators. KPIs are distinguished according to URCA’s operational and policy and regulatory functions.

Operational Key Performance Indicators

- ▶ Financial
 - Table 3: Performance against Budget
 - Table 4: Other Finance KPIs
 - Notes to Financial KPIs: Table 3
- ▶ Table 5: Human Resource KPIs
- ▶ Table 6: Information Technology KPIs

Policy and Regulation Key Performance Indicators

- ▶ Licencing
 - Table 7: 2012 Monthly Licence Processing Statistics – Individual Spectrum Licence
 - Table 8: 2012 Monthly Licence Processing Statistics – Individual Operating Licence
 - Table 9: 2012 Monthly Licence Processing Statistics – Class Spectrum Licence Requiring Registration
 - Table 10: 2012 Monthly Licence Processing Statistics – Class Operating Licence Requiring Registration
 - Notes to Licencing KPIs
- ▶ Table 11: Publication of Annual Plan and Annual Report
- ▶ Table 12: Duration for Publication of Decisions and Other Regulatory Measures Issued During 2012
- ▶ Table 13: Final Decision Completion Rates for Projects Due in 2012
- ▶ Table 14: Rate of Publication of Final Determinations
- ▶ Notes to Policy and Regulation KPIs



Notes to Financial KPIs: Table 3

Due to the recognition of deferred (non-cash) revenues payable under the Telecommunications Act, and in accordance with Section 92(2) (e) of the Communications Act, the balance in the Electronic Communications Fund at December 31, 2010 was returned to the Electronic Communications Sector through the reduction of the 2012 URCA Fee rate. As a result of the aforementioned, fees earned by URCA during the year surpassed budgeted amounts by 3.0%. During fiscal year 2012, URCA earned \$5,234,077 in URCA Fees and \$179,141 in telecommunications, radio communications and other fees. Additionally, \$68,576 was earned from other sources which primarily came from interest income. Total revenues exceeded budgeted revenues for the year by 4.3%. By comparison, actual expenses for the year were less than the budgeted allocation by 28.32%.

Variances in major line items are explained as follows:

- ▶ Executive members' compensation was less than budgeted due to, the Chief Executive Officer vacancy not being filled until April and an approximate four-month vacancy in the Director of Policy and Regulation position.
- ▶ Staff costs were below budget due to postponement of certain Human Resource initiatives and planned new hires (2) which did not occur as budgeted.
- ▶ Conferences, travel and training costs were less than budgeted due to deferrals of aspects of the planned training schedule to 2013.
- ▶ Professional Services expenditure was below budget due to continued decrease in reliance on use of external consultant and legal support.
- ▶ Provision for doubtful accounts was more than budget due to write-off of URCA fees due from licences that have been revoked during the year. During the prior year, the following events necessitated write-offs to Contributed Surplus:
 - Settlement with a related party regarding fees billed under the previous regulatory regime that included a write-off of a portion of the billed fees.
 - The Supreme Court ruling in favour of a major licensee whereby the fees subject to the judicial review were written-off.

Notes to Licensing KPIs: Tables 7 - 10

At any given point in time, applications may be characterised in either of four ways: pending, incomplete, rejected/dropped, or processed.

- ▶ **Pending:** An application may be considered pending when the applicant has failed to submit all required documentation and/or information to URCA. In such cases, the statutory processing time for the application is paused.
- ▶ **Incomplete:** This status is given in instances whereby there may be a regulatory impediment to completing the application process. For instance, the unavailability of a specified spectrum frequency may be cited as the cause.
- ▶ **Rejected/dropped:** Applications meeting all necessary criteria may however be rejected due to the exhaustion of a specified radio spectrum band. In the case of a 'dropped' status, applications may remain in incomplete mode for up to three months. Failure by the applicant to provide outstanding documentation and/or information within this statutory time-frame, results in the application being considered as 'dropped'.
- ▶ **Processed:** An application is considered processed, when all application requirements have been met for the issue of a licence.

Notes to Policy and Regulation KPIs

During 2012, neither appeals nor litigation arose from URCA's regulatory measures.

Table 3: Performance against Budget

<i>Description</i>	<i>ACTUAL FY - 2012</i>	<i>BUDGET FY - 2012</i>	<i>VARIANCE</i>
Fees	5,413,218	5,257,382	155,836
Other Income	68,576	0	68,576
Total Income	5,481,794	5,257,382	224,412
Expenses:			
Non-Executive Honoraria & expenses	206,153	224,500	18,347
Executive Members Compensation	290,733	326,587	35,854
Staff Costs	1,462,336	1,780,024	317,688
Conference, Training and Travel	165,997	354,480	188,483
Professional Services	480,534	1,475,000	994,466
Advertising, Consumer and Public Relations	63,481	120,000	56,519
Rent and Communications	435,490	446,921	11,431
Information Technology	74,708	68,383	(6,325)
Office Services	158,209	155,000	(3,209)
General and Administrative Services	163,315	209,710	46,395
Depreciation	681,058	693,046	11,988
Provision for Doubtful Accounts	14,135	0	(14,135)
Total Operating Expenses	4,196,149	5,853,651	1,657,502
Comprehensive Income/(Loss)	1,285,645	(596,269)	1,881,914

Table 4: Other Finance KPIs

<i>Description</i>	<i>FY - 2012</i>	<i>FY - 2011</i>
Cost of Finance Function	6.65%	6.66%
Period-end cycle time (working days)	11 days	10 days
Year-end cycle time (working days)	28 days	14 days
Budgeting accuracy	28.32%	11.66%
Cost of licensing invoice	\$234	\$307
Debtor days	33 days	23 days
Number of billing adjustments	22	9
Value of adjustments	\$34,193	\$21,314
Long outstanding debt (>90 days) as % of total debt	78.06%	89.93%

Table 5: Human Resource KPIs

KPI	Description	2011	2012
Cost of HR function	Total HR expenditure (compensation, training, recruitment, benefits) as a percentage of total operational expenditure)	2.88%	6.36%
Cost of HR function per employee	Average expenditure on HR per employee	\$ 7,807.67	\$ 12,131.00
Ratio of employee to HR staff	Number of employees per HR Staff member	9 : 1	7 : 1
Annual average training days per employee	Average number of training days per employee	5	5.6
Turnover rate	Percentage of employees who left the organization during the year, including voluntary and involuntary terminations	22.73%	0.00%
Annual average sick days per employee	Average number of days that an employee was absent due to illness	12	11.86
Investment in learning and development	Total expenditure on employee training as a percentage of total payroll	4%	3.8%
Cost of advisors	Total expenditure on HR related advisors as a percentage of total payroll.	1.03%	4.11%
Roles held by Bahamians	Number of Bahamian employees expressed as a percentage of the employee total	88.90%	90.91%
Average length of vacancy	Average number of days a position is vacant before being filled	77 days	224.83
Average cost of recruitment	Average expenditure on recruitment activities per advertised vacancy	\$ 5,337.56	\$ 4,971.15
Employee Retention after 12 months of Service	Percentage of employees who are still in their post after 12 months of service.	88%	100%
Employees receiving an annual performance appraisal	Percentage of employees who completed the Performance Management cycle (completion of Performance Appraisal process).	38.90%	0.00%

Table 6: Information and Communication Technologies (ICT) KPIs

KPI	Description	2011	2012
Cost of ICT Function	Cost of ICT Function Total ICT expenditure as a percentage of total operational expenditure	1.10%	1.60%
ICT investment	Total investment in ICT (upgrades, new equipment etc.) as a percentage of total operational expenditure	0.50%	0.70%
Cost of ICT per user	Average expenditure on ICT per employee	\$ 1,351.00	\$ 1,334.68
Percentage of users with remote access	Percentage of employees able to access URCA's network remotely	78%	100.00%

Table 7: Monthly Licence Processing Statistics: Individual Spectrum Licence, 2012

Month	New Applications					Applications Brought Forward from Previous Month(s)		Number of Licences issued (A+B+C)	Processing of Complete Applications			
	Total Received	Applications Pending	Incomplete Applications	Rejected or Dropped Applications	Total Applications Processed (A)	Pending Applications Processed (B)	Incomplete Applications Processed (C)		Processed within 30-day Requirement	Processed outside of 30-day Requirement	Total Processing Time [Days]	Average Processing Time [Days]
Note: 1 incomplete application was brought forward from 2011												
January	1	0	1	0	0	0	0	0	0	0	0	0
February	1	0	1	0	0	0	0	0	0	0	0	0
March	3	0	2	0	1	0	2	3	3	0	53	18
April	3	0	3	0	0	0	1	1	1	0	9	9
May	0	0	0	2	0	0	2	2	2	0	5	3
June	1	0	1	2	0	0	0	0	0	0	0	0
July	2	0	2	1	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	2	0	0	0	0	0	0	0	0
November	1	0	0	0	1	0	0	1	1	0	21	21
December	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL or Year-End-Balance	12	0	1	7	2	0	5	7	7	0	88	7

Table 8: Monthly Licence Processing Statistics: Individual Operating Licence, 2012

Month	New Applications					Applications Brought Forward from Previous Month(s)		Number of Licences issued (A+B+C)	Processing of Complete Applications			
	Total Received	Applications Pending	Incomplete Applications	Rejected or Dropped Applications	Total Applications Processed (A)	Pending Applications Processed (B)	Incomplete Applications Processed (C)		Processed within 30-day Requirement	Processed outside of 30-day Requirement	Total Processing Time [Days]	Average Processing Time [Days]
Note: 1 incomplete application was brought forward from 2011												
January	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0
March	1	0	1	0	0	0	1	1	1	0	24	24
April	0	0	0	0	0	0	1	1	1	0	22	22
May	1	1	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	1	0	1	1	0	33	33
August	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0
October	1	0	0	0	1	0	0	1	1	0	11	11
November	2	2	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	2	0	2	2	0	27	27
TOTAL or Year-End-Balance	5	3	---	0	1	3	2	6	6	0	117	23

Table 9: Monthly Licence Processing Statistics: Class Spectrum Licence Requiring Registration, 2012

Month	New Applications					Applications Brought Forward from Previous Month(s)		Number of Licences Issued (A+B+C)	Processing of Complete Applications			
	Total Received	Applications Pending	Incomplete Applications	Rejected or Dropped Applications	Total Applications Processed (A)	Pending Applications Processed (B)	Incomplete Applications Processed (C)		Processed within 30-day Requirement	Processed outside of 30-day Requirement	Total Processing Time [Days]	Average Processing Time [Days]
Note: 8 pending applications and 1 incomplete application were brought forward from 2011												
January	21	12	2	0	7	8	0	15	15	0	423	28
February	20	15	2	0	3	12	1	16	16	0	394	26
March	5	4	0	1	0	15	1	16	16	0	404	25
April	6	3	1	0	2	4	2	8	8	0	161	20
May	7	7	0	0	0	3	1	4	4	0	76	19
June	6	3	0	1	3	7	0	10	10	0	251	25
July	7	6	0	0	1	3	0	4	4	0	82	21
August	4	3	0	0	1	6	0	7	7	0	171	24
September	12	12	0	0	0	1	0	1	1	0	30	30
October	19	14	0	0	5	14	0	19	19	0	448	24
November	13	12	0	0	1	14	0	15	15	0	307	20
December	14	13	0	0	1	8	0	9	9	0	213	24
TOTAL or Year-End-Balance	134	24	5	2	24	95	5	124	124	0	2,960	22

Table 10: Monthly Licence Processing Statistics: Class Operating Licence Requiring Registration, 2012

Month	New Applications					Applications Brought Forward from Previous Month(s)		Number of Licences Issued (A+B+C)	Processing of Complete Applications			
	Total Received	Applications Pending	Incomplete Applications	Rejected or Dropped Applications	Total Applications Processed (A)	Pending Applications Processed (B)	Incomplete Applications Processed (C)		Processed within 30-day Requirement	Processed outside of 30-day Requirement	Total Processing Time [Days]	Average Processing Time [Days]
January	1	0	1	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	1	1	1	0	24	24
May	0	0	0	0	0	0	0	0	0	0	0	0
June	0	0	0	0	0	0	0	0	0	0	0	0
July	0	0	0	0	0	0	0	0	0	0	0	0
August	0	0	0	0	0	0	0	0	0	0	0	0
September	0	0	0	0	0	0	0	0	0	0	0	0
October	0	0	0	0	0	0	0	0	0	0	0	0
November	0	0	0	0	0	0	0	0	0	0	0	0
December	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL or Year-End-Balance	1	0	0	0	0	0	1	1	0	0	24	24

Table 11: Publication of Annual Plan and Annual Report

<i>KPI Description</i>	<i>KPI Measurement - Publications Date</i>
Publish Annual Report within 4 months of end of reporting year	2011 Annual Report published on April 30, 2012
Publish final Annual Plan within 4 months of end of preceding year	2012 Annual Plan published on April 30, 2012
Publish draft Annual Plan before end of preceding year	Draft 2012 Annual Plan published December 28, 2012

Table 12: Duration for Publication of Decisions and Other Regulatory Measures Issued During 2012

<i>Description</i>	<i>Publication Date</i>	<i>Final Receipt Date for Comments</i>	<i>Publication of Final Decision</i>	<i>Number of Days (Receipt of Comments to Final Publication)</i>
Publication Within 30 Days of Final Comments				
1 Determination against Complete Business Systems Limited	February 16, 2012	March 19, 2012	April 12, 2012	23
Publication Within 60 Days of Final Comments But More than 30 Days				
1 Determination on Implementation of Number Portability	May 30, 2012	July 2, 2012	August 3, 2012	31
2 Determination on Content Code Applicability and Must Carry	March 27, 2012	April 27, 2012	May 29, 2012	32
3 Public Consultation: Draft Policy for New Spectrum Bands	January 16, 2012	February 20, 2012	March 23, 2012	33
4 Determination Against Broadcasting Corporation of The Bahamas - Content Code Complaint : Paid Political Advertisement	October 22, 2012	November 21, 2012	January 15, 2013	54
5 Determination Against Broadcasting Corporation of The Bahamas - Content Code Complaint: Use of Profanity	October 22, 2012	November 21, 2012	January 15, 2013	54
Publication Exceeding 60 Days of Final Comments				
1 Public Consultation: BTC's Retail Charging Proposals for Call to Directory Enquiry	September 21, 2011	October 28, 2011	February 2, 2012	94
2 Public Consultation: Code of Practice for Content Regulation	November 9, 2011	December 30, 2011	March 2, 2012	62
3 Public Consultation: Publication of Regulatory (Separated) Accounts	November 22, 2011	February 7, 2012	July 12, 2012	155
4 Public Consultation: Licensee Consumer Complaints Handling Procedures	December 23, 2011	February 10, 2012	June 6, 2012	116
5 Public Consultation: BTC's Cost Efficiency Study	February 16, 2012	March 30, 2012	July 27, 2012	117
6 Public Consultation: Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO)	April 12, 2012	July 5, 2012	January 23, 2013	198
7 Public Consultation: CBL Application for Permanent Price Change for SuperBasic Cable Television Services	September 4, 2012	October 19, 2012	February 11, 2013	112

Table 13: Final Decision Completion Rate for Projects Due in 2012

Description	Annual Plan End Date	Date Completed	KPI Measurement: Was Planned Date Met?
Public Consultation: BTC's Cost Efficiency Study	30-Jun-12	3-Sep-12	No
Review of BTC RAI0 Charges to reflect new information	Dec-12	21-Dec-12	Yes
Public Consultation: Publication of Regulatory (Separated) Accounts	31-Mar-12	27-Jul-12	No
Review of Accounting Separation and Cost Accounting Reports of SMP Operators	31-Dec-12	13-Dec-12	Yes
Public Consultation on Consumer Protection Regulations	Dec-12	Project On-going	No
Public Consultation: Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO)	31-Dec-12	23-Jan-13	No
Public Consultation: Licensee Consumer Complaints Handling Procedures	31-Mar-12	6-Jun-12	No
Publication of Code of Practice for Content Regulation	31-Jan-12	2-Mar-12	No

Table 14: Rate of Publication of Final Determinations

Description	Publication of Preliminary Determination	Final Receipt Date for Comments	Publication of Final Determination	Number of Days	
Final Publication Within One Month of Final Comments					
1	Determination against Complete Business Systems Limited	16-Feb-12	19-Mar-12	12-Apr-12	23
2	Determination on Content Code Applicability and Must Carry	27-Mar-12	27-Apr-12	29-May-12	32
3	Determination on Implementation of Number Portability	30-May-12	2-Jul-12	3-Aug-12	31
Final Publication Exceeding One Month of Final Comments					
1	Determination Against Broadcasting Corporation of The Bahamas - Content Code Complaint : Paid Political Advertisement	22-Oct-12	21-Nov-12	15-Jan-13	54
2	Determination Against Broadcasting Corporation of The Bahamas - Content Code Complaint: Use of Profanity	22-Oct-12	21-Nov-12	15-Jan-13	54



To the Members of the Utilities Regulation and Competition Authority

We have audited the accompanying financial statements of the Utilities Regulation and Competition Authority, which comprise the statement of financial position as of 31 December 2012, and the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Utilities Regulation and Competition Authority as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in black ink.

Chartered Accountants

Nassau, Bahamas

23 April 2013

Statement of Financial Position

As of 31 December 2012 (Expressed in Bahamian dollars)

The Utilities Regulation and Competition Authority
(Established under the laws of the Commonwealth of The Bahamas)

	2012	2011
	\$	\$
Assets		
Cash on hand and at banks	1,625,238	947,843
Accounts receivable (Note 4)	479,539	326,561
Prepaid expenses and other assets	175,122	208,398
Pension asset (Note 6)	232,492	219,352
Property, plant and equipment (Note 7)	1,509,359	2,107,624
Total assets	4,021,750	3,809,778
Liabilities		
Accounts payable and accrued expenses	233,695	87,492
Due to the Consolidated Fund (Note 8)	-	1,100,000
Deferred revenue (Note 9)	58,822	178,698
Total liabilities	292,517	1,366,190
Net Assets	3,729,233	2,443,588
Represented By:		
Contributed surplus (Note 8)	1,485,069	1,359,193
Electronic communications fund (Note 8)	2,244,164	1,084,395
Total net assets	3,729,233	2,443,588

Approved and authorised for issue by the board and signed on its behalf by:



Chairperson



Katherine Pureschmitt
Chief Executive Officer

23 April 2013

Date

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2012 (Expressed in Bahamian dollars)

The Utilities Regulation and Competition Authority

	2012 \$	2011 \$
Revenue		
Electronic communications operating licence fees	5,234,077	5,320,478
Telecommunications, radio communications and other fees	179,141	328,872
Total revenue	5,413,218	5,649,350
Expenses		
Salaries and benefits (Note 6)	1,901,070	2,120,396
Depreciation (Note 7)	681,059	702,175
Legal, professional and consultancy fees	480,534	649,301
Rent and occupancy costs	390,849	381,130
Office services	158,209	137,484
Travel	157,958	119,766
Professional membership	149,460	144,062
Information technology	74,708	53,716
Training	66,192	86,527
Advertising and public relations	63,481	51,493
Communications	44,641	52,793
Provision for doubtful accounts (Note 4)	14,135	158,579
Automotive maintenance	8,972	7,154
Premises repairs and maintenance	4,881	4,201
Total expenses	4,196,149	4,668,777
Operating income	1,217,069	980,573
Interest income	66,076	67,489
Other income	2,500	200
Net income and total comprehensive income	1,285,645	1,048,262

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

For the year ended 31 December 2012 (Expressed in Bahamian dollars)

The Utilities Regulation and Competition Authority

	<i>Contributed Surplus</i> \$	<i>Electronic Communications Fund</i> \$	<i>Total</i> \$
Balance as of 1 January 2011	1,263,712	131,614	1,395,326
Total comprehensive income	95,481	952,781	1,048,262
Balance as of 31 December 2011	1,359,193	1,084,395	2,443,588
Balance as of 1 January 2012	1,359,193	1,084,395	2,443,588
Total comprehensive income	125,876	1,159,769	1,285,645
Balance as of 31 December 2012	1,485,069	2,244,164	3,729,233

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2012 (Expressed in Bahamian dollars)

The Utilities Regulation and Competition Authority

	2012	2011
	\$	\$
Cash Flows From Operating Activities		
Net income	1,285,645	1,048,262
Adjustments for:		
Depreciation	681,059	702,175
Provision for doubtful accounts	14,135	158,579
Interest income	(66,076)	(67,489)
Gain on sale of property, plant and equipment	(2,500)	-
(Increase)/Decrease in operating assets:		
Accounts receivable	(167,113)	5,193,529
Prepaid expenses and other assets	33,276	159,535
Pension asset	(13,140)	(59,799)
Increase/(Decrease) in operating liabilities:		
Accounts payable and accrued expenses	146,203	(125,172)
Due to the Consolidated Fund	(1,100,000)	(4,810,000)
Deferred revenue	(119,876)	(5,533,399)
Interest received	64,126	70,703
Net cash from/(used in) operating activities	755,739	(3,263,076)
Cash Flows From Investing Activities		
Net decrease in term deposits with original contractual maturities greater than 3 months	-	2,000,000
Purchase of property, plant and equipment	(82,794)	(245,595)
Proceeds from sale of property, plant and equipment	2,500	-
Net cash from/(used in) investing activities	(80,294)	1,754,405
Increase/(Decrease) in cash and cash equivalents	675,445	(1,508,671)
Cash and cash equivalents as of beginning of year	947,493	2,456,164
Cash and cash equivalents as of end of year (Note 3)	1,622,938	947,493

The accompanying notes are an integral part of these financial statements.

1. General Information

The Utilities Regulation and Competition Authority (the Authority) was established on 1 August 2009, as a corporate body, under the Utilities Regulation and Competition Authority Act, 2009 (the Act). The offices of the Authority are located at the UBS Annex, East Bay Street, New Providence, Bahamas.

The functions of the Authority are to: i) regulate the electronic communications sector to further the interests of consumers by promoting competition; ii) apply competition rules in exercising its regulatory powers; iii) represent the Government of the Commonwealth of The Bahamas (the Government) in regional and international organisations; iv) charge licence fees in accordance with relevant legislation; v) act on behalf of the Government in billing and collecting communications licence fees; and vi) perform any other duties or functions assigned to it under relevant legislation.

Currently, the Authority only regulates electronic communications. It will commence regulating the other regulated sectors on dates to be determined by the Government, and following the necessary amendments to the legislation governing those sectors. Accordingly, the electronic communications fund has been established and the financial performance of the Authority related to regulation of this sector is allocated to this fund. The electronic communications sector is regulated in accordance with the Communications Act, 2009 (the Communications Act) and the Electronic Communications Sector Policy. Prior to the coming into force of the Communications Act and the Electronic Communications Sector Policy, the Authority regulated radio communications and telecommunications (including internet) in accordance with the Telecommunications Act, 1999 and the Telecommunications Sector Policy.

In addition to establishing the Authority, the Act dissolved the Public Utilities Commission (the PUC) and the Television Regulatory Authority (together, the predecessor regulators); repealed the Public Utilities Commission Act; and made provisions for the property and contracts, together with all functions and powers of the predecessor regulators, to be transferred to the Authority to ensure the effectiveness and continuity of regulation. The Utilities Regulation and Competition Authority (Amendment) Act, 2010 (the Amendment Act), assented to on 22 December 2010 and deemed to have come into force on 1 August 2009, provided for the transfer of \$5,910,000 out of the net assets of the PUC to the Consolidated Fund of the Commonwealth of The Bahamas (the Consolidated Fund); see Note 8.

Further, the Utilities Appeal Tribunal Act, 2009 provides for the Tribunal that will adjudicate all matters relating to a sector regulated by the Authority.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. The preparation of financial statements in accordance with IFRS requires management to exercise its judgment in the process of applying its accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 2(d), 2(g) and 2(h).

New and amended standards adopted by the Authority

Amendments to published standards that became effective for the Authority's financial year beginning on 1 January 2012 were either not relevant or not significant to the Authority's operations and accordingly did not have a material impact on the Authority's accounting policies or financial statements.

2. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

New standards, amendments and interpretations not yet adopted by the Authority

With the exception of the amendments to IAS 19 *Employee Benefits*, the application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Authority's accounting policies or financial statements in the period of initial application.

The amendments to IAS 19 will require: the elimination of the corridor approach and recognition of all actuarial gains and losses in other comprehensive income as they occur; immediate recognition of all past service costs; and the replacement of interest cost and expected return on plan assets with the net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Upon adoption, the unrecognised actuarial loss of \$75,420 as of 31 December 2012 will be recognised as an adjustment to the electronic communications fund as of 1 January 2013. The Authority has not yet assessed the remaining impact of these amendments.

(b) Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Authority's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognised in the statement of comprehensive income.

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, call accounts at banks and term deposits with original contractual maturities of three months or less.

(d) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the account receivable's carrying amount and the present value of future cash flows, discounted at the account receivable's original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive income. If in a subsequent period, the amount of the provision decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision account. When an account receivable is uncollectible, it is written off against the provision for doubtful accounts. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Provisions are made against accounts receivable from the Government, or entities which it controls, only to discount expected future cash flows; no credit losses are expected.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and

2. Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Lesser of lease term and 10 years
Information systems	3 – 5 years
Vehicles	5 years
Furniture and office equipment	5 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position or when an event has occurred that indicates a need to re-evaluate useful lives. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

(f) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Income and expense recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Authority.

Revenue from licensing activities is recognised over the period of the applicable licence, with amounts billed in relation to future periods being deferred in the statement of financial position. Certain licence fees are fixed and others are based on the revenues of the licensees.

For licence fees based on licensee revenue, the Authority makes an estimate of the fee based on the latest available financial information of the licensee and recognises any increase or decrease in that estimate upon receipt of the final revenue amounts of the licensee for the applicable licence period. The applicable revenues for fee purposes are those earned in the licensee's fiscal year ending within the licence period.

Interest income is recognised using the effective interest method. All other income and expenses are recognised on the accrual basis of accounting.

(h) Pension benefits

The Authority operates a defined benefit pension plan, which requires contributions, determined by periodic actuarial calculations, to be made to a separately administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset/liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligations at the date of the statement of financial position less the fair value of plan assets, with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligations are calculated annually by an independent

2. Summary of Significant Accounting Policies (continued)

(h) Pension benefits (continued)

actuary using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligations are charged or credited to the statement of comprehensive income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in salaries and benefits expense, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Salaries and benefits are recognised on the accrual basis of accounting.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating lease are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(j) Taxation

The Authority is established under the laws of the Commonwealth of The Bahamas and therefore is not subject to income, capital gains or other corporate taxes.

(k) Fiduciary activities

The Authority collects certain fees from licensees on behalf of the Government. The assets associated with these activities are excluded from these financial statements, as they do not belong to the Authority.

(l) Corresponding figures

Where necessary, the corresponding figures are adjusted to conform with changes in presentation in the current year.

3. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

	2012 \$	2011 \$
Cash on hand and at banks	1,625,238	947,843
Accrued interest	(2,300)	(350)
Total	1,622,938	947,493

4. Accounts Receivable

	2012 \$	2011 \$
Accounts receivable	510,822	357,609
Provision for doubtful accounts	(31,283)	(31,048)
Total	479,539	326,561

Movements in provision for doubtful accounts are as follows:

	2012 \$	2011 \$
Opening balance	31,048	62,690
Provision for doubtful accounts	14,135	158,579
Bad debts written off	(13,900)	(190,221)
Closing balance	31,283	31,048

During the prior year, the Authority settled a long standing dispute with a related party relative to fees charged by the PUC. As a result of the settlement, the Authority wrote off amounts totalling \$85,698, with the respective expense allocated to contributed surplus. The remaining balance was subsequently settled.

Additionally, balances totalling \$76,556 due from a major licensee were being disputed by the licensee and were subject to a judicial review. During 2011, the Supreme Court of The Bahamas ruled in favour of the licensee. Accordingly, the Authority wrote off the amounts that were subject to the judicial review.

5. Agency Agreement

Under the Communications Act, the Authority is responsible for the granting of class spectrum licences requiring registration; enforcing conditions attached to such licences; billing and collecting fees consequential thereto and remitting all spectrum licence fees to the Consolidated Fund. The Authority and the Bahamas Maritime Authority (BMA) signed a memorandum of agreement effective 30 August 2010 in which there was a delegation of authority from the Authority to BMA to issue spectrum licences to maritime vessels registered under the Bahamian flag on behalf of the Authority.

Under the terms of the memorandum, BMA will bill, collect and remit spectrum fees on behalf of the Authority for the Government. Additionally, under the terms of this memorandum neither party will be compensated for the services performed regarding the billing, collection and remittance of spectrum fees on behalf of the Government.

6. Pension Benefits

The Authority's pension plan (the Plan) is a non-contributory defined benefit pension plan established for the provision of pension benefits to the members of the Plan. As of 31 December 2012, there are 14 (2011: 12) members participating in the Plan. All assets of the Plan are invested in a fund managed and administered by an independent investment manager. The Plan is subject to an actuarial valuation at least every 3 years, and the latest actuarial valuation was performed by an independent actuary as of 31 December 2012.

The following tables summarise the components of net pension benefit expense and the funded status and amounts recognised in the statement of financial position for the Plan as determined as of the date of the last actuarial review.

Pension benefit expense comprises:

	2012 \$	2011 \$
Current service cost	85,350	92,653
Interest cost	70,139	69,603
Expected return on plan assets	(80,699)	(129,914)
Net actuarial gain recognised during year	-	(387)
Total, included in salaries and benefits	74,790	31,955
Actual return on plan assets	62,191	45,581

The pension plan asset is analysed as follows:

	2012 \$	2011 \$
Present value of benefit obligations	1,554,689	1,325,805
Fair value of plan assets	(1,711,761)	(1,578,382)
	(157,072)	(252,577)
Unrecognised actuarial gain/(loss)	(75,420)	33,225
Asset in the statement of financial position	(232,492)	(219,352)

Movements in the asset in the statement of financial position comprise:

	2012 \$	2011 \$
Asset as of beginning of year	(219,352)	(159,553)
Pension benefit expense	74,790	31,955
Contributions	(87,930)	(91,754)
Asset as of end of year	(232,492)	(219,352)

6. Pension Benefits (continued)

Movements in the benefit obligations comprise:

	2012 \$	2011 \$
Present value of benefit obligations as of beginning of year	1,325,805	1,158,684
Current service cost	85,350	92,653
Interest cost	70,139	69,603
Benefits paid	(16,742)	(81,693)
Actuarial gain/(loss) on benefit obligations	90,137	86,558
Present value of benefit obligations as of end of year	1,554,689	1,325,805

Movements in the fair value of plan assets comprise:

	2012 \$	2011 \$
Fair value of plan assets as of beginning of year	1,578,382	1,522,740
Expected return on plan assets	80,699	129,914
Contributions	87,930	91,754
Benefits paid	(16,742)	(81,693)
Actuarial (gain)/loss on plan assets	(18,508)	(84,333)
Fair value of plan assets as of end of year	1,711,761	1,578,382

The principal assumptions used are shown below:

Discount rate	5.00%	5.00%
Expected rate of return on plan assets	5.00%	5.00%
Future salary increases	4.00%	4.00%

Mortality rates have been taken from the 1994 Group Annuity Mortality Table.

The Plan is responsible for making full pension payments to public officers transferred to the Authority for their period of employment in the Public Service and the PUC (that is, the pension will be based on combined employment with the Public Service, the PUC and the Authority). The Plan has the right to claim reimbursement from the Government for pension payments made to these persons in relation to the period of employment in the Public Service. Currently, no pension payments are being made to these persons.

Notes to the Financial Statements (continued)

31 December 2012

7. Property, Plant and Equipment

	<i>Leasehold Improvements</i>	<i>Information Systems</i>	<i>Vehicles</i>	<i>Furniture and Office Equipment</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Cost					
31 December 2011	713,552	2,480,870	53,200	267,139	3,514,761
Additions	-	24,002	45,800	12,992	82,794
Disposal	-	(14,995)	-	-	(14,995)
31 December 2012	713,552	2,489,877	99,000	280,131	3,582,560
Accumulated Depreciation					
31 December 2011	190,280	1,101,703	53,200	61,954	1,407,137
Depreciation expense	142,711	479,774	6,107	52,467	681,059
Disposal	-	(14,995)	-	-	(14,995)
31 December 2012	332,991	1,566,482	59,307	114,421	2,073,201
Net book value as of 31 December 2012	380,561	923,395	39,693	165,710	1,509,359
Cost					
31 December 2010	713,552	2,284,650	53,200	217,764	3,269,166
Additions	-	196,220	-	49,375	245,595
31 December 2011	713,552	2,480,870	53,200	267,139	3,514,761
Accumulated Depreciation					
31 December 2010	47,570	595,722	49,480	12,190	704,962
Depreciation expense	142,710	505,981	3,720	49,764	702,175
31 December 2011	190,280	1,101,703	53,200	61,954	1,407,137
Net book value as of 31 December 2011	523,272	1,379,167	-	205,185	2,107,624

8. Fund Balances

Contributed surplus

As disclosed in Note 1, the Act dissolved the PUC and transferred its net assets to the Authority, and the Amendment Act required the Authority to transfer \$5,910,000 to the Consolidated Fund. As of 31 December 2012, the full amount (2011: \$4,810,000) of the required transfer had been settled.

The net assets transferred to the Authority were designated as contributed surplus based on legislation enacted at the time; and revenue earned from transferred deferred revenue relating to regulatory activities no longer performed or from which fees are no longer earned by the Authority, net of any expenses associated with the net assets transferred from the PUC, are allocated to contributed surplus.

8. Fund Balances (continued)

Electronic communications fund

Under the Communications Act, charges and fees levied by the Authority are to be determined in order to: cover the annual budgeted costs of its functions under the Communications Act; recover any deficit from previous years; and take into account any surpluses. Accordingly, the surplus in the Electronic Communications Fund will be utilised in subsequent years to cover costs incurred by the Authority in carrying out its functions under the Communications Act and to amend charges and fees levied by the Authority. During the year, \$131,614 of the surplus accumulated from prior years was used to amend charges and fees levied by the Authority.

9. Deferred Revenue

	2012	2011
	\$	\$
Electronic communications operating licence fees	6,000	-
Telecommunications, radio communications and other fees	52,822	178,698
Total	58,822	178,698

Electronic communications operating licence fees are current. The current portion of telecommunications, radio communications and other fees totals \$48,206 (2011: \$126,117), with the remaining balance to be recognised over periods of up to 2 years.

10. Related Party Balances and Transactions

Related parties comprise: i) Government ministries and departments; ii) Government corporations and agencies; iii) entities controlled by the Government; iv) entities in which the Government has a significant ownership interest; and v) key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements, are as follows:

	2012	2011
	\$	\$
<i>Assets</i>		
Cash at banks	1,542,240	937,883
Accounts receivable	3,800	40,144
<i>Liabilities</i>		
Accounts payable and accrued expenses	22,481	7,902
<i>Revenue</i>		
Electronic communications operating licence fees	4,041,735	4,055,566
Telecommunications, radio communications and other fees	6,600	-
<i>Expenses</i>		
Salaries and benefits	32,870	28,839
Travel	2,446	7,664
Communications	39,667	48,866

10. Related Party Balances and Transactions (continued)

Key Management Compensation

Key management personnel comprise the members of the Board, the chairman of the Audit Committee and members of the Executive Committee. The executive members of the Board and four other members of the Authority's senior management constitute the Executive Committee. Compensation of key management personnel for the year for salaries and other short term benefits amounted to \$773,609 (2011: \$953,277).

11. Commitments and Contingencies

Commitments

The Authority signed a five-year lease for office space, which commenced 1 June 2010. Future minimum rental payments required under the operating lease are as follows:

	\$
2013	297,600
2014	304,800
2015	128,250

Contingencies

The Authority is party to several legal cases involving its major licensees in the electronic communications sector, including a related party. In most instances, the cases involve breaches of the Telecommunications Act and Telecommunications Sector Policy, or challenges against the rulings by the Authority brought by licensees. Costs associated with these legal cases are uncertain, and will depend on whether or not the Authority is successful; which is not possible to predict. Accordingly, no provisions have been made in these financial statements relative to the legal proceedings.

12. Financial Risk Management

The Authority engages in transactions that expose it to credit risk, liquidity risk and interest rate risk in the normal course of business. The Authority's financial performance is affected by its capacity to understand and effectively manage these risks.

(a) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Authority's exposure to credit risk is concentrated in its cash at banks and accounts receivable. The Authority mitigates the risk associated with cash at banks by placing its deposits with financial institutions in good standing with the Central Bank of The Bahamas. The monitoring of payment history before continuing to extend credit to licensees mitigates the risks associated with accounts receivable from non-related parties. Accounts receivable from related parties are considered to have minimal credit risk, as this risk is with the Government.

The Authority in its effort to minimise credit risk exposure monitors the accounts receivable balances ensuring that all efforts are expended in order to reduce accounts with long overdue balances. The aged analysis of accounts receivable comprises:

12. Financial Risk Management (continued)

(a) Credit risk (continued)

	2012	2011
	\$	\$
<i>Days Outstanding</i>		
0 – 90 days	39,300	27,999
91 – 180 days	1,389	2,500
181 – 365 days	178,673	148,918
More than 365 days	291,460	178,192

Based on its experience, the Authority considers balances less than 180 days to have acceptable credit quality. Of the balances with an aging greater than 180 days in the prior year, approximately 12% represented receivables from a related party.

Accounts receivable include balances due from a major licensee that are currently being disputed by the licensee. The Authority is of the opinion that it has sufficient legal bases to support its claims and has several courses of action to pursue payment, some of which have been initiated.

(b) Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of the Authority's financial commitments as they become due. The Authority maintains a level of liquid assets that mature in the short term or could be redeemed immediately to meet cash requirements for normal operating purposes. The Authority has the ability, under the Act, to charge supplemental fees to licensees in order to cover operating expenses.

As of 31 December 2012, all of the Authority's liabilities, except deferred revenue (see Note 9), are due within one year.

(c) Interest rate risk

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Authority's exposure to cash flow interest rate risk is concentrated in its term deposits, and the Authority has elected not to hedge this risk as it is not considered significant. The Authority does not have any significant fair value interest rate risk.

13. Fair Value of Financial Instruments

Financial instruments utilised by the Authority include the recorded financial assets and liabilities, and their estimated fair values approximate their carrying value due to the relatively short term nature of these instruments.

14. Capital Management

The Authority's objectives when managing capital, which consists of net assets on the statement of financial position, are to: i) safeguard its ability to continue as a going concern; and ii) maintain a capital base sufficient to support the expected expansion of its regulatory powers and associated operations.

The Authority has complied with all of the externally imposed capital requirements to which it is subject.



2013 Annual Plan

Content

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1. URCA's Plan for 2013

1.1 Strategic Outlook

During 2012, both the Electronic Communications Sector Policy (ECS Policy or Sector Policy) and URCA's Strategy and Priorities, came to an end. The ECS Policy, published in October 2009, established the Government's three-year outlook for the sector. URCA's Strategy and Priorities, tailored toward fulfilling its mandates under the Communications Act and to implement the relevant aspects of the Sector Policy, was also developed on a three-year 2009-2012 span, in alignment with the ECS Policy. As the final year of that strategic planning period, 2012 was a year for consolidation and institutional capacity building in preparation for a new thrust of activities associated with a new Sector Policy.

During the latter half of 2012, and in accordance with provisions set out in the Communications Act, URCA prepared for the Government's consultation, a draft Sector Policy to address the sector's development over the ensuing three years. Accordingly, in 2012, URCA commenced and will complete in 2013, a process to review and update its Strategy and Priorities, in order that its plans continue to be aligned with the Sector Policy, as well as the evolving needs of the sector. Government's issue of the new three-year Sector Policy is expected during the first half of 2013. URCA's new Strategy and Priorities will take effect from the beginning of 2014, allowing URCA to effectively adapt its planning to new developments in the revised Sector Policy.

The projects identified in URCA's plan for 2013 have been selected in contemplation of a revised Sector Policy; however it is possible that revisions to the Sector Policy may create a need to revisit some of the projects identified in this document.

In 2013, URCA's principal priority will be to ensure completion of key 2012 projects continuing into the New Year, and commencement of new tasks that will pave the way for the new Sector Policy. URCA's selection of projects continues to be driven by:

- ▶ URCA's legislative mandate outlined in the Communications Act, including ECS Policy objectives.
- ▶ Matters of particular relevance and concern to the ECS.
- ▶ Expressed concerns and interests of stakeholders.
- ▶ International developments and keys areas of interest relevant to electronic communications and ICT.
- ▶ URCA's commitment to continuing institutional capacity strengthening, to ensure that URCA remains equipped to achieve the effective, efficient and timely fulfilment of its mandate.

URCA's focus for 2013 will be structured around eight strategic priorities:

1. Developing a New Strategy for the ECS and URCA
2. Protecting and Promoting Consumer Interests
3. Facilitating and Encouraging Competition
4. Promoting Affordable Access to Services Throughout The Bahamas
5. Strengthening the Regulatory Framework and Principles
6. Promoting a Wide Range of High Quality Content Services
7. Managing Radio Spectrum Effectively and Efficiently
8. Building Regulatory Capacity and Human Capital

1.2 Focus Areas for 2013

1.2.1 Developing a New Strategy for the ECS and URCA

The dynamic nature of the sector requires that URCA continually reassess the effectiveness of the measures it employs towards the achievement of the strategic objectives for the sector. URCA therefore has embarked on two critical activities that will chart its direction for the next three years:

1. Preparation of a new ECS Policy as required under the Act.
2. Development of a new Corporate Strategic Plan for URCA that is aligned to the ECS Policy.

Revision of the Electronic Communications Sector Policy

On October 5, 2012, in compliance with section 6 of the Communications Act, URCA forwarded to the Government, a revised draft Sector Policy for consultation. In preparing the revised draft Sector Policy, URCA considered, *inter alia*, the following factors:

- ▶ The objectives outlined in section 4 of the Communications Act.
- ▶ The Sector Policy 2009-2012, and progress on the aims of that policy achieved during the period up to October 2012.
- ▶ The Government's overall plans for The Bahamas as outlined in other public statements and Government documents.
- ▶ Input from key stakeholders, both received in specific consultation including responses to consultations, and other correspondence.
- ▶ International and regional developments in electronic communications and ICTs.

The Communications Act stipulates a three-month period for consultation between the Government and URCA on the revised draft Sector Policy, but also allows for extension of that time, provided there is agreement between both parties. Accordingly, the Government and URCA have agreed to extend the consultation period to six months. During this time, further consultation with other stakeholders will also be conducted.

URCA Strategic Planning

During the fourth quarter in 2012, URCA began a process of re-visioning its organisational strategies. This planning process, which will continue into the first half of 2013, is expected to produce institutional priorities encompassing a three-year 2014-2016 period. The planning approach is geared towards the production of a dynamic strategic plan for the organisation, allowing for organic change from year to year.

1.2.2 Protecting and Promoting Consumer Interests

URCA's approach in its formulation of a regulatory framework for the ECS, recognises competition as a key driver of the provision of better services. The regulatory focus therefore has been on the transformation of the ECS into a competitive environment. Considering that the regulatory framework relating to fostering and sustaining competition in the sector has reached an advanced stage, URCA's focus now shifts to the critically important issues of consumer rights and protection, in a competitive environment.



¹⁰ Communications Act, section 4

Consumer interests are an expressed priority in ECS policy and regulation. The Communications Act affirms that *“electronic communications perform an essential role in promoting the economic and social welfare of The Bahamas...”*¹⁰. Furthering the interests of persons in The Bahamas is a principal underpinning objective to this role. During consultative exercises taking place in 2012, consumer protection and quality of service emerged as particular challenges in certain areas of the ECS.

Introducing regulatory measures which will establish clear and comprehensive consumer rights, consumer complaints guidance, consumer advocacy, and quality of service frameworks in the ECS in The Bahamas, will be of the highest priority in 2013.

1.2.3 Facilitating and Encouraging Competition

As noted, URCA has made significant strides in introducing and implementing a framework for the regulation of the ECS to facilitate and encourage the development of competition in all liberalised parts of the ECS. The framework, developed in consideration of best practice, is centred on reducing barriers to entry for new entrants and introducing properly designed regulatory measures, particularly in respect of dominant operators in specific markets.

In this context, the market for cellular services in The Bahamas warrants specific mention. The ECS in The Bahamas is unusual in that it continues to be characterised by a legal monopoly in the provision of cellular services. The BTC monopoly is enshrined in section 114 of the Communications Act (as amended by section 8 of the Communications (Amendment) Act, 2011) which prevents the granting of any licence to provide cellular services in The Bahamas before April 2014. At that time, it will be possible for one additional cellular services provider to be licenced. Further providers may not be licenced to provide cellular services until after 2016.

In 2013 URCA will continue to develop and introduce appropriate new measures to facilitate and encourage competition in the ECS, as well as to review and refine as necessary, existing measures; to ensure that the regulatory regime in The Bahamas continues to work in the best

interests of all stakeholders. The liberalisation of cellular services will present new challenges for the regulation of the ECS in several areas, and in order to ensure that the regulatory framework is able to address the various issues that may arise with the introduction of competition in that market, URCA will in 2013 commence processes to identify and institute appropriate changes and updates. In the meantime, URCA will continue to monitor closely the provision of cellular services by BTC under its monopoly, to minimise any disadvantage to persons in The Bahamas as a result of the lack of competition.

1.2.4 Promoting Affordable Access to Services throughout The Bahamas

One of the key objectives set out in the Communications Act is to *“further the interests of persons in The Bahamas in relation to the electronic communications sector by ... promoting affordable access to high quality networks and carriage services in all regions of The Bahamas...”*¹¹. To that end, the Communications Act establishes a framework which seeks to ensure that certain basic electronic communications services are provided and accessible to persons throughout The Bahamas. This “universal service” framework is a key aspect of the regulatory environment and during 2012 URCA completed significant work toward the implementation of the universal service requirements set out in the Communications Act. This work will continue throughout 2013 with a number of regulatory initiatives designed to ensure the provision of universal service in accordance with the Communications Act and in the best interests of persons in The Bahamas.

1.2.5 Strengthening of Regulatory Framework and Principles

The ECS is a highly dynamic sector, which means that the services provided, the technologies used and business models employed by stakeholders, as well as the needs and demands of consumers, are constantly evolving. The ECS requires a regulatory framework which is not only adequately robust to effectively regulate behaviour; but also dynamic and able to respond to the changes in the sector and to adapt as necessary to a changing environment. As such, URCA has implemented a regulatory framework that is technology and service neutral, and as flexible as practicable while ensuring that adequate specificity



and certainty exists to facilitate investor confidence through effective regulation.

Notwithstanding the flexibility of the framework, URCA recognises the need to maintain the framework under consistent review, to ensure its continued relevance and appropriateness, for URCA's optimal use in the best interests of The Bahamas. To that end, in 2013 URCA will continue to review and update aspects of the regulatory framework as necessary and appropriate, having regard to the observed and expected changes which impact the ECS.

1.2.6 Promoting a Wide Range of High Quality Content Services

On March 2, 2012, URCA issued the "Code of Practice for Content Regulation" [ECS 06/2012] which, in accordance with Part IX of the Communications Act established a framework for URCA to regulate content broadcast on radio, television and pay TV in The Bahamas to achieve the aim of furthering "the interests of persons in The Bahamas in relation to the electronic communications sector by ... promoting the availability of a wide range of content services which are of high quality"¹².

In 2013 URCA will undertake efforts to continue to advance the on-going administration of the content regulation framework toward ensuring that it is effectively implemented across all radio and television broadcasters, content providers and carriage services in The Bahamas.

1.2.7 Managing Radio Spectrum Effectively and Efficiently

URCA is responsible for promoting the optimal use of state assets including the radio spectrum, and to that end, the Communications Act provides that, save for the exception of determining the method of allocation and spectrum fees for frequencies in the premium spectrum bands, "URCA has the exclusive right to manage, allocate and assign all frequencies in the radio spectrum in The Bahamas"¹³.

URCA also recognises that effective radio spectrum is a key aspect and tool in the promotion of competition in the ECS as radio spectrum continues to increase its utility as a key input in the effective and efficient delivery of electronic communications services. The number

and quality of services delivered by wireless means, and the decreasing costs of wireless networks, has rendered radio spectrum as a key asset in the development of electronic communications worldwide. This is of particular importance in The Bahamas given its geography since a key benefit of wireless communications is the ability to deliver services in a cost effective way to remote and sparsely populated areas.

URCA will continue with initiatives to not only manage the spectrum effectively, but also to ensure that it is used optimally so as to promote the availability of the highest possible quality and variety of services to all persons in The Bahamas.

1.2.8 Building Regulatory Capacity and Human Capital

The achievement of strategic priorities for any organisation can only occur if it is adequately resourced both in terms of its human and physical capital. The nature of URCA's role and priorities is such that it is heavily reliant on a highly trained, experienced and specialised cadre of professionals across several key disciplines. URCA also recognises that the availability of persons with some of the key requirements is limited. Therefore URCA must adopt a human resources philosophy and strategy which attracts and retains strong relevant talent, develops and trains existing staff, and creates a culture which motivates staff to identify with and work toward the achievement of organisational aims.

1.3 URCA's Key Projects for 2013

In recognition of the interplay between the various areas of focus, URCA has planned its projects to ensure that each receives appropriate attention from URCA during the course of 2013. Depending on the relative level of importance as perceived by URCA and recognising that a single project may advance the aims of multiple focus areas.

¹¹ Communications Act, section 4(b)(i)

¹² Communications Act, section 4(b)(vi)

¹³ Communications Act, section 29

Section 1.3.1 identifies the projects to be undertaken by URCA, through each quarter of 2013. In order to maintain continuity with the 2009-2012 Strategic Plan, section 1.3.2 identifies the Strategic Priorities that would be advanced with each project.

It must be noted however that the listed initiatives are not exhaustive of all work undertaken by URCA. The projects named are those which have major significant public impact. What is not reflected are the many secondary issues, complementary investigations, including competition investigations and research activities that lend support to the achievement of the overall goals of URCA.

1.3.1 2013 Projects by Quarter

This section provides details, including time schedules, of the projects carried over from 2012 as well as the new projects that will be initiated in 2013.

Projects Continued from 2012

The following projects are currently on-going and will continue into 2013:

- ▶ *Implementation of Universal Service* – Completion of this consultation is expected in early 2013. Arising out of this consultation, tasks related to the implementation of the Universal Service Obligations contained in the Communications Act will continue throughout 2013.
- ▶ *Application by CBL for a SuperBasic Price Increase* – URCA expects to issue its decision on this process in early 2013.
- ▶ *Number Portability* – Work toward the implementation of number portability in The Bahamas will continue in 2013, with fixed number portability anticipated to be launched in the third quarter 2013.
- ▶ *Strategic Planning* – This process, for the review and revision of URCA's strategic plan, is expected to continue through to the third quarter of 2013. The process will include engagement of stakeholder groups to ensure that URCA's planning process duly incorporates stakeholder considerations.
- ▶ *Review of the Sector Policy* – The process for revision of the Sector Policy is underway and expected to continue during the first and second quarters of 2013.

January to March 2013

During the first three months of 2013, URCA expects to commence the following projects.

- ▶ *Consumer Protection Framework* – One of URCA's highest priorities in 2013 is to address various matters pertaining to consumers' rights as they relate to the provision of services by licensees. URCA will undertake a comprehensive approach in this exercise, with a view to ensuring that persons in The Bahamas benefit from clearly articulated responsibilities on the part of providers, and consumers. URCA plans to publish a draft framework for consumer protection during the first half of 2013, with completion of a final framework during the second half of the year. URCA will facilitate widespread public consultation during this process.
- ▶ *Network Quality of Service Standards* – In addition to the consumer protection framework which will address the rights of the consumer, URCA also considers it necessary to provide clear standards for the performance, reliability and robustness of electronic communications networks in The Bahamas. URCA believes that this will work together with the consumer protection framework to ensure that The Bahamas benefits from the highest possible quality of electronic communications services. URCA proposes to commence this project in the first quarter of 2013 and complete it by the end of the third quarter.
- ▶ *Assessment of SMP in Call Termination* – While BTC is designated as having SMP in the provision of voice services, including termination on its network, the introduction of competition in telephony markets raises the potential for differences in regulation of competing providers to create anomalies in the market, due to different levels of regulation for termination on different networks. In recognition of market changes, URCA had proposed in 2011 and also in 2012 to review the market for call termination to ensure that the regulation in that market is appropriate for the current environment. This project was unavoidably delayed from 2011 and 2012 due to competing priorities, however URCA has now scheduled this project for completion by the end of the second quarter of 2013.
- ▶ *Review of the National Spectrum Plan* – The National Spectrum Plan was published by URCA on March 12, 2010, in accordance with

section 31 of the Communications Act. URCA is required to review the plan and present a revised plan for the consideration of the Minister with responsibility for the ECS within three years of the publication of the Plan. Work was commenced on this project in 2012, and URCA will submit it to the Minister as required during the first quarter of 2013. URCA is also seeking the concurrence of the Minister to a consultation with stakeholders on the National Spectrum Plan.

- ▶ *FM Radio Technical Framework* – The Bahamas in recent years has benefitted from an increasing number of FM radio stations particularly in New Providence. This increase has been accompanied by technical challenges for several radio stations. URCA has been formulating, and in 2013 will consult on, a clear set of specifications for FM radio stations in order to ensure that there is orderly behaviour across the market. This process will involve a considerable level of engagement with the sector, and is therefore likely to be completed in the third quarter of 2013.

April to June 2013

- ▶ *Market Reviews* – During 2009-2010 URCA placed various obligations on the providers designated by the Communications Act to have SMP in various markets. URCA indicated that it would conduct market reviews to determine whether the designation of SMP providers continues to be appropriate in relevant markets. URCA will commence this process in the second quarter of 2013. The process will include the steps set out in URCA's Methodology for the Assessment of Significant Market Power (ECS 20/2011). It is expected that the review of markets will continue past the end of 2013, and will be followed by consideration of the remedies in place in respective markets.
- ▶ *Review of Radio Spectrum Pricing* – URCA is solely responsible for management of the radio spectrum, excluding premium spectrum. The licence fees currently charged by URCA are a combination of historical charges and interim fees –for newly opened bands in 2012– imposed by URCA. URCA's review of radio spectrum pricing, initially scheduled for 2012, is expected to take place during the second quarter of 2013, following URCA's completion of the review of the National Spectrum Plan, which is a key input to this project.

The pricing review is expected to be completed during the third quarter of 2013, and implemented in 2014.

- ▶ *Broadband Wireless Access (BWA) Spectrum for Small Licensees* – This initiative is projected to improve the availability of spectrum for use by smaller entities. URCA has taken into consideration complaints received during previous spectrum related processes that the licensing procedures do not provide adequate opportunity for smaller licensees to obtain licences for good quality radio spectrum. This initiative is intended to address those concerns. The revised National Spectrum Plan will also be a key input for this project, which therefore will begin during the second quarter of 2013.



July to September 2013

- ▶ *Review of Retail Pricing Framework* – URCA currently regulates the prices of certain retail services provided by SMP operators through its Regulation of Retail Prices of SMP Operators – Rules (ECS 15/2010) issued on 22 April 2010. URCA has noted concerns expressed by relevant operators regarding the working of the Retail Pricing Rules, and it therefore intends to review the rules to determine whether any amendments are appropriate.
- ▶ *Review of Accounting Separation Results of SMP Operators* – The Separated Accounts of SMP operators are submitted to URCA annually for review, to ensure their consistency with URCA's established Guidelines, and to identify any regulatory impact. Review begins upon submission of the accounts according to SMP Operators' respective due dates, which for CBL is June 30th, and for BTC, September 30th. Review of separated accounts takes approximately six months.
- ▶ *Dispute Resolution Process* – Section 15 of the Communications Act requires URCA to implement an alternative dispute resolution scheme for the resolution of disputes between consumers and operators, and amongst operators. This process was delayed in 2011 and 2012 due to more urgent, competing priorities. URCA now expects to commence this process during the third quarter of 2013, with completion within the ensuing nine months.
- ▶ *Content Code Industry Working Group* – The Code of Practice for Content Regulation contemplates the formation of an Industry Working Group which will assist URCA in periodic reviews of the Code. Reviews are necessary to ensure that the Code remains relevant and appropriate, and to also monitor compliance with the Code. URCA intends to appoint the Industry Group in the third quarter of 2013.

October to December 2013

- ▶ URCA has noted in past years that due to the significant body of work commenced during the first three quarters of each year, and the statutory tasks required annually and due at the year-end, such as completion of URCA's Annual Plan, annual budgeting, completion of audits, and issuance of URCA's fee schedule. The commencement of new projects during the fourth quarter is often

not feasible. Accordingly, URCA expects that its focus during the last quarter of 2013 will be to ensure the completion of projects commenced earlier in the year, and completion of its statutory year-end obligations.

On-going Activities

Outside of the slate of projects that have been identified there are other activities which URCA is obliged to undertake in fulfilment of its responsibilities. These are particularly related to administrative functions and the handling of ad hoc matters which arise in the regulatory context. These include, but are not limited to:

- ▶ Statutory duties such as satisfying URCA's accountability to its stakeholders by publishing its work plans and annual reports within the statutory periods.
- ▶ Monitoring compliance by licensees with licence conditions and regulatory measures, and taking enforcement action where appropriate.
- ▶ Investigations and enforcement of complaints of anti-competitive behaviour.
- ▶ Review and investigation of complaints under the Content Code.
- ▶ Handling of complaints by consumers regarding electronic communications services, as they arise.
- ▶ Various consumer awareness and publicity initiatives to ensure that members of the public are aware of key issues, and the role of URCA.

These activities have been taken into account as far as practicable in estimating expressed timeframes, however, the nature of URCA's duties is such that unforeseen work may impact URCA's ability to complete or even commence projects identified.

URCA is also cognisant that while its current responsibilities are limited to the ECS, it has been portrayed as a potential multi-sector regulator, and therefore could be called upon at any time to assume responsibility for the regulation of other sectors of the economy. URCA however categorically notes that it has no intention of using resources funded by the ECS to carry out activities related to any other sector.



Table 15 shows the major projects proposed for 2013, including their start dates and targeted end dates.

Project	Start Date	End Date
Implementation of Universal Service	2012	On-going
Application by CBL for a SuperBasic Price Increase	2011	Feb. 2013
Number Portability	2011	Jun. 2013
Review of the Sector Policy	2012	Apr. 2013
Strategic Planning	2012	Jun. 2013
Consumer Protection Framework	Jan. 2013	Sep. 2013
Networks Quality of Service Standards	Jan. 2013	Jun. 2013
Assessment of SMP in Call Termination	Jan. 2013	Jun. 2013
Review of the National Spectrum Plan	Jan. 2013	Mar. 2013
FM Radio Technical Framework	Jan. 2013	Sep. 2013
Market Reviews	Apr. 2013	2014
Review of Radio Spectrum Pricing	Apr. 2013	Sep. 2013
BWA Spectrum for Small Licensees	Apr. 2013	Dec. 2013
Review of Retail Pricing Framework	Jul. 2013	Dec. 2013
Review of Accounting Separation Results of SMP Operators	Jul. 2013	Dec. 2013
Dispute Resolution Process	Jul. 2013	Dec. 2013
Content Code Industry Working Group Establishment	Jul. 2013	Sep. 2013
Establishment of a Consumer Advisory Council	Jan. 2013	June 2013
Addressing Consumer Complaints	Jan. 2013	On-going
Public and Consumer Education	Jan. 2013	On-going

1.3.2 Projects by Strategic Priority

As noted, URCA is currently transitioning from its 2009-2012 Strategic Plan. As a measure of continuity, the relationship between the projects for 2013 and the Strategic Priorities identified in the 2009-2012 Strategic

Plan is highlighted in Table 16. Notably, projects tend to contribute to the achievement of multiple Strategic Priorities as opposed to serving only a single priority.

Table 16: Planned Projects by 2009/2012 Strategic Priority

	Implementing Regulatory Safeguards	Consumer Protection	Promotion of Competition	Public Interest	Institutional Capacity Building
Review of National Spectrum Plan	✓		✓	✓	
Fixed Number Portability		✓	✓		
Universal Service		✓		✓	
Strategic Planning	✓	✓	✓	✓	✓
Revision of Sector Policy	✓	✓	✓	✓	
Consumer Protection Framework	✓	✓			
Quality of Service Standards	✓	✓	✓		
Assessment of Market Power in Call Termination	✓		✓		
Formation of Consumer Advocacy Group		✓		✓	
Market Reviews	✓	✓	✓		
Consumer Complaint Handling		✓		✓	
Consumer Awareness		✓	✓	✓	
Review of Radio Spectrum Pricing			✓	✓	
Formation of Content Code Industry Working Group		✓		✓	
Review of Retail Pricing Framework		✓	✓	✓	
Review of 2012 Accounting Separation Results			✓		
URCA Dispute Resolution Process		✓	✓	✓	
FM Radio Technical Standards			✓		
Compliance Monitoring and Enforcement		✓	✓		
Team Building and Recruitment	✓		✓		✓
Training	✓				✓

2. Evaluating Our Effectiveness

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

- ▶ Identification and adoption of appropriate key performance indicators (KPIs), based on statutory requirements and regulatory and management best practices.
- ▶ Measurement and monitoring of those KPIs.
- ▶ Publication of an Annual Report on its operations and performance.

For 2013, URCA proposes to use the KPIs provided in Table 17 and publish the results as part of the 2013 Annual Report which will be published before the end of April 2014.

Table 17: URCA Key Performance Indicators 2013

Statutory/ Regulatory	Finance	HR	IT
Draft annual plan and strategy published before end of financial year	Cost of Finance function as a percentage of total operating expenditure	Cost of HR function as a percentage of expenditure	Cost of IT function as a percentage of total expenditure
Annual report and final annual plan published within 4 months of year end	Period-end cycle time (working days to close)		
Year-end Cycle time (working days to close)	Cost of HR function per employee	Organizational ICT spend (investment in ICT infrastructure and hardware across the organization)	
Final determinations to be published within one month from end of consultation	Forecasting accuracy	Ratio of employees (full time equivalent) to HR Staff	Percentage who are able to access the network and system remotely
Public consultations started in period stated in Annual Plan	Cost of Licensee Invoicing	Average days for full time employee per year invested in learning and development	
Time to publish results, decisions and other regulatory measures after close of consultation:			
-- 31-60 days			
- >60 days	Debtor Days		
Number of URCA Regulatory measures successfully appealed or litigated	Number and Value of Creditor Notes and Adjustments	.	
Consumer complaints:			
Total received; Resolved as % of total;			
Average Time Taken to Resolve			
	Long outstanding debt (>90 days) as a percentage of total debt		
Licences issued within:			
30 days			
45 days			
Volume of licences processed in the year			
		Cost of learning and development activity as percentage of total payroll	
		Cost of advisors as a percentage of the total payroll	
		Percentage of roles filled by permanent and contract staff	
		Average lapse time (working days) from a vacancy/advertisement occurring to the acceptance of an offer for the same post.	
		Cost recruitment per vacancy	
		Percentage of people in role 12 months of service	
		Percentage of staff who received annual face to face performance appraisal	

3. URCA's 2013 Budget

URCA will ensure that it has adequate finances to meet its regulatory mandate and will likewise ensure that it delivers the best possible service to its stakeholders. In so doing, URCA also commits to providing

a full accounting of its activities as required by section 41(1)(b) of the URCA Act. URCA shall publish its Annual Report and Accounts for 2012 on or before 30 April 2013.

Table 18: URCA's Operating and Capital Budget

Description	2012	2013
Non-Executive Members Honoraria and Expenses	224,500	231,600
Executive Members' Compensation	326,587	325,342
Staff Costs	1,780,024	1,808,613
Conferences, Training, Travel	354,480	657,200
Professional Services	1,475,000	906,000
Advertising, Consumer Education and Public Relations	120,000	155,920
Rent & communications	446,921	451,800
Informational technology	68,383	59,800
Office Services	155,000	134,300
General and Administrative Expenses	209,710	221,425
Total Operating Expenditure (OPEX)	5,160,605	4,952,000
Depreciation	693,046	697,134
Total Operating Budget Recovered Through URCA Fees	5,853,651	5,649,134
Capital Expenditure	116,000	113,500

**URCA shall use this budgeted amount to set URCA Licence Fees for 2013. It should be noted that year-end balances (which occur when industry fees paid to URCA exceed URCA's budgeted needs) are returned to the industry in the ensuing year, in the form of a reduction in fees for that subsequent year.*



Further details on each expense category are as follows:

- ▶ Non-Executive Board 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 3.2% reflects additional sums to be paid to members (other than the Chairperson, whose remuneration does not include a variable element) for additional time outside of regular Board meetings, as may be required for URCA affairs. In such instances, URCA would be responsible for the additional costs associated with these added requirements.
- ▶ Executive Members' compensation includes salaries and other benefits for the Executive Members and represents approximately 6.6% of the operating expenditure for the 2013 budget period.
- ▶ Staff costs include salaries and benefits for URCA staff. This budget item has increased by 1.5% from last year and represents increases in the operating budget due to continued increase in the staff complement and costs associated with various Human Resource initiatives.
- ▶ Conferences, training and travel include expenses for attending conferences, workshops and training events, including external regulatory events. This budget item also covers work related travel such as monitoring of various activities which require travel out of New Providence. This 85.4% increase is a result of the training of new staff and the commitment to the increasing the skill level of URCA staff.
- ▶ Professional Services include continued expenditure for regulatory consultancy, external legal services (including litigation), Human Resources advisors, and internal audit functions. This budgeted amount reflects a decrease of approximately 38.6% from 2012, although there is some risk attached here due to challenges in anticipating and budgeting for competition investigations, appeals and litigation in which case substantial use of resources are anticipated. Projected expenditure estimates are included in the 2013 budget total.
- ▶ Consumer Education and Public Relations increased by 29.9% over prior year's level as there is renewed emphasis in engaging in regulatory consultations, consumer education and public awareness.
- ▶ Rent and communications reflect the rental of office accommodations and communications cost to support URCA's operation. The increase over prior year's budget is caused by increases in rental cost per lease agreement.
- ▶ Information technology decreased from prior year by 12.6% due to cost associated with website upgrade being allocated for in 2012.
- ▶ Office Services include expenses for office supplies, printing, general insurance and miscellaneous items.
- ▶ Other General and Administrative Expenses which increased by 5.6% compared to the prior year's budget, includes 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 usual life. In light of the extensive capital expansion having been completed, the capital expenditure in 2013 has been significantly reduced.

List of Acronyms and Abbreviations

4G – Fourth Generation
ADSL – Asymmetric Digital Subscriber Line
ARCOS – Americas Regional Caribbean Optical-ring System
BCB – The Broadcasting Corporation of The Bahamas
BDSNi – Bahamas Domestic Submarine Network
BTC – The Bahamas Telecommunications Company Limited
CANTO – Caribbean Association of National Telecommunications Organisations
CBL – Cable Bahamas Limited
CCL – Caribbean Crossing Ltd.
CTU – Caribbean Telecommunications Union
DPR – Director of Policy and Regulation
ECS – Electronic Communications Sector
GPRS – General Packet Radio Service
GSR – Global Symposium for Regulators
ICT – Information and Communications Technologies
IPSI – IP Solutions International Ltd.
ISP – Internet Service Provider
ITR – International Telecommunications Regulation
ITU – International Telecommunication Union
KPI – Key Performance Indicator
LTE – Long term Evolution Technology
NPWG – Number Portability Working Group
NSMS – National Spectrum Monitoring System
OLO – Other Licenced Operators
OOCUR – Organisation of Caribbean Utility Regulators
PUC – Public Utilities Commission
PURC –Public Utilities Research Centre
RAIO – Reference Access and Interconnection Offer
RFA – Request for Applications
SMP – Significant Market Power
SRG – The Systems Resource Group Limited
TRA – Television Regulatory Authority
UAT – Utilities Appeal Tribunal
URCA – Utilities Regulation and Competition Authority
USO – Universal Service Obligation
USTII – United States Telecommunications Training Institute
WCIT – World Conference on International Telecommunications

