

UTILITIES REGULATION & COMPETITION AUTHORITY



**URCA**

A NEW STANDARD IN REGULATION

Achieving sustainable competition

Promoting consumer interests through

Effective and Efficient Regulation





From left: Charles Kemp, Sr. Case Officer; Chizelle Whyms, Assistant Case Officer; Usman Saadat, Director of Policy and Regulation, and Lisa Bellot, Consumer & Information Representative.



## *An Effective New Regulator*

The Utilities Regulation and Competition Authority (URCA), an independent multi-sector regulator was created by an Act of Parliament, The URCA Act 2009, to serve as the primary governing body for the electronic communications sector and eventually all utilities in The Bahamas.

According to its mission statement URCA is “committed to achieving sustainable competition and promoting consumer interests through effective and efficient regulation of utilities and broadcasting.”

As the new regulator for Electronic Communications, URCA replaces both the PUC and the Television Regulatory Authority in a new regime that is designed to provide greater regulatory certainty while bringing about convergence in communications.

*“URCA is ultimately responsible for licensing of all electronic communications and has the power to issue, amend and revoke licences. URCA will oversee telecommunications, broadcasting, pay TV and Internet services and will manage radio and cellular spectrum and numbering,” explains Michael Symonette, CEO, URCA.*



From left: Juliette Lightbourne, Administrative Assistant; and Michael Symonette, CEO.



In the coming months and years a move towards greater liberalisation in electronic communications will result in increased competition as new players enter the sector or existing operators enter new markets. In order to ensure a level playing field for all industry operators URCA will be empowered by the Communications Act 2009 to make judicial decisions concerning competition, unfair practices and anti-competitive agreements.

URCA will be funded entirely by the industry through URCA fees and will operate with greater autonomy and independence than its predecessor the PUC. The new regulator is directed by a board of directors comprising a non-executive chairman, two non-executive directors and two executive directors. URCA's day to day operations are led by

a CEO and equipped with qualified and dedicated colleagues. But in spite of its considerable powers URCA will operate with a light touch, regulating only where needed and setting policies in collaboration with the industry and the general public.

As an organization that is funded by the industries it will regulate URCA is also required to demonstrate accountability to the public and the industry. Each year it must publish its annual plan and an annual report. The latter publication will outline its financial performance against its budget and measure its effectiveness against key performance indicators.

In line with international regulatory practices

URCA has a duty to publish information and consult with its stakeholders regarding significant proposed policy changes and regulatory matters. Significantly, URCA also has an obligation to protect the interests of consumers by monitoring and enforcing conditions in licences.

Through consultation, open dialogue and effective regulation URCA will facilitate an environment in which competition and innovation can flourish. As a result the Electronic Communications Sector will grow, consumers will enjoy considerable improvements in quality, range and reliability of services and there will be significant net benefits for the Bahamian economy.

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## THE BOARD

*On August 1, 2009, the Utilities Regulation and Competition Authority Act 2009 (“the Act”) came into force. In accordance with the Act a new Board was appointed comprising:*



### CHAIRMAN

**Mr. Wayne Aranha** - Mr. Aranha joined PricewaterhouseCoopers in the Bahamas in 1976 and spent 24 years as a partner before his retirement in 2008. He is a member and past President of the Bahamas Institute of Chartered Accountants and is a member of the American Institute of Certified Public Accountants. He was a director of the Institute of Chartered Accountants of the Caribbean and he is currently a member of the board of the new Insurance Commission of The Bahamas.

### NON-EXECUTIVE MEMBERS

**Mr. J. Paul Morgan** - Mr. Morgan is an independent advisor on policy and regulatory frameworks in the Energy, Telecommunications (ICT) and Water sectors. He has spent his career of 38 years to date in utilities. He is the former Chairman of the Commonwealth Telecommunications Organization, former Chairman of the Organization of Caribbean Utility Regulators, and former Chairman for two terms of the Office of Utilities Regulation in Jamaica. He is a past President of the Jamaica Institution of Engineers.

**Ms. Katherine Doehler** - Ms. Doehler is a communications specialist with 25 years experience working in Canada and internationally in the telecoms, broadcasting and cable TV fields. She is a founding member of the Executive Committee of the Canadian Network for the Advancement of Research, Industry and Education, a past member of the Canadian Standards Association Standing Committee on Telecommunications, and a past Director of the Board of the Telecommunications Applications Research Alliance. She is a partner of Syntel Consultancy Inc.

**EXECUTIVE MEMBERS** include **Mr. Michael Symonette** - Chief Executive Officer. and **Mr. Usman Saadat** - Director of Policy and Regulation.

# URCA LEADERSHIP



*Michael Symonette*  
CEO

Mr. Michael Symonette was appointed CEO of URCA effective August 1, 2009. Prior to his appointment he served as Executive Director of the Public Utilities Commission.

As CEO of URCA Mr. Symonette is responsible for the day-to-day administration of the affairs of the regulator consistent with policy directives emanating from the Board.

Mr. Symonette was previously employed with the Bahamas Telecommunications Corporation which later became the Bahamas Telecommunications Company Limited (BTC) from 1960-2006. He spent the last eleven years of his employment with BTC as President and Chief Executive Officer.

Prior to becoming CEO of the company, Mr. Symonette was head of the technical divisions, and had overall responsibility for the planning, engineering and

maintenance of all telecommunications systems. He worked with Intelsat's engineers on the planning and engineering of the first Standard 'A' Satellite Earth Station for The Bahamas. He also worked with AT&T on the planning of the Bahamas-11 Digital Submarine Cable System between The Bahamas and Florida. Mr. Symonette's experience also include the planning and engineering of analog and digital telephone exchanges, tropospheric scatter and digital microwave radio systems, analog and digital cellular systems. He was also involved in the planning of The Bahamas Domestic Submarine Fibre Cable System recently being implemented by the Bahamas Telecommunications Company Limited.

Mr. Symonette is a graduate of the South Hall College of Technology and holds the diploma in Electrical and Electronics Engineering. He also pursued several management courses and holds diplomas from the University of Miami, Harvard University, and the National University of Singapore. He is a member and Past Vice President of the Bahamas Institution of Professional Engineers.



*Usman Saadat*  
Director of Policy and Regulation

With more than 14 years of global experience, Usman Saadat, URCA's Director of Policy and Regulation possesses a wealth of consulting experience in telecoms regulation and competitive strategy and is known for his skill in service innovation and external stakeholder management. He also has a proven track record in leadership roles of successfully restructuring operations, motivating teams and transforming customer experience.

In the role Director of Policy and Regulation for URCA Mr. Saadat will provide direction on all matters of policy and regulation. Mr. Saadat will direct the development of methodologies for market reviews and universal service obligation assessment, licensing policy and structure, numbering, spectrum policy and the approach to local number portability.

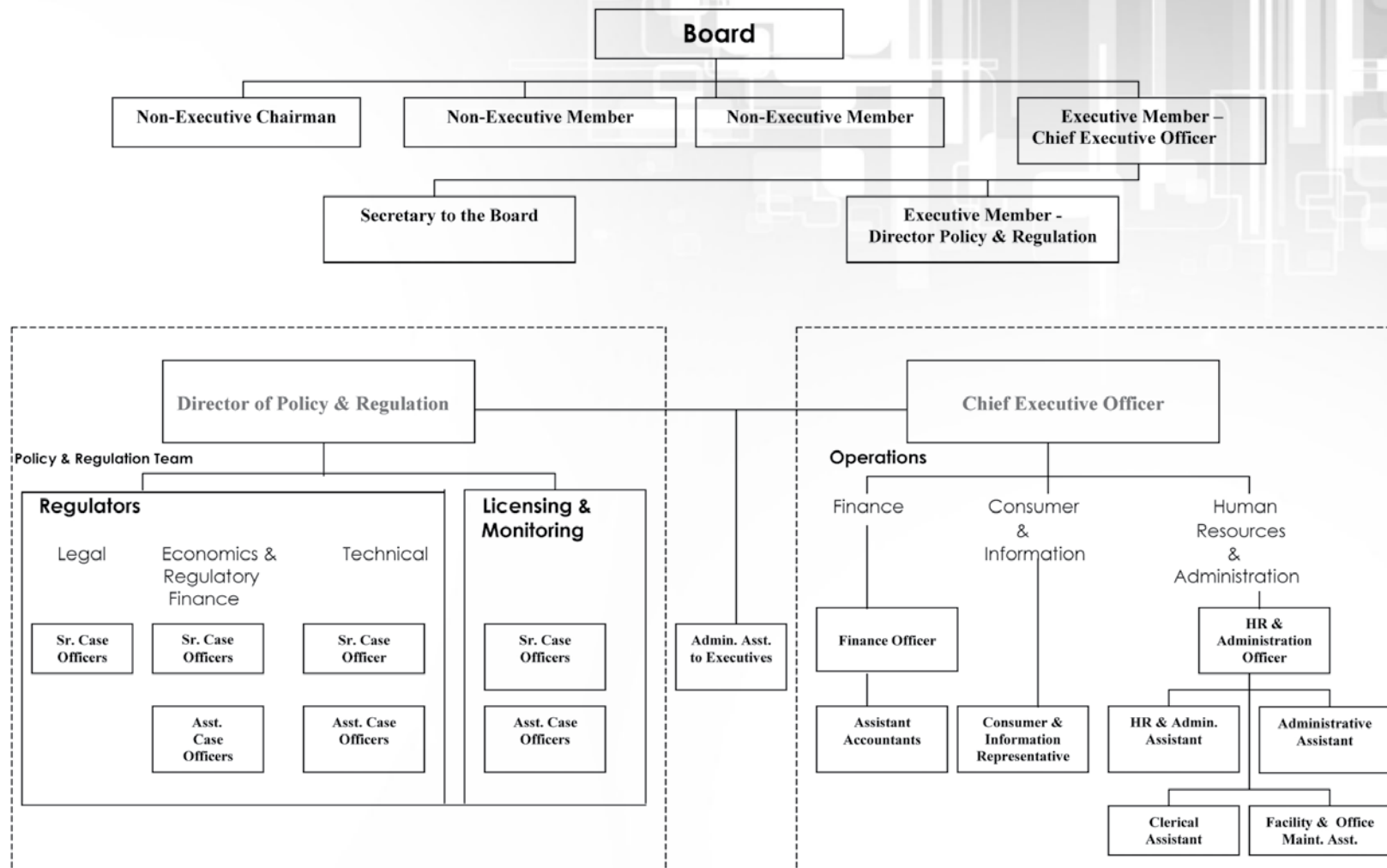
Mr. Saadat has held several senior positions in the telecoms sector throughout the Caribbean. His most recent responsibility was as Chief Executive Officer of Cable & Wireless St. Lucia, prior to which he served as Business Development Director of Cable & Wireless International.

His regulatory experience in the telecommunications

markets includes over 5 years in economic consulting with UK based National Economic Research Associates (NERA) and Europe Economics. While consulting he served as advisor on major regulatory projects for the European Commission, and led projects for European and Asian national telecommunications regulators including OFTEL in the UK, ODTR in Ireland and OFTA in Hong Kong. Mr. Saadat also spent three years as an Economist with the regulatory team in the head office of Cable and Wireless PLC. During this time he helped implement regulatory best practices in businesses transitioning from monopoly to liberalised markets. Mr. Saadat also worked with Governments in a number of Caribbean countries to liberalise telecommunications markets and establish new legal and regulatory frameworks and compliance.

Mr. Saadat holds a Bachelor of Science Degree in Economics (Hons.) and a Master of Science Degree in Economics (Development Studies) from the London School of Economics.

# URCA ORGANIZATION CHART



## KEY DIFFERENCES BETWEEN URCA AND PUC

| PUC   | URCA   |
|---|--|
| PUC regulated only the telecommunications sector.                     | URCA will regulate all electronic communications including telecommunications, pay TV, Internet Services, and radio and television broadcasting.                       |
| PUC did not have competition powers.                                  | URCA will have powers of a competition authority, including the ability to levy fines.   |
| Separation of duties between board and executive not clearly defined. | URCA will have clearly defined separation of duties between the Board and the Executive, resulting in faster decision making.  |
| Bureaucratic organisation structure.                                  | URCA will have a better and flatter organisation structure, with more emphasis on team work and personal accountability (supported by performance management systems). |





# Team URCA

*URCA's team complement comprises 25 colleagues, including qualified regulatory economists, legal and engineering professionals (known as senior and assistant case officers) who are supported by a skilled operations group of accountants, consumer information and public relations staff, and HR and administrative personnel. This combination of impressive skill sets has been harnessed to create a dedicated and enthusiastic TEAM URCA.*



In the area of Policy and Regulation work is divided into projects which are attached to multidisciplinary teams. If the focus of a project happens to be a legal issue, for example, litigation, enforcement or a monitoring concern, then that project will be led by someone with a legal background. However, on the flip side, if a project has a greater economic or financial focus then the legal personnel will support the economics and regulatory finance senior case officer leading the project.

Technical officers are largely concerned with engineering inputs and would tend to take the lead on matters such as numbering resources, spectrum and all the technical matters related to interconnection, while providing technical advice and support to other policy decisions as required.

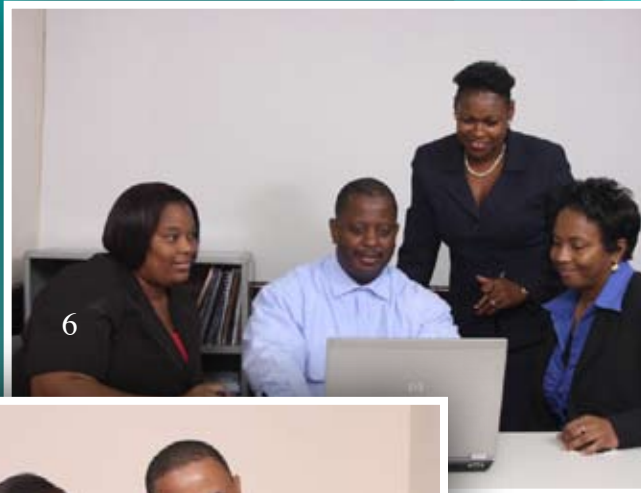
URCA's licensing and monitoring unit will initially focus on the transition of existing licences, the issuing of new licences and monitoring of compliance with conditions of licences. They are also responsible for monitoring the use of

spectrum by all relevant operators in the market.

As the licensing unit sets fees for licensees the Operations group will be responsible for collection of fees and other financial matters including the annual financial plan, budgets and payment of invoices. Operations will also manage public relations activities and assist with the resolution of consumer complaints in line with URCA's published procedures on consumer interests and protection. Human Resources and administration personnel will be primarily involved with the efficient allocation of internal resources, internal policies and procedures and the day-to-day administration of the office. Operations staff will report to the CEO while Policy and Regulation Caseworkers will report to the Director of Policy and Regulation.

Additional staff or consultants may be retained on a full time or ad hoc basis to provide expertise in the area of broadcasting.





## TEAM **URCA**

### Culture / Values & Team Commitments

- **THINK CUSTOMER** - We understand our stakeholders so that we can deliver effectively and efficiently for them.
- **KEEP OUR PROMISES** - We are passionate about doing what we say we will.
- **CHAMPION PROFESSIONAL CONDUCT** - We act with integrity and take personal responsibility.
- **DO WHAT'S RIGHT** - We do what matters for our stakeholders
- **SUCCEED TOGETHER** - We debate, decide and collaborate as a team.
- **OPEN COMMUNICATIONS** - We encourage open and honest dialogue.
- **SKILLED & MOTIVATED COLLEAGUES** - Our team is skilled and motivated to do their best

## TRAINING

While the development of training policies for URCA staff is still in process URCA's general intention is to focus on people and skills as part of its overall strategy.

"There are two or three areas we're looking at," says Usman Saadat, Director of Policy and Regulation. "The first is a lot more self-help given that we want to work as multidisciplinary teams. The lawyers could and currently are training some of the other non-legal colleagues on aspects of the law."

Going forward he said technical and economics staff are likely to do the same in reverse.

"So we cross train and there's a lot more self-help which I think everyone will benefit from and that's a concept we're going to be using a lot more of," Mr. Saadat said.

He added that while some training will require overseas travel, his desire is, as far as possible, to bring more trainers here so that more people can be trained on the same things in a more cost-effective manner.

In addition to pure technical aspects of regulation Mr. Saadat explained that training will also emphasize core management skills including project management, executive coaching, and presentation skills in order to produce more well-rounded employees.



**1.** From left: Waldon Russell, Assistant Case Officer; Keva Robinson HR & Administration Officer; Michael Symonette, CEO; Paul Cumberbatch, Assistant Case Officer; and Kiria Gibson, Assistant Case officer.

**2.** From left: Leonard Adderley, Sr. Case Officer; Lisa Bellot, Consumer & Information Representative.

**3.** From left: Donavon Dorsett; C. Vincent Wallace-Whitfield, Sr. Case Officer and Usman Saadat, Director of Policy and Regulation.

**4.** From left: Franklin Brown, Sr. Case Officer; C. Vincent Wallace-Whitefield, Sr. Case Officer; and Kathleen Riviere-Smith, Sr. Case Officer.

**5.** From left: Waldon Russell, Assistant Case Officer; and Lisa Bellot, Consumer & Information Representative.

**6.** From left: Barbara Moss, HR Administrative Assistant; Chance Farrington; Assistant Accountant; Karen Bethel, Assistant Accountant; and Faith Johnson, Finance Officer.

**7.** From left: Donavon Dorsett, Sr. Case Officer; Sandra Armbrister, Administrative Assistant; and Mario Gay, Assistant Case Officer.

**8.** From left: Andrea Rahming, Clerical Assistant and Theresa Lamm, Facility and Office Assistant.

**9.** Clockwise from far left: Usman Saadat, Director of Policy and Regulation; Gita Sorenson, Director KPMG-UK; Paul Cumberbatch, Assistant Case Officer; Simone DaCosta, Assistant Manager KPMG.



Retail pricing consultation workshop

# THE PUBLIC CONSULTATION PROCESS

## *A Collaborative Approach to Policymaking*

***Although URCA is an effective regulator with greater authority than its predecessor, its policies are not arbitrarily handed down or created in isolation. Quite the contrary. URCA's public consultation process ensures that all stakeholders are involved in the development of significant policy changes and have appropriate input into ongoing regulatory reform.***

According to Usman Saadat, URCA's Director of Policy and Regulation the consultation process engages industry operators and the public in the creation of policies that foster a fair and level playing field for all providers as well as the best possible outcomes for consumers.

"Consultations are open to anyone in the public. Obviously if you're a user of any communications service whether it's mobile, cable TV or fixed line you have a particular interest in the way URCA should inform the regulation of the sector. Consultations are your chance to influence the process going forward," Mr. Saadat says.

In line with International best practices the current

consultation process requires URCA to publish a consultation document regarding each proposed new policy or policy change that will significantly impact a sector. This document describes URCA's views on the way forward, poses a certain number of specific issues and questions and asks for written responses to those questions as well as any other comments which respondents would wish to make. The consultation document is posted on URCA's website and made available in hard copies to the general public with appropriate notification via print advertisement. Interested parties are then given a standard period of time to respond. Some consultations also include a face-to-face technical briefing or workshop to familiarize stakeholders with terms and proposals expressed in the document.

Once the consultation deadline has closed URCA will then review and weigh all responses and comments received before publishing another document which summarizes these responses and answers respondents' questions and concerns. The views and concerns expressed by the public are carefully considered in the formulation of the URCA's policies.

To date successful public consultations have been held in the areas of Draft Consultation Procedure Guidelines and Preliminary Determination on the Cost of Capital for Designated SMP Operators. The public is encouraged to continue its involvement in the ongoing process of reform of the electronic communications sector.



Access and Interconnection Consultation Workshop



# Championing Consumer Rights

**With the imminent privatisation of BTC and approaching liberalization of pay TV and cellular services, consumers are expected to enjoy tremendous benefits resulting from an increasingly competitive environment. Key benefits should include a greater variety of options in services and service providers, reductions in prices and improved quality and reliability of services.**

URCA has an important obligation to protect the interests and rights of consumers through effective and efficient regulation of electronic communications in The Bahamas. For the most part, market forces will drive improvements in quality service, prices and choice, however, consumers also have a significant role to play.

If consumers don't like the quality of service provided they can vote with their feet. Consumers should take the initiative to become more informed about their rights and demand better quality from providers. This can be done individually but is even more effective when consumers come together to create bodies such as Consumer Associations/Advocacy Groups that will lobby on behalf of the public. The regulator will also do its part to:

- Ensure that the quality of services are satisfactory
- Ensure that prices for utility services are reasonable
- Promote and protect consumer interests
- Promote competition; and
- Publish reports on the sectors it regulates

With regard to the quality and reliability of services, URCA's role will be to monitor the industry and enforce licence conditions. URCA may issue regulations relating to service quality standards and pricing of services as well as issues of customer safety. Operators with Significant Market Power (SMP) will have greater obligations to consumers outlined in their licences. Service providers will also be required to develop service level agreements (SLAs) with customers and publish key performance indicators, including quality indicators so consumers can make informed choices about where they buy services.

Providers who consistently fail to meet agreed service levels may be penalized. Additionally, URCA will put in place procedures and mechanisms to ensure the satisfactory resolution of customer complaints.



- Cat Island Town Meeting on Regulatory Reform
- Abaco Town Meeting on Regulatory Reform



IN CAT ISLAND --From left: Usman Saadat, Director of Policy and Regulation; Charles King, Island Administrator, Cat Island; Wendy Warren, Member, Committee for the Privatisation of BTC; and Michael Symonette, CEO.

# THE NEW LICENSING REGIME



*Under the new licensing regime the rights and obligations of licensees will be clearly defined, giving regulatory certainty to key issues while guidelines for allocating limited resources such as spectrum and numbering will be clear and transparent. Additionally, the new licensing process regime will be simplified. For example, any direct or indirect subsidiary of a company holding an Individual Operating Licence may provide electronic communication networks/and or services*

Any person who wishes to provide electronic communications services to the public for commercial gain may generally require a licence from URCA. Two main types of licences are proposed:

**Operating licences** (enabling provision of electronic communications services and networks) and

**Spectrum licences** (providing access to radio frequencies (spectrum) for the provision of electronic communications services and networks).

In addition to Individual Operating Licences URCA will be able to establish as many different Class Licences as it considers necessary.

**Operating Class Licences** would be generic and would apply to groups of businesses such as hotels, restaurants and cafes offering Wi-Fi in their properties

**Spectrum Class Licences** would typically apply to operators using shared spectrum such as point to point and low frequency spectrum usage for construction sites or internal company use.

**Exemptions** from Operating Licences would most likely apply to the operation of networks on

private premises, not interconnected with public networks. Exemptions from Spectrum Licences would most likely cover personal wireless devices such as electronic music devices, personal electronic organizers, remote control devices, cordless telephone, toys and Bluetooth devices etc. URCA from time to time will publish on its website services and devices that are exempt.

The Comms Act sets out principles for URCA to adopt a licensing regime that imposes the least regulatory burden on licensees. URCA prefers to implement a policy of “light touch” regulation where possible and appropriate. Therefore, URCA’s licensing mechanism would be in the order most preferred to least preferred by issuing an exemption; non-registrable class licence; registrable class licence; individual licence. An individual licence will only be issued for those activities that require a greater degree of regulatory intervention or monitoring.

## Fees

All operators holding Individual Operating/Spectrum Licences, or those Class Licences required by URCA to pay licence fees will pay a 3% Communications Licence Fee based on the licensee’s relevant communications turnover.

“Additionally, applicants for individual and some

registrable Class Licences will pay an “URCA fee” and a “Utilities Appeal Tribunal” fee to contribute towards the costs of URCA and the UAT respectively. Holders of spectrum licences will also pay a spectrum fee.

Other URCA fees may take different forms, including licence application fees, annual licence fees, fees for modifications to licences and other such fees as URCA deems reasonable, fair and proportionate.

## Transition To The New Regime

All existing PUC issued licences will remain valid and automatically transition to the new regime once the Comms Act comes into force. It is hoped that as far as possible all existing licence holders will immediately apply for new operating licences, whether individual or class licences. However, licensees will have a period of three (3) months after the new legislation comes into force to apply to URCA for a new licence. URCA will then issue, revoke, amend or vary these licences in accordance with the procedures set out in the Comms. Act. Licensees that fail to apply for a new URCA licence within the 3 month period will be given one (1) month’s notice by URCA before the licence is revoked.

For more information on licensing guidelines visit [www.urcabahamas.bs](http://www.urcabahamas.bs)



## BAHAMAS TO BENEFIT FROM

# *Communications Reform And Liberalization*

In its Draft Sector Policy published August 2009 The Government of The Bahamas said it regards liberalization and competition in the provision of electronic communications services as a critical pre-condition for achieving its objectives for the sector. Now that the Communications Act 2009 has come into force a progressive schedule of liberalization will prepare existing providers for competition and provide a transparent framework for potential new providers of communications services in The Bahamas regarding when they may enter the markets for different communications services.

The Government is now opening the fixed communications market to further competition and preparing to complete the privatisation sales process for BTC which was launched in August. Pay TV will be opened to competition by the end of October. Also, within 24 months of BTC's privatisation two additional mobile cellular licences will be granted.

These developments will open up the sector to increased competition and innovation inviting new market entrants and exciting new products. With a transparent and effective regulatory regime already in place The Bahamas should experience a transformation in electronic communications services and increased options for improving competitiveness in the key areas of tourism and financial services.

Usman Saadat, URCA's Director of Policy and Regulation says The Bahamas will join a long list of countries both regionally and internationally that have experienced the positive impacts of liberalization.

According to Saadat OECD countries have experienced increased availability of online, automated and mobile services including 3 and 4G technologies as well as significant reductions in prices and improvements in quality and coverage.

"Liberalization of electronic communications in OECD countries has led to an increase in triple-play and quad-play offerings by operators along with a 60% broadband population penetration. In The Bahamas the current level of penetration is less than 25%," Mr. Saadat said.

Noting the impact of liberalization in the Caribbean Mr. Saadat said countries in the region have benefited from a huge leap in mobile communications especially where monopolies have been replaced by 2 or 3 operators.

"These countries have also seen price reductions and increased speeds in broadband offerings along with reductions in data prices which are critical to the competitiveness of hotels and financial service companies," Mr. Saadat said.

Going forward Saadat said liberalization and improved communications should increase the productivity of The Bahamas creating a better quality of life for Bahamians and a more attractive investment climate through a focus on technology and on-line services.

"Ultimately competition must spur further automation of services offered in The Bahamas, saving all consumers time and money, and allowing them to participate in more value added on-line services...what will really make The Bahamas competitive is a Digital Bahamas. This would include online government, online educational opportunities in public schools and the use of telemedicine," he said.



## THE UTILITIES APPEAL TRIBUNAL

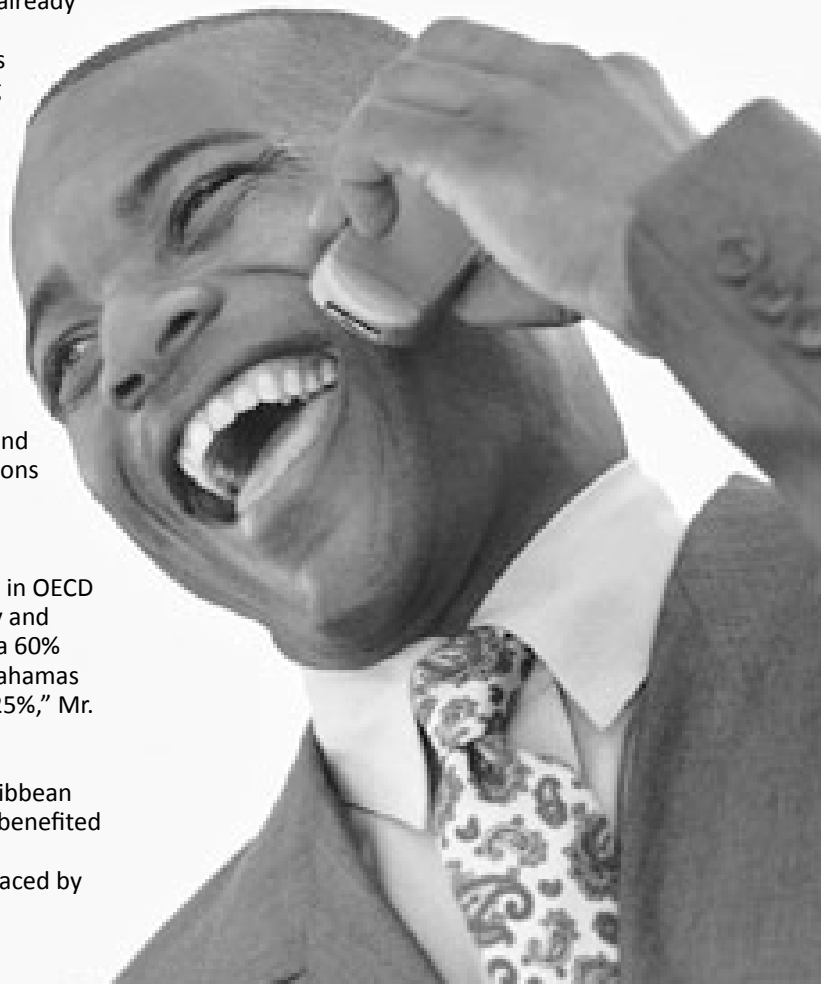
The question has been asked "Who will regulate the regulator?"

After all, URCA's powers are very far reaching, not only giving it the authority to issue, amend and revoke licences, but also considerable powers of investigation including search and seizure, and the clout to make determinations and judicial decisions concerning competition and impose fines.

What recourse will licensees/operators have to appeal URCA's decisions?

In keeping with the need for timely decision making in the fast paced and quickly evolving world of electronic communications, the industry will now have its own ad hoc tribunal. Headed by a President and funded by the industry, The Utilities Appeals Tribunal will consist of panels of experts brought together as needed to review URCA decisions.

It is expected that the UAT will allow for a more efficient dispute resolution and appeals process for licensees.





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