



URCA Draft Annual Plan 2014

ECS 20/2013

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1. Background

1.1 Introduction

The Utilities Regulation and Competition Authority (“URCA”) is pleased to publish its Draft Annual Plan for 2014. The remainder of this document outlines:

- A review of URCA’s achievements in 2013;
- A summary of URCA’s strategic priorities as established in its Strategic Plan 2014 – 2019;
- URCA’s focus areas and key priorities for 2014;
- URCA’s key projects for 2014, including its planned consultation schedule for the year;
- A series of the key performance indicators which URCA shall use to measure its performance during the year; and,
- URCA’s budget for the forthcoming financial year.

URCA hereby invites and welcomes comments and submissions from members of the public, licensees and other interested parties on the matters contained in this Draft Annual Plan. Details on how to respond are in Section 5.

1.2 Review of URCA’s Achievements in 2013

URCA’s 2013 Annual Plan, the final version of which was published together with URCA’s Annual Report for 2012, noted that URCA was in a transitional phase between its inaugural Strategic Plan which had been formulated in 2009, and the new Strategic direction for the organisation which was in the process of being developed. URCA’s approach was to continue to work toward the goals in the strategic plan and the ECS Policy 2009, whilst shifting focus to new strategic priorities as identified in the revised draft ECS Policy and the outcomes of URCA’s new Strategic Plan.

To that end, URCA proposed and worked on a number of projects, the status of which is reported on in the remainder of this section.

Review of the Sector Policy

The first ECS Policy was published on October 6, 2009. Section 6 of the Communications Act (Comms Act) provides for the review of the ECS Policy every three years via a consultative process between URCA and the Minister with responsibility for the Electronic Communications Sector (ECS). By notice in the Gazette dated January 9, 2013 the Prime Minister was designated as having responsibility for the ECS.

In compliance with section 6(3) of the Comms Act, URCA presented a revised draft ECS Policy to the Prime Minister on October 6, 2012. On January 4, 2013 a notice was published in the Official Gazette of The Bahamas declaring that the Prime Minister and URCA had agreed to extend the consultation period

for a further three (3) months, to end on April 5, 2013. On April 5, 2013, URCA submitted a revised draft policy to the Government that took into account the views expressed by or on behalf of the Prime Minister during consultation with URCA.

On June 17, 2013 the Government advised URCA that it was authorised to release the draft revised policy for consultation with relevant stakeholders. On July 2, 2013, URCA published the revised policy for consideration and comments by interested stakeholders.

The closing date for responses was August 30, 2013 (extended from August 2, 2013) and URCA received comments from the following stakeholders:

1. The Bahamas Telecommunications Company Ltd. (BTC);
2. Cable Bahamas Ltd. (CBL);
3. Digicel Group (Digicel); and
4. Linda Thomas.

URCA has reviewed the comments received and provided the comments, together with URCA's advice thereon to the Government for its consideration. The Comms Act provides for the Prime Minister to publish the revised policy following consultation with URCA.

Strategic Planning

The process for the review and revision of URCA's Strategic Plan, continued during 2013 with staff planning sessions, work by the core planning team and targeted stakeholder meetings. URCA's Board approved the revised strategic plan for the years 2014 through 2019. That plan is the basis for the formulation of URCA's Annual Plan 2014, and will continue to guide URCA's activities moving forward.

Consumer Protection Framework

In the second quarter of 2013, URCA launched a widespread public consultation on Consumer Protection Regulations applicable to the electronic communications sector (ECS) in The Bahamas. The twelve (12) week public consultation process involved guest appearances by URCA staff on various radio and television shows as well as town meetings in New Providence, Abaco, Eleuthera, San Salvador, Andros and Grand Bahama in order to promote the widest possible public participation and feedback.

The Consumer Protection Regulations have been developed to establish a framework for ensuring that consumers enjoy the highest possible standards of service provided by URCA licensees and to put in place adequate regulatory protections to safeguard the rights of consumers. Key areas of the Regulations include:

1. Consumer sales, contracts and services
2. Consumer obligations
3. Advertising
4. Billing and credit management

5. Consumer complaints handling; and
6. Customer quality of service standards.

URCA published its Statement of Results and Final Consumer Protection Regulations on 23 December 2013. Licensees are required to implement and comply with the obligations outlined in the Regulations within six (6) months of its publication. URCA will continue work on the implementation of the regulations in 2014.

Number Portability (NP)

Section 80 of the Comms Act requires URCA to issue a consultation and make a determination on NP, and further mandates that licensees shall provide to the extent technically feasible, operator-to-operator number portability when required to do so in accordance with the requirements prescribed by URCA. On 15 April 2011, URCA commenced its number portability project with the issuance of a consultation document entitled *“Number Portability for The Bahamas”* inviting comments from interested persons on the issues pertaining to the introduction of NP in The Bahamas.

Work toward the implementation of fixed number portability (FNP) in The Bahamas continued throughout 2012 and into 2013, with the project being coordinated through a Number Portability Working Group appointed by URCA in December 2011. On 29 October 2013, URCA issued its Second Final Determination providing for the implementation of Fixed Number Portability in The Bahamas (ECS 15/2013). In that Second Final Determination URCA addressed the following matters:

- General Provisions for Number Portability
 - Operator Readiness and Launch Date for FNP
 - Porting Between Islands
 - Mobile Number Portability
 - Addition of New Operators
 - Operator Obligations for NP Implementation
- Selection and Licensing of the NP Administration Service Provider
- The FNP Business Rules
- NP Public Awareness

URCA followed this with the issuance of a further determination (the Third Final Determination, ECS 17/2013) on 19 November 2013 addressing the allocation and recovery of the costs of number portability.

Fixed number portability was launched in The Bahamas on 2 December 2013, with customers on all islands with more than one fixed telephone provider (currently New Providence, Grand Bahama, Abaco and Eleuthera) being able to keep their number when changing providers.

Implementation of Universal Service

URCA's work on the Universal Service Obligations contained in the Comms Act has been on-going from 2012. Work commenced with the consultation process on the *Framework for the Implementation of Existing Universal Service Obligations (USO) under Section 119 and Schedule 5 of the Communications Act 2009* (the "USO Framework"). On 23 January 2013 URCA completed its consultation with the publication of URCA's Statement of Results and Final Decision on the "*Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO) under section 119 and Schedule 5 of the Communications Act 2009*" [ECS 01/2013]. Arising out of this consultation, URCA undertook the development of several documents toward the detailed implementation of the proposed framework. These are:

- Guidelines for the calculation of the net - avoidable cost of the universal services;
- The establishment of the Universal Service Fund;
- Implementation plans for the roll out of universal services by Universal Service Providers;
- Quality of Service Indicators for Universal Services;
- Consumer Awareness of consumers' rights under the Universal Service;
- Obligations in relation to the disconnection of universal services.

URCA has already commenced consultation on the Establishment of the Universal Service Fund and expects to commence consultation on the remaining documents necessary to complete the full package of Universal Service framework documents in 2014. The process for implementation of universal service obligations under the Comms Act will, however, continue past the end of 2014. It should be noted that during 2013 Cable Bahamas Limited (CBL) commenced proceedings in the Supreme Court against URCA seeking to review the decisions made by URCA in its USO Implementation Framework. Those proceedings are on-going and may impact the timeframes for URCA's further work on the USO Framework.

Application by CBL for a SuperBasic Price Increase

On 11 February 2013, URCA published a Statement of Results and Final Decision [ECS 02/2013] in respect of CBL's application for an \$8.00 (27%) increase to the monthly price (\$30.00) for its residential SuperBasic [RETV Prime] cable TV service. URCA determined that in the circumstances the approval of CBL's application would undermine the overall objectives of the electronic communications services policy. Affordability considerations formed the basis of the decision and concerns regarding service quality and customer care were expressed. On the affordability issue, URCA's main concern was that in the absence of compliance by CBL with its universal service obligation (USO) to provide an affordable Basic TV service to all populated areas and specified institutions in The Bahamas¹, there is no lower-priced alternative available especially for households with monthly median income of \$238 or \$2,856 per annum. URCA's decision would be different if a package, which met the requirements of the basic TV service (including affordability), were available in those areas where CBL offers its SuperBasic package.

¹ The definitions of populated areas and specified institutions are included in section 2 and schedule 5 of the Comms Act, respectively.

It should be noted that on 26 March 2013, CBL filed a Notice of Appeal with the Utilities Appeal Tribunal (UAT) appealing the decision. On 22 July 2013, CBL applied to the Supreme Court for judicial review of, amongst other matters the URCA decision on CBL's SuperBasic application. As of the publication date, the matter is still pending.

Assessment of Significant Market Power (SMP) in Call Termination

In August 2013, URCA published a Final Determination [ECS 13/2013] following public consultation [ECS 06/2013] on SMP in call termination services. Arising from this consultation, URCA determined that BTC, CBL and IP Solutions International Ltd. (IPSI) hold SMP in the termination of voice calls to customers on their respective networks. Call termination is a bottleneck (essential) wholesale service, which all operators providing voice services to the Bahamian public need to purchase from each other in order to allow their customers to communicate with customers on other public voice networks.

The Final Determination reaffirmed the SMP obligations previously imposed on BTC's call termination services pursuant to URCA's 2010 SMP decision [ECS 11/2010]. Meanwhile, pursuant to ECS 13/2013 the termination of calls to customers on CBL's and IPSI's fixed networks is subject to wholesale price control and both operators must publish on their websites tariffs and non-price terms for the service. These SMP obligations support the statutory obligations under section 30(4) of the Comms Act and Condition 34 of the standard Individual Operating Licence. A key outcome of the decision made by URCA in ECS 13/2013 is the need to establish regulated interconnection rates for providers other than CBL and IPSI, a project which URCA will undertake as a key priority in early 2014.

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's intent was to commence and complete this project during 2013. However, resource challenges and competing priorities made this infeasible. The drafting of the relevant document has been completed and URCA proposes to commence consultation early in 2014 (see below).

Review of the National Spectrum Plan

The National Spectrum Plan (NSP) (ECS 06/2010) 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. Under section 31(4) of the Act, "within three years of each publication of a spectrum plan... URCA shall formulate, in consultation with the Minister, and submit a revised spectrum plan to the Minister."

Pursuant to its duties, URCA has prepared a draft National Spectrum Plan document which:

- sets out URCA's proposals for a NSP;
- sets out URCA's proposals and intent with respect to spectrum pricing and other charging going forward; and
- invites responses from licensees and interested parties on URCA's draft NSP and related proposals.

In the proposed National Spectrum Plan (2013 – 2016) for the next triennium, URCA proposes to ensure continuity of the services delivered via those pre-existing technologies and provide for the emerging technologies defined by the ITU as International Mobile Telecommunications–Advance (IMT-Advance).

URCA has, in accordance with section 31 of the Comms Act, submitted the draft National Spectrum Plan for the final approval of the Prime Minister.

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 had proposed to consult in 2013 on a clear set of specifications for FM radio stations in order to ensure that there is orderly behaviour across the market. Due to limited technical resources this process has been delayed and consultation is expected to commence in early 2014.

Market Reviews

During 2009-2010 URCA placed various obligations on the providers designated by the Communications Act to have SMP in various markets. During 2013 URCA began the process of reviewing key retail markets in the ECS to determine whether the designation of SMP providers and remedies imposed continues to be appropriate in relevant markets. The process encompasses the steps set out in URCA's Methodology for the Assessment of Significant Market Power (ECS 20/2011). To date URCA has engaged in the collection of information from stakeholders and, in the case of the pay TV market, URCA conducted a survey to determine consumer preferences and behaviours. The consultation document will be published in early 2014. It is expected that the review of markets will continue throughout the first half of 2014 and will be followed by consideration of the remedies in place in respective markets to determine if still fit for purpose, or whether those remedies need to be adjusted.

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 imposed by URCA for bands newly opened in 2012. URCA commenced work on a review of radio spectrum pricing during 2013 by engaging an experienced international consultant (pursuant to a competitive process) to assist, and by preparing a consultation document. Due to the implications of URCA's review, a comprehensive process of consultation with key stakeholders and the public is proposed to commence

in early 2014. The pricing review is expected to be completed during the third quarter of 2014, and implemented in 2015.

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, noting concerns expressed by relevant operators regarding the working of the Retail Pricing Rules, undertook to review the rules to determine whether any amendments are appropriate.

URCA collected feedback from the relevant operators and proposed amendments to the rules by way of its consultation document ECS 16/2013 “Proposed Review and Revisions to the Regulation of Retail Prices for SMP Operators – Rules”, published on 4 November 2013. The consultation process closed on 6 December 2013 and URCA is considering the comments received. URCA expects to complete this process in the second quarter of 2014.

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 30 June, and for BTC, 30 September. Review of separated accounts generally takes approximately six months and URCA completed the review of CBL’s accounts in October 2013. The review of BTC’s accounts is more comprehensive due to the need for a full review to identify and address certain challenges regarding the outputs from the accounts. URCA expects this work to continue into 2014, with completion in the second half of the year.

Consultation on an Alternative Dispute Resolution (ADR) Scheme for the ECS

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 commenced consultation on [] December 2013, with comments expected by [] January 2014. URCA expects to finalise the document during the second quarter of 2014.

Content Code Industry Working Group

The Code of Practice for Content Regulation (ECS 06/2012) 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 appointed the Industry Group in December 2013, and intends to hold the first meetings during the first quarter of 2014. The Group is a standing forum and therefore its work will continue indefinitely.

Outside of the planned projects, URCA has also completed or worked on a number of other significant matters during the year. These have included:

Participation in the ITU's BYND 2015 Global Youth Summit

In September 2013 URCA sponsored the attendance of two youth delegates to the International Telecommunication Union's (ITU) BYND 2015 Global Youth Summit (BYND 2015) in San Jose, Costa Rica held from September 9-11, 2013.

The purpose of BYND 2015 is to:

- engage a world-wide community of young people through a series of workshops, presentations and conversations;
- gather their opinions and ideas about how ICTs can shape the post-2015 development agenda; and
- draft those ideas and recommendations into a Consolidated Global Youth Statement.

The Consolidated Global Youth Statement is presented to the United Nations (UN) and taken into consideration when making decisions related to *future of information communications technologies*.

URCA selected Audison Beaubrun and Kyle Walkine, two recent College of The Bahamas (COB) graduates, as delegates to participate in the Summit. Mr. Beaubrun completed a Bachelor of Science degree in Mathematics at COB and is currently enrolled at the Florida Institute of Technology (FIT) for PhD. studies in Applied Mathematics. Mr. Walkine completed a Bachelor of Arts degree in Media Journalism at COB and is presently employed at the Jones Communications Network (JCN) as a reporter. Both delegates played an active role in compiling the final Consolidated Global Youth Statement.

BTC Network Outage – June 18, 2012

On March 7, 2013, URCA issued a Final Determination and Order to the Bahamas Telecommunications Company Limited (BTC) regarding the operator's network outage on June 18, 2012. The Final Determination upheld URCA's preliminary finding (issued January 2, 2013) that BTC breached Condition 27.1.1(a) of its Individual Operating Licence, by failing to take all reasonably practicable steps to maintain, to the greatest extent possible, the proper and effective functioning of its public telephone network. URCA consequently ordered BTC to take the necessary corrective measures to ensure that its network is maintained and operated in a manner that is in compliance with the requirements under the licence. URCA will continue to closely monitor BTC's network performance in this regard.

Investigations and enforcement of complaints of anti-competitive behaviour

URCA is actively considering two complaints and will issue Statements of Objections in both during early 2014. These are:

- Complaint by CBL/SRG against BTC regarding distribution agreements for the sale of long distance and international phone cards; and
- Complaint by BTC against CBL/Cable Media.

Review and investigation of complaints under the content code

During 2013, URCA completed the following investigations under the Content Code.

Complaint against Jones Communications Network

URCA received and investigated a complaint by Mr. Berthram Thurston a local newsstand operator, against Jones Communications Network (JCN) and Mr. Wendal Jones. In summary the complaint made was that during the broadcast of the show “Issues of the Day”, Mr. Jones made comments that defamed and incriminated Mr. Thurston and his newsstand business located at Rawson Square and Shirley Street near to Government House. Upon review of the recordings, URCA concluded that there was no breach of the Code of Practice for Content Regulation ECS 06/2012 (“the Code”)

Complaint against 100 Jamz

URCA also received and investigated a complaint regarding the daily show “Blast” which is broadcast on 100 Jamz. Essentially the complaint in this case was that persons calling into the radio show were permitted to disclose personal information which identified the individual, the subject of the comments being made on air. Upon review of the requested recordings of the show URCA found no breach of the Code.

Broadband Wireless Access (BWA) Spectrum for Small Licensees

Having regard to other activities on-going particularly the lack of an approved spectrum plan, the on-going spectrum pricing review, provisions within the universal service framework and mobile liberalisation, URCA has decided to delay this project for the time being until matters stabilise within the sector.

2. URCA's Plan for 2014

2.1 Strategic Outlook

In 2009, in conjunction with the introduction of the Electronic Communications Sector Policy 2009 (ECS Policy 2009), URCA outlined its Strategy and Priorities for 2009 to 2012 which were tailored toward fulfilling its mandate under the Comms Act and to implement the relevant aspects of the ECS Policy 2009. URCA also focussed during 2009 to 2012 on building an organisational culture that promotes and recognises performance as it builds institutional capacity to meet the needs of the ECS. 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.

In 2013, with the ECS Policy 2009 coming to the end of its intended life, and consultation having begun on a revised Sector Policy, URCA sought to revise and rethink its strategy and priorities to ensure that they continue to be aligned with the Sector Policy and the evolving needs of the sector. As such, in 2013 URCA undertook a process to review and update its strategy and priorities having regard to the revised policy directions being communicated by Government, and the local and international changes that had taken place in electronic communications since 2009.

Having been completed in late 2013, URCA's new Strategic Plan will take effect from the beginning of 2014 and will therefore inform URCA's Annual Planning for 2014. The new strategy has initially been charted for the period from 2014 to 2019, however it will be a rolling one which URCA will update as necessary on a periodic basis to ensure that it remains relevant to the prevalent circumstances.

2.1.1 URCA's Vision and Mission

As part of the formulation of its Strategic Plan, URCA conducted an exercise to review its stated Vision and Mission, and to revise them as necessary to reflect the desired direction of the organisation moving forward. URCA sought to craft a Vision for the organisation which ensured that URCA remained focussed on its mandate, which by virtue of section 4 of the Communications Act 2009 is centred on the interests of the public in The Bahamas, applying best practices in regulation to achieve those ends. It was also seen as a key success factor for URCA to be a highly people centred organisation, having regard to the fact that its work was almost entirely human resource dependent. As such, it was decided that an internal facing vision should be adopted to encompass this focus on people.

To that end, URCA adopted a Vision which is comprised in two statements, one external and the other internal facing, as follows:

URCA's Vision

External Vision

“To be a globally renowned utilities regulator and competition authority which is recognised for championing the interests of persons in The Bahamas, and of the sectors we regulate. We do this by the development, adoption and application of best practices in policy and regulation.”

Internal Vision

“We will develop a harmonious work environment characterised by honesty, trust and mutual respect. We will achieve this by developing the technical and soft skills of our people and transformational leadership across the organisation.”

The new Vision also necessitated a revision to URCA's Mission statement, which is encapsulated in the following:

URCA's Mission

We are driven by a commitment to advancing public interests through achieving sustainable competition and effective regulation of utilities and broadcasting. We are guided by our core values and dedicated to the continuous development of our people.

2.1.2 URCA's Strategic Goals

Building on the Vision and Mission, URCA formulated strategic goals based on its assessment of the strengths and weaknesses of the organisation and the environmental factors which would affect URCA's achievement of its vision. Those strategic goals are described below.

Promoting the interests of the public

The electronic communications policy objectives set out in the Comms Act places URCA's roles and responsibilities in the context of furthering the interests of persons in The Bahamas, and The Bahamas as a whole.

This theme is consistently repeated in stakeholder comments, and is a central tenet of regulators globally. The draft revised ECSP in particular provides a set of strategic aims which all speak to the ECS providing a level of service to persons in The Bahamas that would strengthen the social, economic and cultural framework of the country.

As such, the primary strategic goal for URCA in relation to its regulatory activities will be the promotion of the interests of the public. This goal will be achieved through a focus on several regulatory areas, including but not limited to:

- Protection of consumers of electronic communications services to ensure that they receive a level of service which is appropriate and consistent with best international practices and standards;
- Promoting sustainable competition to ensure that all participants in the market have a level playing field, and provide services which are of the highest standard at the best possible price;
- Effective and efficient regulation to promote fair play among participants, while being guided by principles of fairness, non-discrimination and transparency;
- Effectively managing state resources (spectrum and numbers) to ensure that they further the development of the sector in the general interests of the public

Commitment to developing our people

Regulation is a highly human resource intensive activity, which requires professionals who are highly trained, skilled and experienced in specialised areas of law, economics and finance, and engineering. Significant challenges are faced by URCA in acquisition and retention of those resources, particularly in the Bahamian market, where most of these skills are not present due to a lack of similar organisations, and the relative novelty of utility regulation.

As such, the acquisition and development of the necessary skills by URCA is a key strategic goal, on which URCA must remain focussed. URCA will seek to combine recruitment of suitable candidates with rigorous training and up-skilling of team members in order to develop the required knowledge and expertise.

This goal is not only focussed on the need for skilled and experienced internal resources within URCA, but also the need for more skilled regulatory professionals throughout the ECS in The Bahamas, if URCA's work is to be successful.

Cultivating a work environment based on employee engagement, transformational leadership and effective management

The acquisition and development of skilled, experienced and knowledgeable employees would be wasteful and ineffective over the long term, if those persons are not also motivated and retained. URCA recognised certain internal challenges with the creation of a work environment which ensures that URCA's employees are appropriately motivated to perform their roles to the best of their ability and to stay and grow with the organisation over the long term. It is only by creating such an environment that URCA would be able to capitalise fully on its investment in acquisition and development of skilled, experienced and knowledgeable staff.

This is a key area in which correction of existing behaviours and fostering of new norms for URCA would be necessary to build a culture consistent with the core values of the organisation.

Commitment to public engagement

URCA's work remains unknown to much of the population of The Bahamas and therefore the potential benefits of a well regulated ECS are not felt by many persons.

From an industry stakeholder perspective, URCA must do all it can to bring key stakeholders and licensees along in the areas of regulatory knowledge, as well as understanding of motivations on both the regulator and regulated entity sides.

Finally, from a Government perspective URCA must ensure that Government is in a position to leverage the maximum benefit from the presence of an independently regulated ECS to achieve its broader national policy objectives.

2.2 Focus Areas and Key Projects for 2014

This section outlines URCA's broad priorities, which were culled from its Strategic Goals identified in section 2.1.

2.2.1 Preparation for Mobile Liberalisation

The Government has noted that cellular competition is a key objective for the ECS moving forward.

URCA has been directed by the Government in its draft revised ECS Policy to take all necessary steps to introduce competition in the cellular services market in The Bahamas as expeditiously as possible following the expiry of BTC's exclusivity period. The Government further exhorted URCA to take steps to equip itself with the necessary regulatory tools which would be required to effectively regulate a competitive cellular market in the best interests of The Bahamas, after the expiry of BTC's exclusivity.

The exclusivity afforded to BTC in the provision of cellular services expires on 7 April 2014, and in light of the significant volume of work that will be required to meet the Government's expectations, URCA has

already commenced and will place the highest focus in 2014, on activities related to cellular liberalisation.

2.2.2 Protection of Consumers

During 2013 URCA consulted on its Consumer Protection Regulations, which provided for various rights and obligations of consumers in relation to the electronic communications services provided in The Bahamas. Consistent with its Strategic Goal of Promoting the Interests of the Public, and building on the work done in 2013 URCA will during 2014 fully implement the Consumer Protection Regulations, which were finalised in December 2013.

This will involve the implementation of reporting requirements for licensees and URCA's publication procedures for reported statistics, and URCA's monitoring processes for ensuring licensee compliance with the regulations.

2.2.3 Encouraging Competition

The interests of the public are best promoted by vibrant and active competition in the ECS. URCA's regulatory framework 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, and has been developed having regard to best practice considerations.

URCA's regulation of competition in the ECS is centred around its processes for regulation of licensees with Significant Market Power (SMP) which processes were based on the transitional provisions contained in the Comms Act 2009. During 2013 URCA commenced a process to review key retail markets to ensure that markets are properly defined and that licensees with SMP in those markets are identified.

The assessment of SMP in key retail markets is expected to be completed in the second half of 2014. Once the markets are defined and the SMP licensees identified, URCA will review the remedies currently in place to determine whether they remain fit for purpose or whether changes in those remedies is appropriate to ensure and encourage competition. The call termination markets were identified and remedies designed in a determination made by URCA on 22 August 2013. As stated above URCA will be moving to establish termination rates for CBL and IPSI in 2014.

In 2014 URCA will also be developing and introducing other measures to facilitate and encourage competition in the ECS. One of the key issues which URCA will consider in 2014 is facilities sharing amongst licensees which should assist in reducing barriers to entry for new licensees, and also to reducing the need for duplicated investment amongst licensees.

URCA will also continue to exercise its ex-post powers as appropriate from time to time.

2.2.4 Promoting Affordable Access to Services throughout The Bahamas

The Comms 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 2013 URCA completed significant work toward the implementation of the universal service requirements set out in the Comms Act. This work will continue throughout 2014 with a number of regulatory initiatives designed to ensure the provision of universal service in accordance with the Comms Act and in the best interests of persons in The Bahamas. In particular, URCA intends in 2014 to complete its consultation on the Universal Service Fund and to commence consultation on the remaining documents within the universal service framework as contemplated by URCA’s Framework for the Clarification and Implementation of Existing Universal Service Obligations (USO) issued on 23 January 2013.

2.2.5 Promoting a Wide Range of High Quality Content Services

On 2 March 2012 URCA issued the “Code of Practice for Content Regulation” ECS 06/2012 (the Code) which, in accordance with Part IX (and sections 52 and 53 in particular) of the Comms Act established a framework for URCA to regulate content broadcast on radio, television and pay TV in The Bahamas.

In 2013 URCA progressed the appointment of the Content Regulation Industry Group (CRIG), a joint regulator/industry working group which will advise URCA on the administration of the Code, assist with monitoring compliance with and enforcement of the Code, and will eventually assist URCA in the review of the Code, scheduled to commence in late 2014. The CRIG will commence its work during 2014.

2.2.6 Managing Radio Spectrum Effectively and Efficiently

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. To that end, in 2013 URCA commenced consultation on a review of Radio Spectrum Pricing, consultation on which will be completed during 2014 with implementation of any revised spectrum pricing from the beginning of 2015.

In addition, URCA continues with its spectrum monitoring and enforcement activities on a day to day basis.

2.2.7 Building Regulatory Capacity and Human Capital

URCA is heavily reliant on a highly trained, experienced and specialised cadre of professionals across several key disciplines. URCA recognises that the availability of persons with some of the key requirements is limited, and 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.

Therefore during 2014, URCA will seek to increase its staff complement in the technical (including spectrum management) and corporate and consumer relations areas. Based on URCA's recent experiences, there is a need to expand the human resources in these areas. URCA will continue to train new (current and future) staff hires and upskill our existing staff to ensure that they become more specialised in some of the key areas of regulation and competition matters. URCA will also seek to partner with other regulators to have short term work exchanges/placements which could be mutually beneficial to those participating.

In an effort to develop further regulatory capacity in the country, URCA will seek to have college students studying Law, Economics and or Finance and Engineering participate in a summer intern programme to expose them to regulation and competition matters. URCA will continue to assist and provide support through sponsorship to young people who are interested in advancing the electronic communications sector in The Bahamas.

2.2.8 Educating our Stakeholders

One of the key findings during the Strategic Plan development process is that our stakeholders would like URCA to educate them and others on various issues and topics. Stakeholders were of the opinion that the workshops that URCA held in previous years were very beneficial to the industry and as such felt that URCA should periodically hold workshops on topical issues. Therefore, URCA will host periodic workshops for its stakeholders on topical issues including how the implementations of key regulatory measures are to work. URCA has multiple stakeholders and will use other fora including targeted meetings, media appearances, civic group meetings and social media (Facebook) among others to continuously educate our stakeholders. URCA will seek to educate stakeholders on topics such as Interconnection and the Codes on Practice for Content Services during the year. It should also be noted that URCA will be seeking input from its stakeholders on topics that they may be interested on learning about.

2.2.9 Raising Public Awareness of URCA

URCA as a statutory regulatory body with the remit to regulate the Electronic Communications Sector has a duty to implement the ECS policy objectives. One key ECS policy objective is to further the interests of consumers by promoting competition in the sector. As such it is critical to bring further public awareness of URCA's role and mandate with regards to the ECS. Therefore, URCA will ensure that its decisions and communications are continuous and targeted so that the general populace becomes aware of URCA and get involved with URCA's work. Consumers are a critical stakeholder and the sometimes lacklustre participation in the public consultation process does not bode well for the sector. There is much work for URCA to do in this regard and therefore more resources will be dedicated to improve URCA's public profile. This is supported by increasing the human resources in the consumer and corporate relations area and the % increase in the advertising, consumer education and corporate relations budget for 2014. URCA is also committed to Community Outreach via donations of finance, goods and time.

2.3 URCA's Key Projects for 2014

Section 2.3.1 identifies the projects to be undertaken by URCA, through each quarter of 2014. Each project has been selected in furtherance of URCA's Strategic Plan, though in light of the interplay between priorities and strategies URCA has not sought to classify the projects based on the Strategic Goals.

It must be noted that not all work undertaken by URCA is represented below. The projects that are specifically identified are those which have major significant public impact. What is not reflected are the myriad of secondary issues, complementary investigations such as competition investigations and research activities that lend support to the achievement of the overall goals of URCA.

2.3.1 2014 Projects by Quarter

This section provides details, including time schedules, of the projects carried over from 2013 as well as the new projects that will be initiated in 2014.

Projects Continued from 2013

The following projects commenced in 2013 or prior are currently on-going and will be continued during 2014. These have been discussed in detail in the review of 2013 set out in Section 1.2.

- *Implementation of Universal Service*
- *Market Reviews*
- *Content Regulation Industry Working Group*
- *Review of Retail Pricing Rules*
- *Spectrum Pricing Review*
- *Review of BTC's Accounting Separation Results*
- *Consultation on an Alternative Dispute Resolution Scheme for the ECS*
- *Consultation on FM Radio Technical Standards*
- *Consultation on Network Quality of Service Standards*
- *Competition Complaints –*
 - *CBL/SRG against BTC re Calling Card Sales*
 - *BTC against CBL/Cable Media*

New Projects 2014

As stated above, URCA's main priority for 2014 will be to address matters pertaining to the introduction of competition in the cellular mobile sector, which URCA sees as the most important factor affecting the development of the ECS in The Bahamas at this time. Based on the importance of this initiative, and the likelihood that the work required will consume a significant portion of URCA's resources during 2014, URCA has not sought to commence any significant new projects during 2014, except for those selected to further cellular liberalisation. The majority of other projects identified are therefore ones which URCA commenced or conducted significant work on in 2013, thereby enabling completion in 2014 without unduly affecting the availability of resources for URCA's preparation for cellular liberalisation.

URCA is also cognisant that while its current responsibilities are limited to the ECS, it was formed 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.

January to March 2014

In addition to the projects carried over from 2013, during the first three months of 2014, URCA expects to commence work on the following projects:

Preparation for Cellular Liberalisation

URCA's highest priority for 2014 will be work toward the liberalisation of the cellular mobile market, the restriction on which is due to expire on 7 April 2014. The overall agenda for cellular mobile liberalisation will be determined by the Government. However, URCA intends, consistent with indications made in the Government's draft revised ECS Policy, to work assiduously toward ensuring that a robust and effective regulatory framework is in place for a liberalised cellular mobile market, and also to expedite the activities which are necessary to introduce competition in the sector. In that regard, some of the key issues which will receive URCA's attention during 2014 are listed below. It should be noted that work on the individual items in the list will commence and take place during 2014 as appropriate having regard to the timetable established by the Government for liberalisation and the urgency of each specific project relative to that timetable.

- Consideration of appropriate selection and spectrum allocation process – URCA will consider and as appropriate make recommendations to the Government regarding the appropriate methodology to be adopted in respect of the selection of a new provider and the allocation and licensing of spectrum. URCA will also commence consideration and preparation of any required documents, review of potential service providers, engagement of any required advisors, and any other initiative which might assist in ensuring that URCA is prepared to participate fully in that process as may be required by Government.
- Spectrum Audit – URCA will take steps to identify and ensure that optimal spectrum allocations are made for use by new and existing cellular mobile operators, through a thorough assessment

of the available spectrum and current allocations, and the making of appropriate regulatory decisions in respect of prospective spectrum assignments.

- Technical Specifications and Standards – URCA will ensure that appropriate standards are in place to ensure that cellular mobile networks are operated in accordance with best practices which ensure optimal operation of cellular mobile networks whilst protecting public health and safety and avoiding unnecessary interference with other communications networks and electrical/electronic equipment.
- Preparation of Draft Licences for Cellular Mobile Operators – URCA will review the existing terms and conditions in the individual operating and spectrum licences granted to providers and will prepare appropriate terms and conditions to be applied to new operators as well as any adjustments which may be appropriate in respect of existing licensees. In this context URCA will also consider the specific obligations that should be placed on new and existing licensees, such as roll out obligations.
- Treatment of Mobile Tower Construction, Sharing and Proliferation Issues – The construction of new cellular mobile networks will likely necessitate the construction by the new operator of towers for the accommodation of cellular radio equipment. This creates significant challenges in relation to public safety, disaster preparedness, environmental and aesthetic concerns, and public health. URCA will adopt a comprehensive approach to minimising any harm or perception of harm whilst allowing networks to be built in a timely and business friendly manner. This will necessarily involve a combination of URCA regulatory action (such as the infrastructure sharing regulatory measures discussed below) as well as coordination with the various responsible Governmental and other agencies.
- Mobile Charging Regime and Review of RAIO Rates and Terms and Conditions – URCA will review current practices and provisions in place in respect of mobile services in The Bahamas and will consider what, if any, regulatory changes should be made.
- Determination of SMP in mobile services – URCA will consider whether or not a new cellular mobile operator should be treated as having significant market power (SMP) in mobile termination (voice and SMS/MMS). On the retail side URCA would need to determine whether BTC's mobile services will be subject to retail price regulation going forward.
- Mobile Number Portability – Number Portability in The Bahamas was launched for fixed networks on 2 December 2013 and URCA has made determinations and ensured the implementation of a system which will accommodate mobile number portability with minimal adjustment, and coincident with the introduction of competition. URCA will ensure that the process for implementation of mobile number portability occurs concurrently with the build out of any new mobile networks, so as to ensure that mobile numbers are able to be ported from day one of mobile competition in The Bahamas.
- Other key policy considerations – A number of other issues will be considered including issues such whether national roaming will be permitted, timeframe permitted for network build out, and the level of coverage that would be required before launch.

- Public Awareness Programme – URCA will also design and engage as appropriate in public awareness programmes necessary to ensure the smooth and beneficial introduction of mobile competition.

Annual Report 2013

Section 41 of the Utilities Regulation and Competition Authority (URCA) Act 2009 requires that URCA, no later than four months after the end of each year, prepare and publish a plan of its proposed objectives for the forthcoming year; and a report of the carrying out of its functions during that financial year. As such, URCA will during the first quarter of 2014, seek to complete its annual report for 2013, as well as to publish the final version of this Annual Plan.

Review of Licensing Guidelines

One of the projects which URCA has delayed from previous years due to competing priorities has been a comprehensive review of its licensing guidelines which were created in 2009 and were centred largely around the transition from the previous regime which existed under URCA's predecessor, the Public Utilities Commission (PUC) and URCA's then new regime. URCA considers that a review is now appropriate and will review its licensing guidelines to ensure that they remain fit for purpose.

Implementation of Consumer Protection Regulations

During 2013 URCA completed regulations for the protection of consumers of electronic communications services. The implementation of those regulations requires significant follow on initiatives relating to the reporting and monitoring of performance, and URCA will commence those activities (which are on-going in nature) during 2014. Licensees have been afforded a period of six months to implement the provisions of the regulations, which will therefore require the licensees to be compliant with the regulations by the end of the second quarter of 2014.

Regulations for Facilities Sharing

In seeking to address the somewhat slow pace of development of competition in the ECS, URCA is seeking to further reduce barriers to entry into the sector. One of those barriers is the high level of investment required. A strategy undertaken in various jurisdictions to address this is the mandated and regulated requirement that operators share their existing facilities at regulated prices, with other operators. This reduces the need for new operators to build or acquire facilities, thereby reducing the investment required to enter the market. In addressing facilities sharing URCA must however remain cognisant of the need to ensure that operators are not entirely dis-incentivised from the construction of new facilities. Additionally, with the introduction of mobile competition, the construction of new cellular tower facilities will need to be addressed and there is a need to try to minimise such new construction so as to avoid the duplication of potentially unsightly facilities.

Accordingly, URCA intends in 2014 to introduce regulatory measures to address the sharing of facilities between operators.

April to June 2014

Engagement with Local Law Enforcement and Disaster Relief Agencies

A key theme of the draft revised ECS Policy was the fact that the ECS plays an important role in ensuring the effective working of all aspects of both public and private society. URCA must therefore ensure that its regulatory actions take proper account of key social and public needs and institutions, to ensure that their needs are being met by the ECS. For implementation in 2014, URCA has highlighted the need for heightened and enhanced engagement with key local entities such as law enforcement agencies and agencies responsible for disaster preparedness and relief.

July to September 2014

Review of Accounting Separation Results of SMP Operators

The Separated Accounts of SMP operators are submitted to URCA annually, and are reviewed by URCA to ensure that they have been prepared consistently with URCA's Guidelines, and to identify any regulatory impact. This will commence on submission of the accounts (due for CBL on 30 June and for BTC on 30 September) and is expected to continue for approximately six months in each instance.

October to December 2014

In addition to the intention to focus its plan for 2014 on matters pertaining to mobile liberalisation, URCA has also noted in past years that due to the significant body of work commenced during the first through third 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 2014 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 URCA that have been specifically identified there are other activities which URCA is obliged to undertake in the 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 in respect of complaints of anti-competitive behaviour;
- Reviewing and investigation complaints under the content codes;

- Handling complaints by consumers regarding electronic communications services as they arise; and,
- Various consumer awareness and publicity initiatives undertaken by URCA 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 timeframes above, however, the nature of URCA's duties is such that unforeseen work may impact on URCA's ability to complete or even commence projects identified.

2.3.2 URCA Project Timelines for 2014

Based on the foregoing, URCA's project plan for 2014 is set out in Table 1 below. It should be noted that the table provides URCA's total work period on the project, and therefore reflects time taken on internal development of policy and regulatory positions, the external engagement on any initiative, and the publication of a final regulatory measure (where relevant).

Table 1 - URCA Project Timelines for 2014

Project	Start Date	End Date
Preparation and Activities Relating to Cellular Mobile Liberalisation	Commenced in 2013	TBD
Consultation on Universal Service Framework	Commenced in 2013	On-going
URCA Annual Plan 2014	Commenced in 2013	March 2014
Review of Retail Pricing Rules Statement of Results and Final Revised Rules	Commenced in 2013	March 2014
Consultation on ADR Scheme for the ECS	Commenced in 2013	June 2014
Spectrum Pricing Review	Commenced in 2013	June 2014
Review of BTC Accounting Separation Results	Commenced in 2013	June 2014

Project	Start Date	End Date
Consultation on Network Quality of Service Standards	Commenced in 2013	December 2014
Consultation on FM Radio Technical Standards	Commenced in 2013	December 2014
Market Reviews Consultation and Implementation of Ex Ante Remedies arising from Market Reviews	Commenced in 2013	December 2014
URCA Annual Report 2013	January 2014	April 2014
Revision of Fixed Termination Rates of CBL and IPSI	January 2014	June 2014
Review of Licensing Guidelines	January 2014	August 2014
Regulations for Facilities Sharing	January 2014	September 2014
Content Regulation Industry Working Group	January 2014	On-going
Engagement with Local Law Enforcement and Disaster Relief Agencies	April 2014	On-going
Review of 2013 Accounting Separation Results of SMP Operators	October 2014	March 2015
Annual Plan 2015	November 2014	March 2015

2.3.3 Planned Consultation Schedule for 2014

While URCA will carry out several activities during 2014, not all of these will involve public engagement throughout the process. Table 2 below shows the major public consultations proposed for 2014, including anticipated publication dates. Due to URCA's inability to control the Government's agenda for mobile liberalisation, consultations on matters relating to cellular mobile liberalisation are not included.

Table 2 - Planned Consultation Schedule 2014

Consultation Document	Anticipated Publication Period	Anticipated Closing Period
URCA Annual Plan 2014	December 2013	January 2014
Consultation on ADR Scheme for the ECS	January 2014	March 2014
Spectrum Pricing Review	January 2014	March 2014
Review of CBL/IPSI Call Termination Rates	February 2014	April 2014
Market Reviews	March 2014	June 2014
Consultation on Network Quality of Service Standards	June 2014	August 2014
Review of Licensing Guidelines	June 2014	August 2014
Implementation of Ex Ante Remedies Arising from Market Reviews	July 2014	September 2014
Consultation on Universal Service Framework Documents	July 2014 ²	December 2014
Consultation on FM Radio Technical Standards	August 2014	October 2014
Annual Plan 2015	December 2014	January 2015

² Timing of this consultation may be impacted by on-going litigation commenced by CBL.

3. Evaluating Our Effectiveness

In line with good management practice, and to ensure accountability to relevant stakeholders, URCA proposes to 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; and,
- Publication of an Annual Report on its operations and performance.

For 2014, URCA proposes to use the KPIs provided in Table 3 below and publish the results as part of the 2014 Annual Report to be published before the end of April 2015.

Table 3 – URCA Key Performance Indicators 2014

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 closing date for comments on Preliminary Determination	Forecasting accuracy	Ratio of employees (full time equivalent) to HR Staff	Percentage who are able to access the network and system remotely
Percentage of public consultations started within 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: <ul style="list-style-type: none"> • <i>45-60 days</i> • <i>60-90 days</i> • <i>>90 days</i> 	Debtor Days	Cost of learning and development activity as percentage of total payroll	
	Number and Value of Creditor Notes and Adjustments	Cost of advisors as a percentage of the total payroll	
Consumer complaints:	Long outstanding debt (>90	Percentage of roles filled by	

<p><i>Number of complaints received;</i></p> <p><i>Percentage of total complaints resolved;</i></p> <p><i>Average Time taken to resolve complaints</i></p>	<p>days) as a percentage of total debt</p>	<p>permanent and contract staff</p>	
<p>Licenses issued within:</p> <ul style="list-style-type: none"> - 30 days - 45 days <p>Volume of licenses processed in the year</p>		<p>Average lapse time (working days) from a vacancy/advertisement occurring to the acceptance of an offer for the same post</p>	
		<p>Cost recruitment per vacancy</p>	
		<p>Percentage of people in role 12 months of service</p>	
		<p>Percentage of staff who received annual face to face performance appraisal</p>	

4. URCA's Draft Budget 2014

The full-time staff complement is twenty-two (22) with positions engaged in both aspects of Operations and Policy and Regulation. This compares to a total of twenty-one (21) at the end of 2012. In an effort to continuously improve URCA's effectiveness and to secure the desired levels of knowledge transfer, there are plans to augment staff complement with emphasis being placed on new hires with economics and technical expertise. Over the long run, it is anticipated that this should result in a decreased reliance on external professional service providers.

URCA will ensure that it has sufficient finances to meet its regulatory mandate and will make sure that it delivers the best possible service to its stakeholders. In so doing, URCA will also ensure that it provides full accounting of its activities as required by Section 41(1)(b) of the URCA Act. In avoidance of doubt, URCA shall publish its Annual Report and Accounts for 2013 on or before 30 April 2014.

URCA's Operating and Capital Budget for 2014 is provided in the table below:

	2013	2014
Non-Executive Members Honoraria and Expenses	231,600	213,065
Executive Members Compensation	325,342	306,990
Staff Costs	1,892,212	1,930,188
Professional Services	906,000	1,294,645
Conferences, Training and Travel	573,600	508,830
Rent and Utilities	451,800	457,002
Consumer Education and Public Relations	155,920	270,000
Office Services	134,300	170,480
Information Technology	59,800	69,775
General and Administrative Expenses	221,425	260,712
Total Operating Expenditure (OPEX)	4,951,999	5,481,687
Depreciation	697,135	711,135
Total Operating Budget Recovered through URCA fees	5,649,134	6,192,822
Capital Expenditure	113,500	46,500

The budgeted operating expenditure which is inclusive of depreciation, which is factored into the calculation of the URCA fee has increased by over \$540,000. It should be noted that unlike previous years where URCA would take into account the comprehensive income or loss in the Electronic Communications Fund for the previous financial year in calculating the URCA fee, for 2014's URCA fee calculation there is no such adjustment. An amendment to the URCA Act in

2013³ mandates URCA at the end of each financial year to pay into the Consolidated Fund all surplus funds standing to the credit of URCA. For the purpose of the Amendment Act 2013, monies which are not immediately required by URCA are surplus funds. Therefore, the \$1,159,769 of comprehensive income in the Electronic Communications Fund for fiscal year 2012, which would have effectively reduced the URCA fee charged for 2014, has not been applied in the calculation.

As a result of the pending introduction of Value Added Tax (VAT) in July 2014, it is anticipated that some of the local goods and services utilized by URCA will attract VAT. Therefore there is an anticipated increase in the overall expenses for 2014.

BTC's exclusivity in the provision of mobile voice and mobile data is expected to end in April 2014. In preparation for issuing one mobile licence in 2014, URCA plans to use additional consultancy services and increase the publicity of the process for the issuance of the licence. Therefore, there are additional amounts included in the 2014 budget to facilitate the liberalization of the mobile market.

Further explanation of each expense category is as follows:

- Non-executive members' compensation includes honoraria of \$11,000 per month (for all 3 non-executive members of the Board) and business related travel expenses for the two non-executive members who are resident overseas. This expenditure decreased 8% compared to 2013 budget due to expiring appointment to the Board in mid- 2014 of one of the non-resident board members;
- Executive members' compensation includes salaries and other benefits for executive members and represents approximately 6% of the operating expenditure for the period;
- Staff costs although decreasing to 35% of the total operating budget (2013: 37%) is anticipated to increase approximately 2% due to increased staff levels (2 replacements and 3 new hires);
- Professional services expenditure is anticipated to significantly increase by 43% due to allocation of significant funds for mobile liberalization , regulatory projects set to commence in 2014 , financial/internal audits and continuing legal matters;
- Notwithstanding decreasing Conferences, Training and Travel by almost 11% over the previous year, it is anticipated that targeted training for Executives and other staff via attendance at regional and international conferences, seminars and workshops continue based on skills gap assessments and the need to remain current on various issues;
- Rent and utilities continues to increase due to escalation clause in the lease agreement;

³ URCA (Amendment) Act. 2013 with assent on 1st July 2013 can be found at <http://www.urcabahamas.bs/download/066600700.pdf>

- Consumer Education and Public Relations is budgeted to increase by 73% due to continued initiatives aimed at educating and informing consumers on various electronic communications sector issues, including public consultations, (including mobile liberalization), community outreach and utilizing other advertising media;
- Office services include expenditure for office supplies, printing, general insurance and miscellaneous items. The approximately \$36,000 increase is due to additional insurance coverage and levying of VAT on certain goods and services;
- Information technology expenditure is budgeted to increase by 17% due to increased spectrum management activities and the completion of the URCA website upgrade;
- General and administrative expenses are budgeted to increase 18% due to increased fees and levy assessed by a regional organization and URCA's membership admission to the Commonwealth Telecommunications Organisation.

5. Responding to this Draft Plan

The timetable for responses to this Annual Plan will be as follows:

- All submissions to this consultation should be submitted by 5pm on 31 January 2014.
- URCA shall endeavour to publish these responses by 5pm on 3 February 2014.
- URCA shall publish its Final Annual Plan by 3 March 2014.

In addition, prior to publication of the final plan and as part of the consultation on this draft URCA will hold at least one oral hearing to present the Annual Plan and to allow interested parties an opportunity to provide input to the plan. URCA will hold a stakeholder's meeting on January 21, 2014 at URCA's office at the UBS Annex Building on East Bay Street. Notice for this hearing will be sent out to stakeholders in early January. .

Persons may obtain copies of this document by downloading it from the URCA website at www.urbahamas.bs.

Persons may deliver their written submissions or comments on the public consultation document to the Chief Executive Officer, URCA either:

- by hand, to URCA's office at UBS Building Annex, East Bay Street, Nassau;
- by mail to P.O. Box N-4860, Nassau, Bahamas; or
- by fax, to 242 393 0237; or
- by email, to info@urbahamas.bs