




Telecommunications Authority of Trinidad and Tobago



**Annual Report
for the period
October 1, 2012 to September 30, 2013**

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MESSAGE FROM THE CHAIRMAN



It is my pleasure to present the Authority's Annual Report for the year ended September 30, 2013. Included in this report are the Authority's financial statements for 2012/13, which present the financial position of the Authority as at September 30, 2013 and an overview of the telecommunications and broadcasting sectors for the past year.

It is a fact that two of the main drivers of economic development in this millennium are telecommunications and broadcasting. Statistics indicate that the Telecommunications and Broadcasting sectors generated an estimated US\$834.1 million in 2012, an increase of 12.6 % over the last year. This equates to approximately 3.3 % of Trinidad and Tobago's Gross Domestic Product (GDP). To this end, the Authority has made significant efforts to establish a modern regulatory framework to develop the telecommunications and broadcasting sectors even further.

The last year was a period of consolidation for the Authority. Significant developments have been taking place rapidly in technology and in regulation generally, and the Authority has been working assiduously to ensure that regulatory policies and processes keep pace with these innovations. We are in the process of introducing Number Portability, which in our opinion, will encourage competition and stimulate operators' enthusiasm to maintain their customers.

In addition, there were major achievements during the period including the agreement on the implementation of an Internet Exchange Point (IXP) to promote the efficacy of Internet traffic management and the commencement of a competitive process for the award of spectrum in the 700MHz band for the delivery of enhanced data services and the possible introduction of a third mobile operator in Trinidad and Tobago. The IXP implementation was a collaborative one amongst service providers, and I would like to take this opportunity to thank the Internet Service Providers for their support and enthusiasm for this project.

The Authority also commissioned a new office in Tobago which will allow for greater accessibility to a range of services to the people of Tobago. The office opens up a new space

designed to meet the increasing demand and expectations of consumers of telecommunications and broadcasting services.

Forging ahead with us

The Authority has come to the end of its last strategic cycle and now looks forward to pursue initiatives which will have a greater impact on all stakeholders. The Authority has set a clear roadmap for the sector through its Strategic Plan for the period 2013 - 2016. A renewed Vision, translated into a clear Mission, has set strategic imperatives of Sector Transformation, Advocacy and Institutional Strengthening for the next three year period.

Arising from these strategic imperatives, several key deliverables will be initiated. High on our agenda for 2013/14 will be Universal Service, Accounting Separation, revised Spectrum Regulations, Digital Terrestrial Television, Number Portability, the award of 700MHz spectrum for Long Term Evolution (LTE) services, the possible selection of a third mobile provider and the further development of wireless telecommunications with greater download speeds and additional service offerings, amongst others.

The Authority stands firm on its commitment to foster the development of all segments throughout Trinidad and Tobago (rural, underserved, indigent, physically-challenged). This will be achieved through the implementation of our Universal Service initiatives which will ensure that all citizens have greater access to basic telecommunications and internet services, pivotal for the growth of the sector and the improvement of lives of all citizens.

The Authority will continue to foster change and development by meeting, and where possible, exceeding stakeholder's expectations, increasing competition, accelerating infrastructure expansion, efficiently optimising scarce resources such as spectrum and generally protecting consumer interests.

I take this opportunity to express my gratitude to the Authority's Board of Directors who created the environment to advance the work of the Authority.

I would also like to acknowledge the support given by the management and staff of the Authority and all our stakeholders, for their active participation and collaborative efforts, which have resulted in the Authority's achievement of its objectives.

As we prepare to celebrate our 10th anniversary, I am confident that we will continue to meet the expectations of the people of Trinidad and Tobago in a manner which is fair, in the provision of world-class telecommunications and broadcasting services for all, thereby making the sectors more vibrant thus catalysing social and economic development that are inclusive of all stakeholders and citizens of our beloved country.

I would again like to express my sincerest appreciation to the management and staff of the Authority for their continued dedication and hard work over the last year.

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

The period 2012/13 can be considered a very successful one for the Authority in which it achieved 85% of its objectives for the period. The Authority has continued to deliver value to its stakeholders and is steadfast in its goal to set appropriate and clear direction for all stakeholders in the sectors in terms of coverage, range of services available, quality of service and the further development of competitive telecommunications and broadcasting sectors.



The Strategic Plan 2010-2013 identified many deliverables which were geared towards achieving the objectives of Effective Regulation, Infrastructure Development and Resource Management, Stakeholder Engagement, Image Enhancement and Building Human and Organisational Capacity and Effectiveness. Achievement of these strategic objectives ensured further development of the Telecommunications and Broadcasting sectors and their contribution to enhancing the lives of our citizens.

Legislative Agenda

Considering the dynamism of the Telecommunications and Broadcasting market, the Authority has proposed amendments to the Telecommunications Act Chap 47:31, which when approved, will be of pivotal importance in further promoting a free and fair market for competition in Trinidad and Tobago. These amendments would result in more definitive legislative powers for the Authority which would enhance the protection of consumers and the management of providers within the sector. In 2012, these amendments were finalised by the Authority and submitted to the Ministry of Science and Technology (MST) for review and approval.

The Authority remains committed to facilitating accessible and affordable basic telecommunications services to all citizens of Trinidad and Tobago. In view of this, we are pleased to report that the consultation process for Universal Service regulations has been completed and the regulations are now pending approval.

Furthermore, several other regulations were completed within the period and are now either under consultation or awaiting approval by MST. These regulations include Accounting Separation, Quality of Service, Data Submission and Numbering.

Mobile Market

One of the objects of the Telecommunications Act is to establish conditions for an open market for telecommunications services, including conditions for fair competition, at the national and international levels. In this regard, the Authority has invited proposals for the award of 700MHz spectrum in order to enable the delivery of enhanced data services and which may advent the entry of a third mobile provider. If successful, consumers will then be able to select a wider array of packages that will ultimately enhance the overall competitiveness of the sector. Through increased competition in the telecommunications market, it is anticipated that there will be an overall reduction in the total cost of communication as operators seek new avenues to provide cost efficient and quality services to end-users. The Authority anticipates that the process of selection and award of spectrum for the provision of new services will be completed by mid - 2014.

Broadcasting & Spectrum Management

The Broadcasting sphere received significant attention this year, with the Authority engaging with broadcasters in the review of the draft Broadcasting Code. The Authority recognises the need for broadcasting to be conducted in a manner which exercises the freedom of expression of broadcasters but also recognises the rights of others. In this regard, the draft Broadcast Code was amended and submitted to MST for promulgation.

Frequency spectrum is used for a plethora of economic, social, cultural, scientific and development purposes with an enormous number of end-user services. From an economic viewpoint, spectrum is a limited resource used by a wide range of entities. In order to better manage and optimise the frequency spectrum in Tobago, the Authority saw it critical to issue a Request for Proposals (RFP) for the design works for the establishment of a spectrum monitoring station in Tobago. An award of tender was approved and negotiations are currently in progress with the successful bidder. This spectrum monitoring station will complement the two other fixed monitoring sites in Trinidad which are located at Mount Hope and Sevilla, Brechin Castle.

The transformation from analogue television broadcasting to digital television broadcasting has been a major revolution which occurred in the last decade. The benefits to be derived from this transformation are significant. In order to facilitate this switchover in a systematic manner, the Authority has published its framework for Digital Terrestrial Television (DTT), which has

undergone stakeholder consultation. The Authority is currently in the process of choosing the most suitable DTT standard for adoption in Trinidad and Tobago. This choice of standard is expected to be completed by end March 2014, upon which, the selection of signal distributors will be made.

Infrastructure

In order to promote the development of broadband in Trinidad and Tobago, the Authority further detailed and aligned its proposed National Broadband Plan within Trinidad and Tobago's National ICT Plan (SmarTT) which was developed by MST. This plan is in response to Government's stated goal of implementing a National Broadband backbone. The plan focuses on infrastructural development for the provision of broadband services.

The Authority partnered with the Commonwealth Telecommunications Organisation (CTO) and MST to establish a Community-Based ICT Access Centre (CAC) in Penal. The Authority was engaged by the CTO together with the MST to manage the project. The facility when formally opened to the public, offers affordable/free internet access, access to ttconnect services, ICT and ICT-enabled training, voice and video conference abilities and other ICT related services, to the general public and local businesses within the community.

Stakeholder Engagement

In a world where more than 95% of job opportunities have a digital component, it is imperative more than ever before that the youth of this nation get involved in science, technology and engineering. The Authority remains committed to the advancement of the sector through public consultation, engagement and education.

In this regard, the Authority was pleased to implement an aggressive campaign "Careers in ICT," aimed at reaching young people in Trinidad and Tobago. The campaign sought to encourage individuals to pursue technology careers. Exhibitions were held at six locations throughout the country, three of which were in rural districts.

The Authority also continued its outreach to all sections of the community through its ICT Open Fora. Four ICT Open fora were held, one being a technical workshop on IPV6 and DNS and Router security software. At the other three fora, several key issues were discussed such as Introducing Number Portability in Trinidad and Tobago, Intellectual Property Rights and the Broadcaster and Telecommunications and Broadcasting – taking us to the future.

Institutional Strengthening

Recognising the importance of the Authority's website as a powerful tool in communicating and receiving information, it was imperative that the Authority make this experience easier and more user-friendly. In an effort to increase the robustness of the Authority's website, several improvements were made during the year including upgrading of the website, thereby making it more dynamic. The Authority is in the final stages of implementing bi-lingual capacity of its website. The Authority expects to implement a mobile version of the website during the first half of 2013/14. The implementation of both these initiatives will not only permit greater accessibility to our website, but also substantially increase our global presence.

The Authority has developed a Human Resources Strategy which aims to support the Authority's Strategic Plan by providing staff with the skills and knowledge they require in order to function to the best of their ability. As the Authority builds capacity to achieve its mandate and by extension, improve its delivery of services to all stakeholders, critical skilled positions were filled during the year.

Outlook

Within the coming year the Authority intends to focus on several key initiatives. High on our radar is Universal Service, Spectrum Management, the switchover to DTT, increased competition by offering 700MHz spectrum for higher value-added services, introduction of Number Portability and the implementation of a Costing Model.

In conclusion, I would like to express my sincerest gratitude to the Board of Directors, led by Mr. Selby Wilson, colleagues in the Senior Management team of the Authority, officials in the Ministry of Science and Technology and most importantly, all employees of the Authority who all played a primary role in the development of the Telecommunications and Broadcasting sectors in our country, in response to our mandate.

OVERVIEW OF THE TELECOMMUNICATIONS AND BROADCASTING SECTORS

Trends in Market Revenues for January to December 2012

The Telecommunications and Broadcasting sectors generated an estimated TT \$5.3 billion¹ or US \$834.1 million² in 2012, which as a percentage of GDP³ equates to 3.3 %. This represented an increase in total revenues of 12.6 % over the last year. Of this amount, “Mobile Services” contributed the highest towards total revenues with TT \$2.2 billion, or 42%. This was followed by “Internet services” which contributed approximately TT \$805.6 million or 15.2%. The next highest revenue earner for the industry was “Fixed⁴ Voice services” contributing TT \$794.0 million or 14.9%. This was followed by “Subscription Television services” and “International⁵ services” whose contributions totalled TT \$616.0 million and TT \$283.6 million respectively, that is 11.6% and 5.3 %. Next there was “Free-to-air radio services” recording TT \$168.1 million or 3.2%. “Free-to-air television” revenues for the industry were estimated to be TT \$119.6 million or 2.3% of gross revenues. Finally, other contributors included “other revenues”⁶ and “leased line services” with earnings of TT \$214.4 million and TT \$70.4 million respectively, with 4.0% and 1.3%. To summarise the above information, Figure 1 illustrates the revenues earned within the industry.

¹ This Figure includes revenues from telecommunications and broadcasting services offered to members of the general public and private leased line services

² Estimated exchange rate US\$1=TT\$6.37

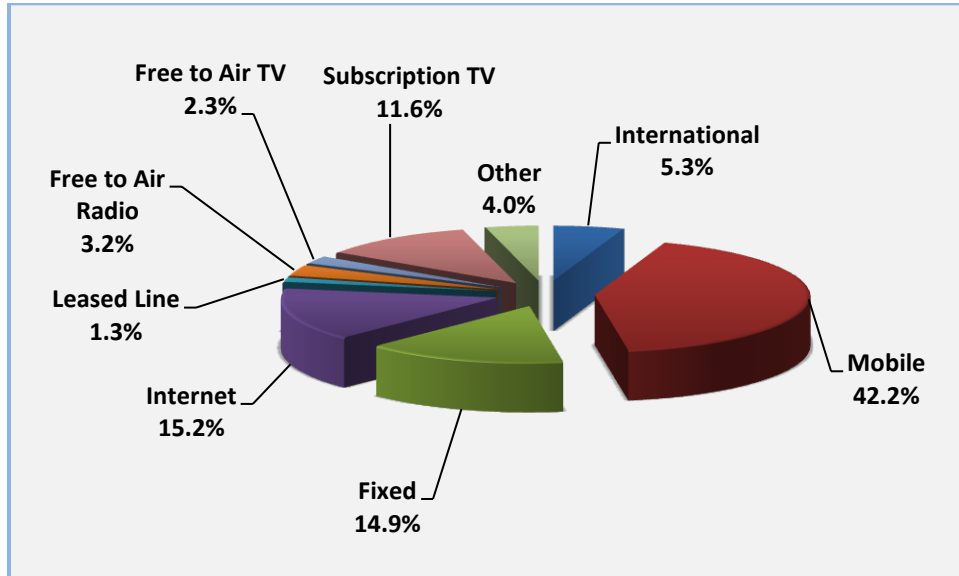
³ The Central Bank of Trinidad and Tobago has recorded Gross Domestic Product (GDP) at current market prices for 2010 to be TT\$129.8 billion

⁴ Fixed market revenues include revenues earned from fixed voice and access (excluding international) services.

⁵ International market revenues are equal to the sum of gross revenues obtained from outgoing and incoming international traffic

⁶ Other revenues comprise revenues earned from both the telecommunications sector and the broadcasting sector such as revenues received from wholesale services and Production and Air time for local programming on Pay TV

Figure 1 - Percentage of Gross Revenues contributed by Markets - 2012



Domestic Telecommunications and Broadcasting Statistics

The information in this Section presents annual information on the markets within the telecommunications and broadcasting sectors which include data on subscriptions, average revenue per user and traffic of the relevant markets. The information was extracted from the Authority's Annual Market Report for the period January to December 2012 and is used by the Authority to monitor and inform policy decisions that will facilitate the orderly development of markets within these sectors. The full report is available at <http://www.tatt.org.tt>

The Statistics in the telecommunications and broadcasting markets over the period 2005 to 2012 is shown in Table 1 below:

**Table 1: Domestic Telecommunications and Broadcasting Statistics
for the period December 2005 to December 2012**

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------|--|---------|---------|---------|---------|---------|---------|---------|--------|
| General | Population (millions) | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| | GDP per capita (US \$) ⁷ | 11,560 | 14,576 | 16,683 | 21,408 | 15,067 | 15,924 | 17,042 | 19,018 |
| | Telecom revenue (US \$ million) | 379.3 | 497.9 | 521.3 | 775.3 | 685.2 | 713.1 | 737.0 | 834.0 |
| | Total telephone subscriptions ('000s) | 1,246.4 | 1,844.3 | 1,817.1 | 2,120.9 | 2,150.0 | 2815.1 | 2117.7 | 2170.0 |
| | Total telephone penetration | 95.2 | 140.8 | 138.7 | 163.1 | 165.3 | 167.2 | 160.7 | 164.7 |
| | Average revenue per user ⁸ (ARPU) US \$ | 304.3 | 270 | 286.9 | 365.6 | 318.7 | 253.3 | 348.0 | 384.3 |
| Fixed Voice | Fixed Voice subscriptions('000s) | 322.3 | 325.5 | 307.3 | 314.8 | 303.2 | 293.3 | 292.0 | 286.1 |
| | Fixed Voice penetration | 24.6 | 24.9 | 23.5 | 24.1 | 23.2 | 22.3 | 22.0 | 21.6 |
| | Fixed Voice household penetration | - | 77.4 | 71.5 | 73.3 | 70.1 | 67.5 | 67.1 | 55.3 |
| | Average revenue per user (ARPU) US \$ | 272.1 | 277.9 | 422.4 | 486.5 | 403.5 | 411.5 | 417.3 | 430.5 |
| | Fixed Voice Subscription growth (%) | 1.1 | 1.0 | -5.6 | 2.4 | -3.7 | -3.3 | -0.6 | -1.9 |
| Mobile | Mobile subscriptions ('000s) | 924.1 | 1,518.8 | 1,509.8 | 1,806.1 | 1,846.3 | 1,894.2 | 1,826.2 | 1,880 |
| | Mobile penetration | 70.5 | 115.9 | 115.3 | 138.2 | 141.1 | 143.8 | 138.6 | 142.2 |
| | Average revenue per user (ARPU) US \$ | 153.1 | 159.1 | 206.6 | 196.6 | 169.7 | 163.9 | 173.5 | 187.8 |
| | Mobile subscription growth (%) | 74.2 | 64.4 | -0.6 | 19.6 | 2.2 | 2.6 | -3.6 | 3.1 |

⁷ GDP per capita is recorded at current market prices

⁸ ARPU is calculated as the total revenues generated from the service divided by the total number of subscriptions to the service

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|--|--|-------|-------|-------|-------|-------|-------|---------------------|
| Internet | Total Internet subscriptions ⁹ ('000s) | 62.3 | 73.3 | 93.3 | 129.7 | 238.3 | 309.9 | 325.2 | 342.8 |
| | Fixed Internet subscriptions ¹⁰ ('000s) | 62.3 | 73.3 | 82.6 | 114.1 | 145.0 | 171.1 | 192.0 | 224.1 |
| | Mobile Internet subscriptions ¹¹ ('000s) | - | - | 10.7 | 15.6 | 93.3 | 138.8 | 133.2 | 422.5 ¹² |
| | Fixed Broadband subscriptions ¹³ ('000s) | 14.0 | 21.1 | 35.5 | 85.4 | 130.1 | 162.9 | 187.9 | 221.3 |
| | Fixed Internet users ¹⁴ ('000s) | 184.5 | 198.4 | 429.0 | 456.4 | 579.8 | 684.4 | 768.2 | 726.3 |
| | Total Internet penetration | 5.5 | 5.7 | 7.1 | 9.9 | 18.2 | 23.5 | 24.7 | 25.9 |
| | Fixed Internet penetration | 5.5 | 5.7 | 6.3 | 8.7 | 11.1 | 13.0 | 14.6 | 16.9 |
| | Mobile Internet penetration | - | - | 0.8 | 1.2 | 7.1 | 10.5 | 10.1 | 9.0 |
| | Fixed Internet users penetration | 14.1 | 15.2 | 32.8 | 34.9 | 44.3 | 51.9 | 58.3 | 54.8 |
| | Fixed Internet household penetration | - | - | 4.9 | 21.4 | 40.1 | 49.9 | 52.8 | 52.1 |
| | Fixed Internet users household penetration | 53.8 | 57.8 | 125.0 | 133.0 | 169.0 | 199.4 | 223.9 | 178.8 |
| | Average revenue per user (ARPU) US \$ for fixed Internet | - | 392.3 | 552.3 | 491.8 | 433.2 | 409.9 | 431.9 | 422.8 |
| | Internet subscription growth (%) | 12.9 | 17.7 | 27.4 | 38.9 | 83.8 | 18.0 | 21.7 | 10.7 |
| | Traffic | International -Outgoing (min. million) | 160.2 | 203.2 | 265.9 | 304.3 | 259.2 | 282.9 | 274.5 |
| International -Incoming (min. million) | | 337.8 | 296.5 | 323.0 | 375.4 | 399.4 | 358.5 | 256.2 | 245.7 |
| Inbound/Outbound int'l traffic ratio | | 2.1 | 1.5 | 1.2 | 1.2 | 1.5 | 1.3 | 0.93 | 0.93 |

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Subscription TV | Subscription TV subscriptions ('000s) | 131.6 | 139.8 | 151.2 | 163.0 | 179.6 | 178.9 | 187.8 | 198.7 |
| | Subscription TV penetration | 10.1 | 10.7 | 11.6 | 14.2 | 13.7 | 13.6 | 14.1 | 14.8 |
| | Subscription TV household penetration | 38.3 | 40.7 | 44.0 | 47.5 | 52.3 | 52.1 | 54.0 | 48.2 |
| | Average revenue per user (ARPU) US \$ | 337.3 | 318.9 | 344.9 | 337.0 | 404.9 | 431.2 | 468.6 | 505.5 |
| | Subscription TV subscription growth (%) | 27.3 | 6.2 | 8.1 | 12.5 | 10.2 | -0.4 | 5.0 | 5.8 |

⁹ Total Internet subscriptions is the sum of fixed Internet subscriptions and mobile postpaid Internet subscriptions

¹⁰ Fixed Internet subscriptions – total number of subscriptions with fixed wired or fixed wireless Internet access

¹¹ Mobile Internet subscriptions – postpaid mobile customers who subscribe to monthly Internet airtime and who are billed accordingly

¹² Mobile Internet Subscriptions for 2012 includes prepaid and postpaid mobile Internet users

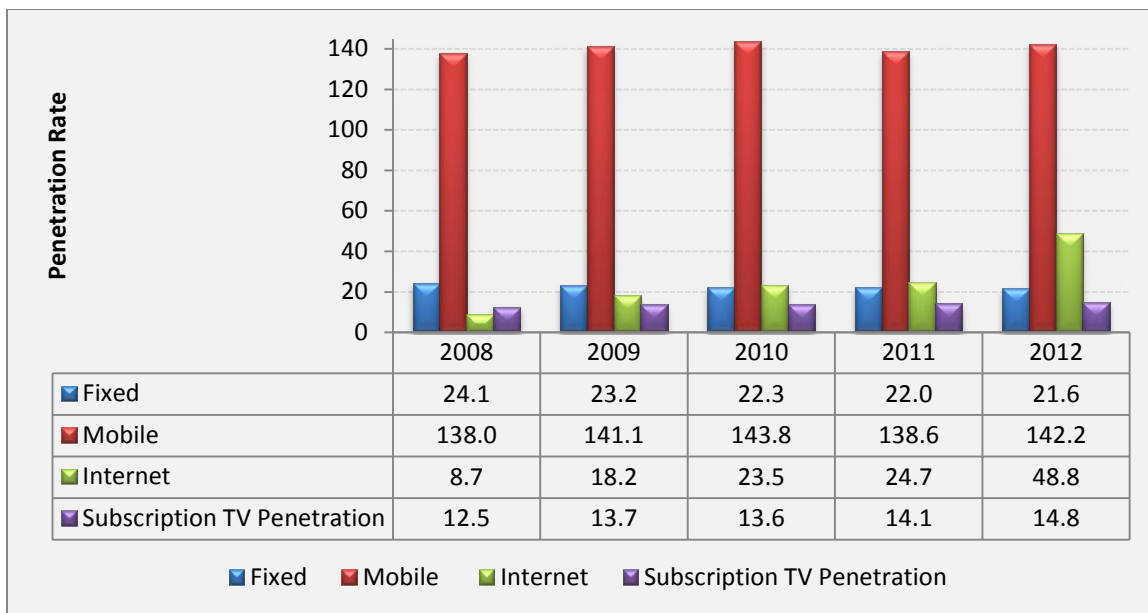
¹³ Fixed Broadband subscriptions –the number of Internet subscribers with access to download speeds of 256kbps or above

¹⁴ Fixed Internet users – the number of persons who regularly use fixed Internet services

Trends in Subscription Penetration as at December 2012

The penetration rate is defined as the number of subscriptions per 100 inhabitants. As seen in Figure 2, the penetration rates¹⁵ for the Internet, Mobile and subscription TV markets increased, while the penetration rate for fixed voice for the 2012 period continued to decline. Mobile services, with a rate of 142.2, continued to record the highest penetration rate. Internet¹⁶ was the second highest with a penetration rate of 48.8 whilst fixed telephony and Subscription television¹⁷ service followed with penetration rates of 21.6 and 14.8 respectively.

Figure 2 - Penetration Rate of Subscription 2008-2012



¹⁵ Internet penetration includes both fixed and postpaid mobile Internet penetration

¹⁶ The significant increase in the Internet penetration rate is due to the Authority’s revision of the calculation of the Mobile Internet Penetration to include actual prepaid Internet subscriptions.

¹⁷ Penetration rate is calculated as follows: (number of subscriptions to the service / population number) * 100

Broadcasting Telecommunications and Concessionaires as at September 2013

The following tables list the number of broadcasting and telecommunications concessionaires authorised and operating within the market as at September 2013.

Table 2: Broadcasting Market Concessions as at September 2013

| Types of Broadcasting Concessions | September 2010 | September 2011 | September 2012 | September 2013 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Free to Air Television | 10 | 10 | 10 | 8 |
| National | 7 | 7 | 7 | 5 |
| Major Territorial | 3 | 3 | 3 | 3 |
| Subscription (Pay) Television | 8 | 8 | 8 | 10 |
| National | 4 | 4 | 4 | 4 |
| Major Territorial | 1 | 1 | 1 | 1 |
| Niche | 2 | 2 | 2 | 4 |
| Minor Territorial | 1 | 1 | 1 | 1 |
| TV Broadcasting via Cable | 1 | 1 | 1 | 7 |
| National | 1 | 1 | 1 | 7 |
| Free to Air Radio | 37 | 38 | 38 | 39 |
| National | 30 | 30 | 30 | 31 |
| Major Territorial | 6 | 6 | 6 | 6 |
| Minor Territorial | 1 | 2 | 2 | 2 |
| Total | 56 | 57 | 57 | 64 |

Table 3: Telecommunication Market Concessions as at September 2013

| Types of Telecommunications Concession | Authorised Providers | Operational Providers |
|--|----------------------|-----------------------|
| | September 2013 | September 2013 |
| Fixed Telecommunications: | 15 | |
| Fixed Telephony | | 3 |
| Fixed Internet | | 8 |
| International Telecommunications | 10 | 6 |
| Mobile Telecommunications | 2 | 2 |

With reference to the Fixed Telephony and Fixed Internet market in Table 3 above, one concession is granted for the provision of both fixed telephony and fixed Internet services and/or networks. However during the period, of the fifteen operators authorised to provide fixed

domestic telecommunications services, only three concessionaires opted to provide Fixed Telephony services and eight concessionaires opted to provide Fixed Internet services.

STAKEHOLDER ENGAGEMENT STATISTICS

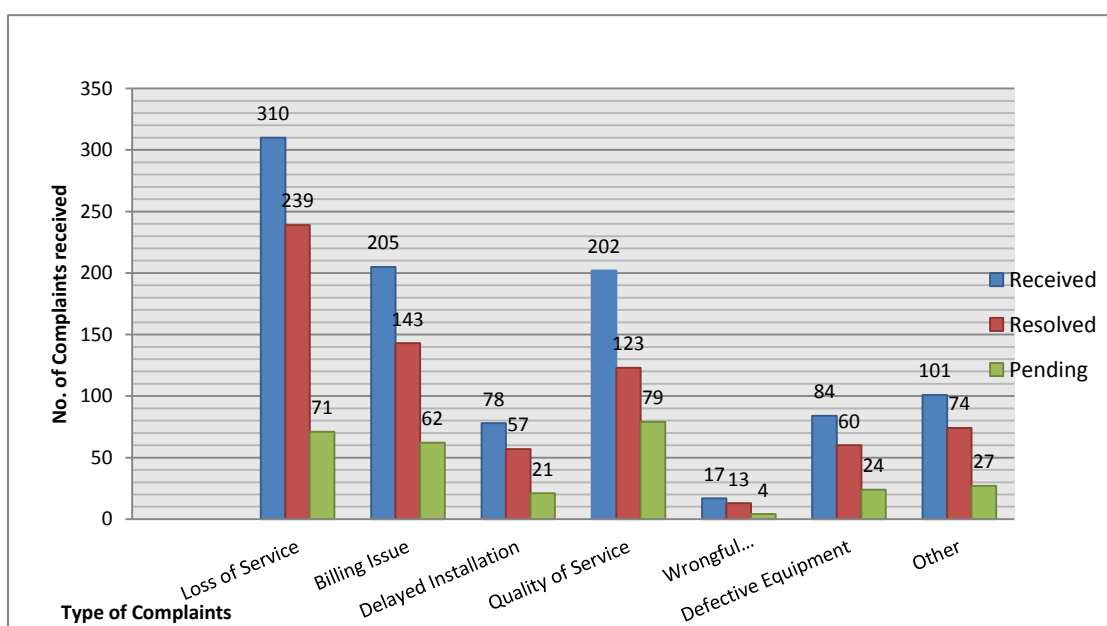
| | |
|---|--|
| 1. <i>Consumer Complaints Handling</i> | 6. <i>Concession Applications</i> |
| 2. <i>Consumer Complaints Committee</i> | 7. <i>Tower Administration</i> |
| 3. <i>Broadcast Content Complaints</i> | 8. <i>Radio-Frequency (RFR) Measurements of Cellular Sites</i> |
| 4. <i>Interference Complaints</i> | 9. <i>Numbering Assignment</i> |
| 5. <i>Licence Applications</i> | 10. <i>Freedom of Information</i> |

The following statistics highlight the performance of the Authority for the period October 1st 2012 to September 30th 2013, for each of the above categories.

1. CONSUMER COMPLAINTS HANDLING

During the period, a total of 997 consumer complaints were received. Of this, 71% or 709 complaints were resolved. The 288 pending complaints are still being investigated and are expected to be resolved within the next financial year 2013/14. Of the total number of complaints received, 26 were from Tobago. The type and status of the consumer complaints are shown below.

Figure 3 - Consumer Complaints Handling October 1, 2012 - September 30, 2013



2. CONSUMER COMPLAINTS COMMITTEE

The Consumer Complaints Committee (CCC) was established in accordance with section 18 (Q) of the Telecommunications Act, and is responsible for deciding on complaints that have not been resolved at the operational level.

The committee met on three occasions during the financial period, and the two complaints that were brought before the committee were resolved.

Also, during the period 2012/13, the committee held several meetings with service providers, where important issues were addressed such as:

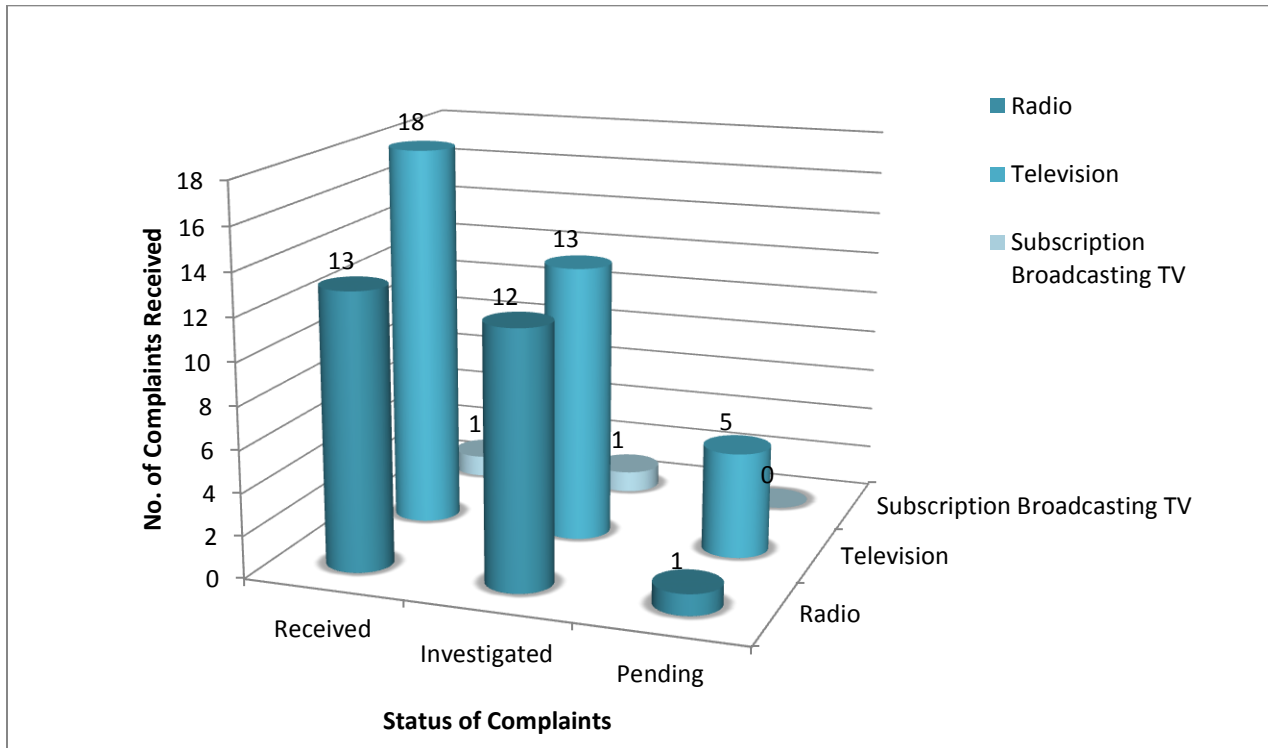
- Status of Compliance with Concession Provisions
- Status of publication of Customer Charter
- Consumer Rights Policy
- Review of June 2013 quarterly Consumer Complaints Report

3. BROADCAST CONTENT COMPLAINTS

This category covers both Radio and Television broadcast content complaints received by the Authority.

| Type of Complaint | No. of Complaints received | Complaints Investigated | Complaints Pending | Comments (pending) |
|------------------------------|----------------------------|-------------------------|--------------------|---|
| Radio | 13 | 12 | 1 | Failure to provide sufficient details |
| Television | 18 | 13 | 5 | a) Closed complaint made 4 years after broadcast occurred b) Broadcaster unable to provide recording c) Request from Security Services d) 2 – review pending |
| Subscription Broadcasting TV | 1 | 1 | - | |
| Total | 32 | 26 | 6 | |

Figure 4 - Broadcast Content Complaints – October 1, 2012 – September 30, 2013



4. INTERFERENCE COMPLAINTS

Section 18.1(L) of the Telecommunications Act 2001, authorizes the Authority to investigate and resolve all allegations of harmful interference and to issue “cease or modify” orders to those who are causing the interference. In this regard, for the fiscal year 2012/13, the Authority received two complaints on frequency interference from FM Radio broadcasters and two complaints on frequency interference within the Aeronautical bands.

These complaints were submitted by technical representatives for Radio broadcasters and Government Authorities, based on the interference experienced. In all circumstances, the Authority evaluates all interference complaints to radiocommunication systems on a case-by-case basis to determine the best solution. In doing so, the Authority considers the nature of the service, the severity of the interference, the impact on the general public and action taken by the licensee to resolve their own interference problem.

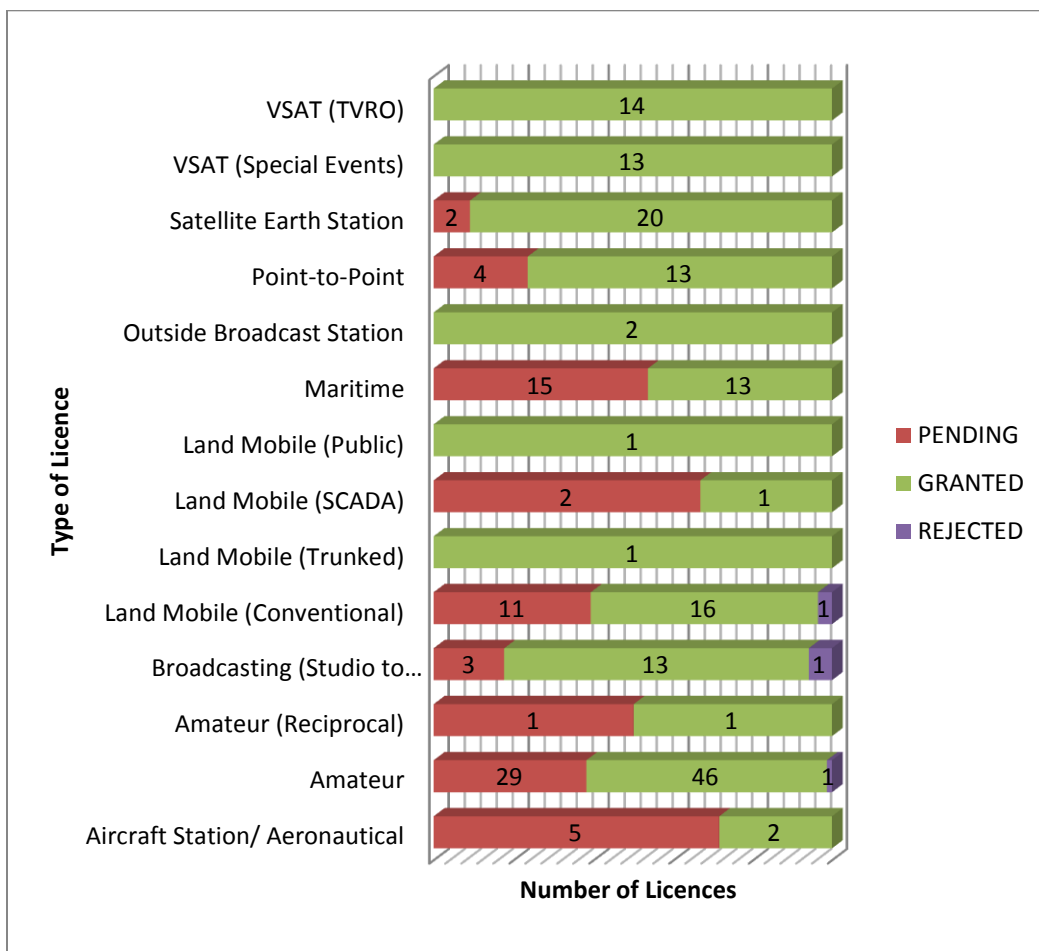
As a minimum, a preliminary review is conducted to determine whether an investigation should be commenced, the scope of the investigation and how to approach the investigation. Once this is completed, the Authority commences an investigation. Based on this exercise, all interference complaints submitted for the stated fiscal year were resolved. However, it should be noted that interference cases due to intermodulation product often required the cooperation and support of all broadcasters involved.

5. LICENCE APPLICATIONS

Figure 5 illustrates the quantity and types of Licence applications that were either granted, pending approval or rejected during the period 2012/13.

The Authority received a total of 231 licence applications during the year. Of this, 156 license applications were granted, 72 were pending approval and 3 were rejected by the Authority, at the end of the financial period.

Figure 5 - Licence Applications and the Status for October 1, 2012 - September 30, 2013



6. CONCESSION APPLICATIONS

The Authority issues Concessions and Licences to existing and potential service providers and the processes for such are detailed in the Authority's Authorization Framework.

In total, fifteen (15) concession applications were received during the 2012/13 financial period.

These are:

- Concession Applications confirmed rejected during 2012/13 - 1
- Concession Applications confirmed granted during 2012/13 - 10
- Concession Applications pending approval during 2012/13 - 4

Of the four (4) pending concessions, two (2) are Type 5- Subscription Television Broadcast Services, National, and two (2) are Type 2- Public Domestic Fixed Telecommunications Network and Services- National. Three concession applications are currently being processed at the Authority and one concession application is awaiting MST approval.

7. TOWER ADMINISTRATION

Assessing the requirements for collocation of sites is an integral part of the processing of tower non-objection applications. The criteria used for processing of applications are the distance between towers and the feasibility of collocation.

A summary of tower administration activity over the period 2012/13 is given below:

- 2 Tower Non-Objection applications received (1 Digicel, 1 TSTT)
- 1 Collocation site visit (Digicel)
- 1 Non-Objection certificates granted (TSTT)
- 1 Objections (Digicel)

8. RADIO FREQUENCY RADIATION (RFR) MEASUREMENTS OF CELLULAR SITES

A total of 165 radio-frequency (RFR) measurements of cellular sites were conducted, all of which were found to be within acceptable limits:

- Digicel 73
- TSTT 92

9. NUMBERING ASSIGNMENT

Central Office (CO) codes are assigned to operators of both fixed and mobile telephone networks by the Authority. The Central Office codes are three digits in length and usually it identifies the operator and switching office providing the service to the customer.

For the period 2012/13, the Authority issued two (2) codes and they were both to Digicel (Trinidad & Tobago) Ltd.

10. FREEDOM OF INFORMATION ACT (FOIA) –

“Ensuring that public service activities and the exercise of decision-making powers are carried out in a proper legal manner consistent with fairness and good administrative practice” www.foia.gov.tt

In the financial year October 1, 2012 to September 30, 2013, the Authority received five (5) requests and they were all fulfilled.

FINANCIAL PERFORMANCE

The Authority generates its own revenues sourced primarily by Concession and License fees levied on all services providers within the Telecommunications and Broadcasting sectors. These funds are used to finance the operations of the Authority, thereby, allowing the Authority to deliver on its mandate.

The Authority received gross revenue of \$93,788,320 during the financial period 2012/13. Of this amount, concession and license fees generated revenue of \$25,970,000 and \$65,588,975 respectively.

The Authority's operating expenditure for the year amounted to \$39,237,334. This represented an increase of approximately 26% over the previous year's expenditure of \$31,228,226. As in the past, staff costs continue to be our largest expense, with the increase in overall expenditure mainly attributable to an increase in staff complement at the Authority over the period arising from the filling of vacant positions in the Authority's revised Organisation Structure, and other employee related expenditure. A breakdown of the Authority's operating expenditure for the period is given in Table 4.

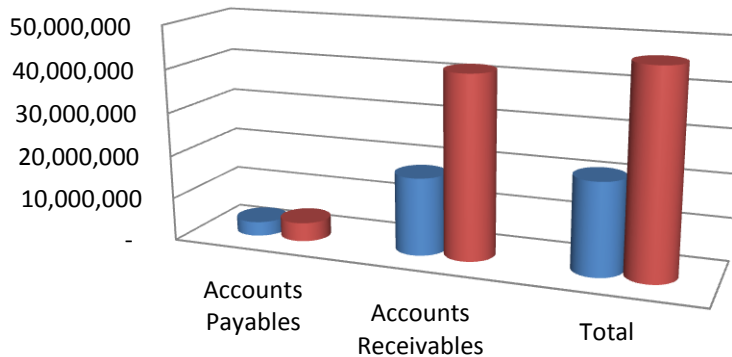
The Authority's receivables of \$17,904,768 represented a decrease of 57% over the prior year. Improvements to our invoicing schedule and collections procedures were primarily responsible for the significant decrease. Accounts payables and accruals also decreased by approximately 24% over 2011/12 to \$3,311,203 and reflects a reduction of \$1,035,028.

Currently, a balance of \$120,539,085 exists in the Universal Service Fund (USF). The Authority expects to commence its Universal Service initiative in 2013/14, starting with the provision of services to the differently-abled.

Table 4: OPERATING EXPENDITURE

| Description | 2012/13 | 2011/12 |
|---------------------------------------|-------------------|-------------------|
| Staff cost and training | 21,813,389 | 15,849,909 |
| Rent/Lease | 3,101,688 | 3,017,340 |
| Utilities & Maintenance | 1,024,451 | 1,010,106 |
| Fees | 1,800,341 | 2,280,687 |
| Other Administrative Cost | 4,788,474 | 3,093,500 |
| Communications & Marketing | 4,229,708 | 3,250,733 |
| Depreciation | 2,479,282 | 2,725,952 |
| Total Expense | 39,237,334 | 31,228,226 |

Accounts Payables and Receivables as at 30 September, 2013



| | Accounts Payables | Accounts Receivables | Total |
|-----------|-------------------|----------------------|------------|
| ■ 2012/13 | 3,311,203 | 17,904,768 | 21,215,971 |
| ■ 2011/12 | 4,346,231 | 42,007,560 | 46,353,791 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO
Statement of Financial Position as at September 30, 2013 (Unaudited)

| | Note | 2013 | 2012 |
|---------------------------------------|------|--------------------|--------------------|
| ASSETS | | | |
| | | \$ | \$ |
| Non-Current Assets | | | |
| Fixed assets | 2 | 10,233,525 | 10,067,969 |
| Current Assets | | | |
| Receivables | 3 | 17,904,768 | 42,007,560 |
| Cash and bank balance | 4 | 202,216,392 | 175,991,759 |
| Total Assets | | <u>230,354,685</u> | <u>228,067,287</u> |
| Represented by: | | | |
| RESERVES AND LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Deferred income | 5 | 7,970,456 | 11,489,264 |
| Current Liabilities | | | |
| Accounts payable and accruals | 6 | 3,311,203 | 4,346,231 |
| Amount Due To Consolidated Fund | | 98,533,941 | 91,692,347 |
| Reserves | | | |
| Reserves- Universal Service Fund | 7 | 120,539,085 | 120,539,445 |
| TOTAL RESERVES AND LIABILITIES | | <u>230,354,685</u> | <u>228,067,287</u> |

The notes on pages 28 to 36 form an integral part of these financial statements.
On 27th November 2013 these financial statements were authorised for issue by the Board of Directors.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Income and Expenditure - Recurrent
for the year ended September 30, 2013 (Unaudited)

| | Note | 2013 | 2012 |
|---|------|-------------------|--------------------|
| | | \$ | \$ |
| Income | | | |
| Concession Fees | | 25,790,000 | 25,750,000 |
| Licence Fees | | 65,588,975 | 75,307,358 |
| Bank Interest | | 64,375 | 69,400 |
| Other Income | | 1,315,611 | 1,152,444 |
| Amortization of deferred income | | 1,029,359 | 1,522,617 |
| Sub-total | | 93,788,320 | 103,801,819 |
| TOTAL INCOME | | <u>93,788,320</u> | <u>103,801,819</u> |
| Expenses | | | |
| Communications, Marketing & Policy Expenses | 8 | 4,229,708 | 3,250,733 |
| Fees-Legal & Professional | 9 | 1,800,341 | 2,280,687 |
| Training | 10 | 2,080,235 | 2,048,593 |
| Utilities | | 808,366 | 625,025 |
| Rent/Lease Expenses | 11 | 3,101,688 | 3,017,340 |
| Staff Costs | 12 | 19,733,154 | 13,801,316 |
| Repairs and Maintenance | | 216,085 | 385,081 |
| Other Administrative Costs | 13 | 4,788,474 | 3,093,500 |
| Depreciation | | 2,479,282 | 2,725,952 |
| Total Expenses | | 39,237,334 | 31,228,226 |
| Due to Consolidated Fund | 14 | <u>54,550,986</u> | <u>72,573,592</u> |

The notes on pages 28 to 36 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Changes in amount due to Consolidated Fund

for the year ended September 30, 2013 (Unaudited)

| | 2013 | 2012 |
|--|--------------------|-------------------|
| | \$ | \$ |
| Amount Due Consolidated Fund - Beginning of Year | 91,692,347 | 82,748,730 |
| Payment to Consolidated Fund | (47,709,392) | (37,249,140) |
| Surplus for Prior Year Due to Consolidated Fund | 43,982,955 | 45,499,590 |
| Appropriated Reserves - Universal Service Fund | (120,539,445) | (120,539,445) |
| Adjustment Prior Years Interest | - | 431,365 |
| Adjustment Prior Years Bank Charges | - | (985) |
| Adjustment Current Years Bank Charges | (360) | (330) |
| Less Appropriated Reserves- Universal Service Fund Balance brought Forward | <u>120,539,445</u> | <u>94,158,940</u> |
| Appropriated Reserves-Universal Service Fund Additions for year | (360) | (25,950,455) |
| Net Surplus for the Year Due to Consolidated Fund | 54,550,986 | 46,192,757 |
| Net Surplus Due to Consolidated Fund - End of Year | <u>98,533,941</u> | <u>91,692,347</u> |

The notes on pages 28 to 36 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Cash Flows

for the year ended September 30, 2013 (Unaudited)

| | 2013 | 2012 |
|---|--------------------|--------------------|
| | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Surplus for the Period due to Consolidated Fund | 54,550,986 | 46,192,757 |
| | 54,550,986 | 46,192,757 |
| Adjustment for Non - Cash Items: | | |
| Amortization of deferred income | (1,029,359) | (1,522,617) |
| Amortization of deferred income-licence fees | (2,489,449) | (2,489,449) |
| Depreciation | <u>2,479,282</u> | <u>2,725,952</u> |
| | 53,511,459 | 44,906,642 |
| Decrease in Receivables | 24,102,791 | 15,343,893 |
| Decrease in Payables (Outstanding commitments) | (1,035,028) | 1,663,562 |
| Gain from sale of Fixed Asset | - | (20,959) |
| Net cash from operating activities | 76,579,222 | 61,893,139 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of fixed assets | (2,644,838) | (2,155,701) |
| Adjustment to Fixed assets cost | - | - |
| Reserves- Universal Service Fund | (360) | 25,950,455 |
| Reserves- Universal Service Fund | - | 430,050 |
| Proceeds from sale of Fixed Asset | - | 79,634 |
| Net Cash from Investing Activities | (2,645,198) | 24,304,438 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Amount Paid to Consolidated Fund | (47,709,392) | (37,249,140) |
| Proceeds from Government grant | - | - |
| Net cash from / (used in) Financing activities | (47,709,392) | (37,249,140) |
| Net increase/(decrease) in cash and cash equivalents | 26,224,633 | 48,948,438 |
| Cash and cash equivalent at start of year | 175,991,759 | 127,043,321 |
| Cash and cash equivalent at end of year | <u>202,216,392</u> | <u>175,991,759</u> |

The notes on pages 28 to 36 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Significant Accounting Policies

for the year ended September 30, 2013 (Unaudited)

The principal accounting policies adopted in the preparation of these Financial Statements are set out below:

a. Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and the contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

Where assumptions and estimates are significant to the financial statements they are disclosed in the Notes.

b. Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year, except the amendment to IAS 1, "Presentation of Financial Statements"- terminology changes (effective January 1 2009). This amendment includes revised titles for the financial statements and changes in the format and content of the financial statements.

c. Reporting Currency

These financial statements are expressed in Trinidad and Tobago dollars.

d. Government Grants

Government grant related to fixed assets is deferred in the balance sheet and amortised over the estimated useful lives of the assets to which it relates.

Government grant related to income is included in the statement of income in the year received.

e. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and in bank.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****f. Accounts Receivable**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of Trade receivables is established based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

g. Reserves

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board has approved the establishment of Reserves for the Universal Service Fund.

h. Fixed Assets

Fixed assets are stated at cost and are depreciated on the reducing balance basis at the following rates per annum:

| | |
|--|-----|
| Fixtures and fittings | 20% |
| Computer equipment and Software | 25% |
| Office furniture and equipment | 20% |
| Motor vehicles | 25% |
| Books | 10% |
| Telecommunication Equipment and Related Software | 25% |

i. Contingent Liabilities and Assets, Commitments**Operating Lease Commitments**

The Authority leases its facilities which include executive and administrative offices.

Substantially the lease provides that the lessee shall pay maintenance, insurance and certain other operating expenses applicable to the leased property. The lease also includes renewal options.

There were no material finance leases.

j. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

k. Related Parties

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates (See Note 18).

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies**

for the year ended September 30, 2013 (Unaudited)

1. Incorporation and Principal Activities

The Telecommunications Authority of Trinidad and Tobago is an independent regulatory body, established by the Telecommunications Act No. 4 of 2001. The Authority is charged with the responsibility for the liberalisation and regulation of the Telecommunications and Broadcasting sectors. These functions were previously performed by the Telecommunications Division of the Ministry of Public Administration and Information. The Authority became operational on July 1, 2004. It was located at BEN Court, 76 Boundary Road, San Juan.

The Authority relocated on August 29 2008 to 5 Eighth Avenue Extension, Barataria. The Authority reports to the Ministry of Science and Technology.

2. Net Fixed Assets

| Cost | Fixtures and Fittings | Computer Equipment and Software | Office Furniture and Equipment | Motor Vehicles | Books | Telecommunication Equipment and Related Software | Total |
|------------------------------|-----------------------|---------------------------------|--------------------------------|----------------|----------|--|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At October 1, 2012 | 219,554 | 8,803,581 | 2,784,917 | 917,358 | - | 17,707,576 | 30,432,985 |
| Adjustment for the period | | | | | - | | |
| Disposal of Assets | | | | | | | |
| Additions for the period | | 1,096,930 | 546,131 | | - | 1,001,778 | 2,644,839 |
| At September 30, 2013 | 219,554 | 9,900,511 | 3,331,048 | 917,358 | - | 18,709,354 | 33,077,826 |
| Depreciation | | | | | | | |
| At October 1, 2012 | 127,477 | 5,360,919 | 1,513,001 | 473,010 | - | 12,890,610 | 20,365,019 |
| Adjustment for the period | | | | | | | |
| Disposal of Assets | | | | | | | |
| Charge for the period | 18,415 | 824,145 | 315,905 | 111,087 | - | 1,209,730 | 2,479,282 |
| At September 30, 2013 | 145,892 | 6,185,064 | 1,828,906 | 584,097 | - | 14,100,340 | 22,844,301 |
| Net Book Value | | | | | | | |
| At September 30, 2012 | 92,077 | 3,442,662 | 1,271,916 | 444,348 | - | 4,816,966 | 10,067,967 |
| At September 30, 2013 | 73,662 | 3,715,447 | 1,502,142 | 333,261 | - | 4,609,014 | 10,233,525 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****3. Receivables**

| | 2013 | 2012 |
|-------------------------------|-------------------|-------------------|
| Trade Receivables | 16,448,654 | 37,272,994 |
| Less Provision for Bad Debts | (1,187,568) | (1,354,669) |
| TRADE RECEIVABLES-NET | 15,261,086 | 35,918,325 |
| Staff Loan | 134,913 | 69,340 |
| Staff Loan (M. Vehicle) | 810,693 | 851,515 |
| Staff Loan (Corp Mobile) | - | 11,983 |
| VAT Receivable | 1,059,148 | 3,019,156 |
| Other Receivables/Prepayments | 331,974 | 476,838 |
| Goods In Transit | 306,954 | 1,660,402 |
| TOTAL | 17,904,768 | 42,007,560 |

Bad debt expenses have been included under Expenses-Other Administrative Costs in the income and Expenditure Statement. See Note 13.

4. Cash and Bank Balance

| | 2013 | 2012 |
|-------------------------------|--------------------|--------------------|
| Cash at Bank (TT\$ Account) | 62,771,186 | 59,315,330 |
| Cash at Bank (US\$ Account) | 18,903,121 | 22,084,439 |
| Universal Fund (TT\$ Account) | 120,539,085 | 94,588,990 |
| Cash on Hand (TT\$ Account) | 3,000 | 3,000 |
| TOTAL | 202,216,392 | 175,991,759 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****5. Deferred Income**

| | 2013 | 2012 |
|--|------------------|-------------------|
| Government Grant relating to fixed asset | 4,020,918 | 5,543,535 |
| Amortization | (1,029,359) | (1,522,617) |
| TOTAL | 2,991,559 | 4,020,918 |
| Deferred Income-Cellular Mobile Fees | 4,978,897 | 7,468,346 |
| TOTAL | 7,970,456 | 11,489,264 |

6. Accounts Payable and Accruals

| | 2013 | 2012 |
|---------------------------|------------------|------------------|
| Accounts Payable | 613,015 | 731,498 |
| Deferred Revenue | 54,465 | 81,057 |
| Outstanding Commitments | 2,428,100 | 3,318,055 |
| Other Current Liabilities | 215,622 | 215,622 |
| TOTAL | 3,311,203 | 4,346,231 |

7. Reserves – Universal Service Fund

In accordance with Section 53(d) of The Telecommunications Act 2001, Chapter 47:31, the Board has approved the amount of TT\$120,539,085 as appropriation of Reserves for the Universal Service Fund.

| | 2013 | 2012 |
|------------------------|--------------------|--------------------|
| Universal Service Fund | 120,539,085 | 120,539,445 |
| TOTAL | 120,539,085 | 120,539,445 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****8. Communications, Marketing and Policy Expenses**

| | 2013 | 2012 |
|------------------------------------|------------------|------------------|
| Promotions, Publicity and Printing | 2,407,650 | 1,342,412 |
| Official Overseas Travel | 496,474 | 346,324 |
| Remuneration to Board Members | 517,904 | 825,000 |
| Hosting Conferences/ Seminars | 807,680 | 736,997 |
| TOTAL | 4,229,708 | 3,250,733 |

9. Fees - Legal & Professional

These fees comprise mainly of legal fees incurred in compliance and enforcement, opinions from Senior Counsel and Judicial Review from the Authority's providers.

10. Training

In accordance with Section 18(n) of the Act, the Authority is committed to continuous training and certification of its personnel to ensure that industry standards are in compliance with the International Telecommunications Union (ITU) Convention.

11. Rent/Lease Expenses

| | 2013 | 2012 |
|----------------------|------------------|------------------|
| Office Accommodation | 3,069,876 | 2,981,076 |
| Vehicle & Equipment | 31,812 | 36,264 |
| TOTAL | 3,101,688 | 3,017,340 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies**

for the year ended September 30, 2013 (Unaudited)

12. Staff Costs

| | 2013 | 2012 |
|--------------------------|-------------------|-------------------|
| Salaries - Staff | 18,228,029 | 13,581,374 |
| Pension Contributions | 1,352,066 | - |
| Short Term Employment | 96,000 | 96,000 |
| Other Personnel Expenses | 57,058 | 123,942 |
| TOTAL | 19,733,154 | 13,801,316 |

Total number of employees as at 30th September 2013 was 84. The comparative figure for 2012 was 59.

13. Other Administrative Costs

| | 2013 | 2012 |
|----------------------------|------------------|------------------|
| Security | 516,202 | 518,930 |
| Janitorial Services | 253,103 | 244,822 |
| Supplies | 531,378 | 543,937 |
| Other Contracted Services | 3,274,637 | 2,447,277 |
| Bad Debt Expenses | - | (767,275) |
| Other Administrative costs | 213,153 | 105,808 |
| TOTAL | 4,788,474 | 3,093,500 |

14. Due to Consolidated Fund

The following have been charged in arriving at the amount due to the Consolidated Fund:

| | 2013 | 2012 |
|--|------------|------------|
| Staff Costs (See Note 12) | 19,733,154 | 13,801,316 |
| Directors Fees and Expenses (See Note 8) | 517,904 | 825,000 |
| Depreciation (See Note 2) | 2,479,282 | 2,725,952 |

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****15. Contingent Liabilities and Assets, Commitments****Legal Proceedings**

1. John Prince vs TATT-In September 2009, Dr John Prince, filed a second suit against the Authority on almost identical grounds as the matter initially filed i.e. for inter alia breach of contract of employment. Judgement was rendered in favour of the Authority. A decision on the award of costs is still pending.
2. TATT vs Radio Vision-Proceedings commenced by the Authority under Section 65 of the Act alleging broadcasting without a licence by Radio Vision Limited. These proceedings in the magistrate court were stayed until the hearing of an application for judicial review filed by Radio Vision Ltd in the High Court. Although oral judgement was rendered dismissing the application, the progress of the criminal proceedings is still dependent on the written judgement of the High Court, which, to date, has not been completed. Matter last called on September 11 2013. Counsel on both sides in discussions re possible change of plea. The matter was adjourned to November 13, 2013 for mention.
3. In November 2009, the Authority commenced proceedings in the magistrate's court against Life Radio, 21st Century Arts and Entertainment and Hansley Ajodha for inter alia the transfer of ownership or control of a broadcasting concession without the required approval of the Authority. 21ST Century Arts and Entertainment, Hansley Ajodha and Life Radio, the defendants in this matter have entered a guilty plea. The matter is adjourned to November 18, 2013 for summary of facts, mitigation and sentence.
4. TATT vs Desi Lee Bonterre-TATT commenced proceedings against Desi Lee Bonterre for the installation and operation of radio communication equipment without a licence. Judgement was rendered in favour of Desi Lee Bonterre. TATT has appealed. This matter is still ongoing.
5. In July 2009, the Authority initiated proceedings against five (5) persons for the operation of a public telecommunications service without a concession granted by the Minister. These matters are still ongoing.

The Authority is a party to the above suits and proceedings. However the disposition of these matters is not likely to have a materially adverse effect on its financial condition or results of operation.

16. Financial Risk Management**a. Cash flow and fair value interest rate risk**

As the Authority has no significant interest bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****for the year ended September 30, 2013 (Unaudited)****b. Operational Risk**

A significant part of the Authority's revenue is derived from the two leading providers of telecommunications services in the industry.

17. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results.

18. Related Party Transactions**a. Identity of related party**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority.

A number of transactions are entered into with related parties in the normal course of business.

b. Related party transactions and balances

Balances and transactions with related parties during the year were as follows:

Personnel Costs

| | 2013 | 2012 |
|----------------------------|-----------|-----------|
| Director Fees (See Note 8) | 517,904 | 825,000 |
| Senior Management | 4,077,493 | 2,677,642 |