

10

YEAR ANNIVERSARY



Telecommunications Authority of Trinidad and Tobago

2013-2014 ANNUAL REPORT

For the period October 1st, 2013 - September 30th, 2014



VISION

A global exemplar in telecommunications and broadcasting regulation.

MISSION

To foster an open and competitive telecommunications and broadcasting environment to facilitate the use of ICTs for social and economic well-being.

Core Values

COMMITMENT

- We are loyal to the organisation.
- We are ambassadors of the organisation.
- We are dedicated to the interests of the organisation.

INTEGRITY

- We are honest, objective and fair in all matters.
- We are accountable for our actions.
- We respect the value and confidentiality of our customers' information.

INNOVATIVENESS

- We are open to new ideas.
- We seek creative solutions to meet the challenges of our work.
- We effectively implement innovative ideas.
- We utilise a proactive approach to our changing environment.

PROFESSIONALISM

- We respect and value the contributions of all persons.
- We are committed to achieving excellence.
- We recognise the importance of team work.
- We are productive, efficient and timely in our work.
- We continually seek to acquire expert knowledge.

SERVICE EXCELLENCE

- We promote and protect the interests of our consumers.
- We recognise the different interests of our customers and are responsive to their needs.
- We effectively engage all our stakeholders.

Three Imperatives outlined in the 2013/2016 Strategic Plan

Sector Transformation

"Strengthening the Authority's leadership position in emerging areas of sector development while creating and maintaining an enabling framework that promotes competition, affirms our regulatory presence and stimulates a robust investment climate in Trinidad and Tobago."

Advocacy

"Protecting, empowering and engaging our stakeholders through increased social inclusion, enhanced service proposition and the strengthening of our strategic partnerships."

Institutional Strengthening

"Strengthening our institutional capacity through the fostering of an organisational environment that is governed by accountability, financial prudence, operational efficiency and knowledge-driven behaviour that embraces innovation and cultivates stakeholder confidence in our operations."

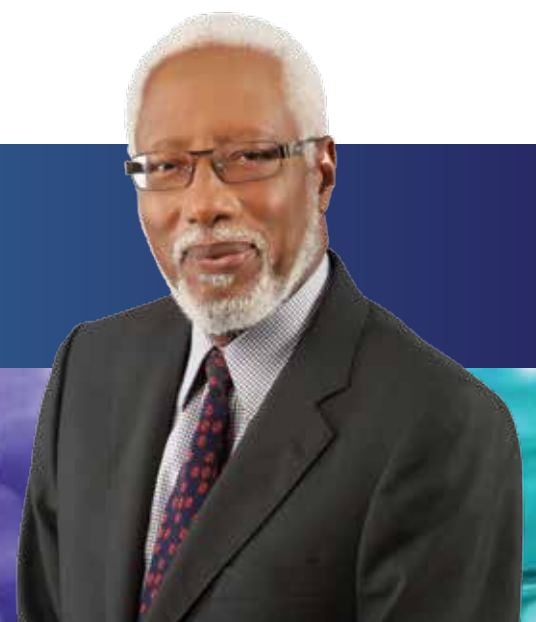


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Message from the Chairman

Mr. Selby Wilson



The phenomenal rise of Information and Communications Technology (ICT) in the last two decades has radically transformed every sphere of human endeavour and impacted the day-to-day lives of billions of people around the world, perhaps more than any other modern technological advancement. Electronic communication is a major factor in globalisation today and a core part of the basic infrastructure needed for economic development, competitiveness and diversification.

2014 marked ten (10) years since the establishment of the Telecommunications Authority of Trinidad and Tobago (the Authority) as the body responsible for the regulation of the telecommunications and broadcasting sectors since liberalisation in 2004. The Authority has much to celebrate at this significant milestone, given the central role it has played to date in ensuring that Trinidad and Tobago has kept pace with global developments, adhering to industry standards and best practice, and meeting the burgeoning and rapidly evolving demand from service providers and consumers.

The Authority has been steadfast in its quest to facilitate increased access to telecommunications and broadcasting services through enabling regulation, which has contributed to reduction in prices, increased consumer choice and acceleration of infrastructure expansion in the country. The telecommunications sector in particular has undergone fundamental and dramatic changes over the last 10 years, driven by intense competition, increased investment, and exponential growth.

The Authority operates with fairness, balance and transparency in serving the interest of all users, encouraging fair competition among service providers, and facilitating access to network infrastructure. All of this has contributed to sustaining the provision of a variety of distinctive ICT services, at competitive prices.

Over the past year, the Authority's performance has met and, in some instances, exceeded targets and expectations. The pace of growth in both the telecommunications and broadcasting sectors continued to surge. In fact, these sectors generated an estimated TT\$5.5 billion in 2013, an increase of four per cent over the previous year. This equates to approximately 3.1 per cent of Trinidad and Tobago's Gross Domestic Product (GDP).

THE NEXT PHASE OF THE JOURNEY

Our goals for the coming year are clear, and may be summarised as: raising the level of service standards; advancing the economies of the sectors; maintaining strong competition; and developing an effective regulatory framework. These goals will reinforce the Authority's leading status in the region in telecommunications and broadcasting regulation.

In accordance with its 2013/2016 Strategic Plan, the Authority intends to focus on a more transformative agenda that will help build relationships with our stakeholders. By aligning our key activities to the three strategic imperatives identified in the plan, viz. Sector

Transformation, Advocacy and Institutional Strengthening, the Authority is confident our future goals will be realised through our strategic initiatives.

Sector Transformation will further strengthen the Authority's leadership position in emerging areas of development, while creating or maintaining an enabling framework that promotes competition, affirms the Authority's regulatory presence, and stimulates a robust investment climate in Trinidad and Tobago.

Advocacy will ensure delivery of consumer protection and empowerment initiatives and encourage and enable increased social inclusion of persons with disabilities through the provision of widely accessible, affordable and user-friendly technologies and services. In fact, we are nearing completion of our Consumer Rights and Obligations Policy, which places obligations on service providers regarding service standards to be met.

Institutional Strengthening will focus on the Authority's internal capacity through the fostering of an organisational environment which is governed by accountability, financial prudence, operational efficiency, and knowledge-driven behaviour that embraces innovation and deepens stakeholder confidence in our operations. Through this imperative, it is anticipated that the promotion of employee growth and development will be sustained. I consider staff to be the biggest investment in the realisation of the Authority's objectives and it is with this in mind that the Authority is committed to enhancing its institutional capacity.

As the industry continues to expand, consumers will expect and demand more competitive services and cutting-edge products from service providers. The role of the Authority as an enabler and facilitator will therefore continue to gain prominence. The challenge to resolve competing interests for the benefit of all

stakeholders, while at the same time promoting greater choice and affordability in the market, remains. We certainly hope the industry, with our support, will be successful in the years ahead in providing universal access to basic telecommunications and broadcasting services; tackling issues of cyber security; and joining the global movement towards greener technology.

In recognition of the critical role to be played by an effective Board of Directors, the Authority's Board has been dedicated to adopting progressive corporate governance practices. This will boost accountability, transparency and stakeholder value in the discharge of our regulatory functions.

In conclusion, I would like to thank the Government of the Republic of Trinidad and Tobago (GoRTT) and stakeholders for their support for the Authority during its first 10 years of existence. I also wish to acknowledge the dedicated service of the Board and the staff, both past and present, who have overseen the growth of the Authority from its infancy to what it is today.

The Authority's achievements are by no means nominal and I wish to assure all our stakeholders that we remain committed to facilitating further growth, access and innovation in the telecommunications and broadcasting sectors. We continue to forge ahead with a consumer-oriented focus and consultative approach, that will be beneficial to the people of Trinidad and Tobago. It is my hope that all interested parties will sustain their support in the coming financial year and beyond, in the interest of putting Trinidad and Tobago more prominently on the world telecommunications and broadcasting map.



SELBY WILSON
CHAIRMAN

Chief Executive Officer's Report

Mr. Cris Seecheran



It is my pleasure to present the Authority's Annual Report, which documents the organisation's achievements during the past year. This was by all means a year of success defined by our goals to preserve healthy competition and maintain regulatory certainty within an industry that continues to flourish.

This year is especially significant as the Authority celebrates its 10th anniversary. In the last decade, there has been tremendous progress in the local ICT sector, as exemplified by the growth in the mobile telephony market where the levels of subscriptions increased from 530,000 subscribers in 2004 to 1,925,000 subscribers as at June 2014. Further to this, shortly before the introduction of an enhanced mobile Internet service, active mobile Internet broadband users stood at 29,145 as at June 2012. Two years later, the number of users increased to a record 263,504. The Authority envisages that the growth of the ICT sector will accelerate in coming years and it is for this reason that we will continue to execute projects and initiatives which complement broader government policies and encourage the introduction of advanced technologies.

The telecommunications and broadcasting sectors have witnessed significant development in the past few years, in terms of competition, service availability, consumer choice, quality of service and reduced prices. This progress is the direct result of the sector reforms and market liberalisation led by the Authority.

The Authority, therefore, continues to push to develop these sectors to help Trinidad and Tobago adapt to rapid advancements taking place in the world as a result of the ever-changing nature of technology. As the industry regulator, we strive to provide clear direction and governance to promote the sector's strategic role. Our core values underpin all our operations, encompassing commitment, integrity, professionalism, service excellence and innovation.

The Authority's 2013/2016 Strategic Plan is constructed on three strategic imperatives: Sector Transformation, Advocacy and Institutional Strengthening.

In the year under review, the Authority undertook a number of initiatives, detailed below, within each strategic imperative, to consolidate and build on the gains made in previous years.

Sector Transformation

The Authority is mindful of the fact that technological advancements in the sector globally, coupled with the implementation of international agreements, have often overtaken the national legal and regulatory framework, and the resultant gap can hinder effective regulation of the industry. It is for this reason that the Authority has continued to present concrete proposals to our parent Ministry for amendments to the Telecommunications Act, Chapter 47:31 (the Act) and its Subsidiary.



Regulations that are in line with changes in the sector. The Authority is of the view that an updated legal framework will not only ensure the effective regulation of providers within the sector, but also ensure adequate and appropriate protection of consumers.

Pursuant to the provisions of the CARIFORUM (Caribbean Community and Dominican Republic) European Community Act No. 9 of 2013 Economic Partnership Agreement (EPA), revisions to the *Authorisation Framework for the Telecommunications and Broadcasting Sectors of Trinidad and Tobago* became necessary. As such, the Authority has recommended changes to the authorisation process of telecommunications and broadcasting service providers, to include a process notification to the Authority in order to commence providing services.

While we at the Authority note with satisfaction that the competition we have strived to encourage is working in the interest of the consumer, we also recognise that much remains to be done to overcome service and access gaps in the country. Looking ahead, the Authority aims to continue its efforts to reduce the digital divide – the existing gap between those persons and communities that have access to ICTs and those that do not. Upon approval by Parliament of the Universal Service Regulations, the Authority will support initiatives that ensure people of low incomes, those living in remote areas, persons with disabilities and other vulnerable or underserved groups, benefit from high quality,

state-of-the-art telecommunications services.

As part of its strategic objectives, the Authority is keen to increase regulatory certainty within the telecommunications and broadcasting sectors. As such, during the review year, the Authority outlined its seven guiding principles in a document titled *Guiding Principles for Regulatory Decision-Making*.

The principles aim at informing stakeholders how the Authority will be guided when making decisions on regulatory matters.

The radio frequency spectrum is a scarce national resource that is essential for the provision of a wide range of activities, including national defence, public safety, air, land and sea transportation, broadcasting, and commercial telecommunications services. In this regard, the Authority has finalised regulations for the management of the radio spectrum resource, to ensure that the specific social and economic benefits that it provides are fully realised. These regulations are expected to be issued for consultation during the first quarter of 2015.

Concurrent with the establishment of a fixed monitoring site in Tobago, the Authority commenced the procurement process to design, supply, install, test and commission a new Spectrum Monitoring Station (SMS) in Trinidad and Tobago. This project will result in the replacement of the existing SMS. The new SMS will include two new mobile monitoring

vehicles and three fixed monitoring stations for the Mount Hope, Sevilla and Tobago fixed monitoring sites. This project will also include establishment of remote connectivity to the Tobago monitoring site and the upgrade of remote connectivity at the Mount Hope site.

The Authority continues in its focused commitment to make great strides toward the implementation of Digital Terrestrial Television (DTT), given the important long-term benefits to be derived by all stakeholders. The main advantages for consumers will be improved technical quality, increased channel capacity and the option of high-definition television (HDTV), plus data and interactive services. The main benefit to broadcasters and the Government lies in greater spectrum efficiency. Saved analogue spectrum can be reallocated or auctioned for new broadcasting or wireless broadband and telecommunications services.

The Authority also remains committed to continuing to set appropriate and clear direction for all stakeholders in three other vital areas, viz. coverage, quality of service and pricing in telecommunications services. In an effort to widen choice and increase competition, the Authority initiated the process of licensing a third mobile service provider. The licensing of this third provider is expected to be finalised in the next financial year.

During the year under review, the Authority also commenced the process to ensure that Number Portability becomes a reality. Number Portability will allow consumers of both fixed and mobile telecommunications services to change their service provider without having the inconvenience of changing their numbers. We are confident that this service will level the playing field for operators in the market, increase competition and enhance consumer choice.

In accordance with our consultation procedures, we presented key regulatory initiatives undertaken during the year to a process of public consultation and, in some instances, stakeholder consultation. The comments and representations were critical in the making of regulatory decisions on the issues presented for consultation. Documents consulted upon during the review period included: the Revised Fee Methodology and Regulations, Pricing Framework and Regulations, Revised Authorisation Framework for the Telecommunications and Broadcasting Sectors of Trinidad and Tobago, Consumer Rights and Obligations Policy (CROP), Standards and Guidelines for the Development of Indicative Reference Access Offers (IRAO), and Standards and Guidelines for Interconnection and Development of Indicative Reference Interconnection Offers (IRIO).



Advocacy

As part of our 10th anniversary celebrations, the Authority undertook several key stakeholder initiatives. One of them was the launch of TATT's "Consumer Advocacy Empowerment" initiative. Two workshops were held, one in Trinidad and the other in Tobago. Through these workshops, the Authority was able to gather invaluable information which contributed to the development of a draft *Telecommunications Authority of Trinidad and Tobago Advocacy Framework*. The framework guides the approach to be taken by the Authority for the development of advocacy among telecommunications and broadcasting users and civil society groups.

The Authority also launched on May 16th, the World Telecommunication and Information Society Day 2014, an initiative entitled "Broadband for Sustainable Development in Trinidad and Tobago". This initiative was aimed at encouraging the use of broadband Internet by Non-Governmental Organisations (NGOs) to support sustainable development projects. Through set criteria, five projects will be selected by the Authority to each receive funding up to TT\$40,000.

In addition, the Authority continued its outreach to all sections of the national community through its ICT Open Fora. At these fora, representatives of relevant organisations, as well as members of the public, benefitted from in-depth discussions, some of which were facilitated by foreign experts. Topics discussed included: *Safeguarding our Children in Cyberspace, Youth and Entrepreneurship, and IPV6 - Do we have a choice?*

Consumer education and protection remain key priority areas for the Authority. During the period under review, a rigorous public education campaign was launched, providing over 20,000 telecommunications and broadcasting consumers with information on the Authority's role, careers in ICT, ICT education for senior citizens, and cyber security. The Authority will also vigilantly continue to monitor tariffs and quality of service, and efficiently address consumer complaints and violations of the Act.

Institutional Strengthening

Licensing is a key process involving the Authority and its customers. In an effort to improve the efficiency of operations in this area, the Authority reviewed its licensing process, with the aim of further reducing the time taken to process applications. Consequently, there was a notable reduction in the time taken to issue licences, from ninety (90) days to shorter time

frames (60 days) dependent upon the type of licence being issued.

To build the competence and flexibility required to regulate the dynamic telecommunications and broadcasting sectors, the Authority continued to further develop its employees through exposure to and involvement in training programmes, locally and overseas. The Authority also participated in meetings of the International Telecommunication Union (ITU) as required under the Telecommunications Act, Chapter 47:31.

Final Thoughts

These achievements would not have been realised without the support of staff, GoRTT and industry stakeholders. In this regard, I wish to take this opportunity to thank the Authority's staff for their dedication in the discharge of our statutory mandate. I also wish to thank the Board of Directors for providing expert guidance towards the Authority's general policy and strategic direction.

I am also very grateful to the Ministry of Science and Technology for their support and goodwill during the past year.

As the Authority grows in size and stature, we aim to continue to implement international best practice to the benefit of the telecommunications and broadcasting sectors of Trinidad and Tobago. We look forward to an exciting time with the support of all our stakeholders, and we reaffirm our commitment to the vision we have set, aimed at ensuring progress and prosperity for our country and all its citizens.



CRIS SEECHERAN
CHIEF EXECUTIVE OFFICER

Board of Directors



From left to right: Mr. Selby Wilson (Chairman), Mr. Nazir Alladin (Deputy Chairman), Mr. Asif Ali, Dr. Satnarine Balkaransingh, Mr. Farouk Gerard Mohammed and Dr. Ronald Ramkissoon



From left to right: Ms. Hazel Brown, Dr. Kim Mallalieu, Mr. Simbhoonath Sawh, Mr. David Lamy and Mr. Terrence Henry

Governance Structure

The Telecommunications Authority of Trinidad and Tobago (the Authority) is an independent regulatory body established by the Telecommunications Act 47:31 of the Laws of Trinidad and Tobago. The Authority became operational on July 1, 2004 and is responsible for the development of Trinidad and Tobago's telecommunications and broadcasting sectors.

One of the Authority's primary responsibilities is the continuous review and development of a rigorous regulatory framework to serve as a platform for the delivery of reliable, affordable technologies by service providers from which all segments of society can benefit.

A Board of Directors appointed by the President of the Republic of Trinidad and Tobago manages the Authority and all initiatives are implemented under the guidance of the Senior Management Team headed by the Chief Executive Officer. The Board of Directors, Board Committees and the Senior Management Team for the period 2013/2014 are listed hereunder:

Board of Directors

| | |
|-----------------------------|-----------------|
| Mr. Selby Wilson | Chairman |
| Mr. Nazir Alladin | Deputy Chairman |
| Dr. Ronald Ramkissoon | Member |
| Dr. Kim Mallalieu | Member |
| Mr. Dave Lamy | Member |
| Mr. Farouk G. Mohammed | Member |
| Ms. Hazel Brown | Member |
| Mr. Simboonath Sawh | Member |
| Dr. Satnarine Balkaransingh | Member |
| Mr. Asif Ali | Member |
| Mr. Terrence Henry | Member |

Board Committees

Adherence to optimal ethical standards and international best practice in the telecommunications and broadcasting sectors are assured through keen oversight by the following sub-committees of the Board, supported by management and staff.

Governance Committee

The main role of this sub-committee is to ensure the Authority fulfils its legal, ethical, and functional responsibilities in areas such as recruitment and training of staff.

Mr. Selby Wilson (Chairman)
Ms. Hazel Brown
Dr. Kim Mallalieu
Mr. Terrence Henry

Board Tenders Committee

This committee, inter alia, considers tenders and awards contracts.

Mr. Nazir Alladin (Chairman)
Dr. Satnarine Balkaransingh
Mr. Simboonath Sawh
Mr. Farouk G. Mohammed

Audit Committee

The committee assists the Board of Directors in fulfilling its oversight responsibilities in a number of areas including management of risk, and compliance with legal and regulatory requirements.

Dr. Ronald Ramkissoon (Chairman)
Mr. Asif Ali
Mr. Dave Lamy

Board Review Committee

This committee assists in a number of areas including reviewing regulatory documents, as well as reviewing and considering technical, policy and other decisions as may be requested by the Authority's stakeholders.

Dr. Kim Mallalieu (Chairman)
Mr. Selby Wilson
Mr. Ronald Ramkissoon

Ethics Committee

The role of this committee is to consider matters relating to adherence to the Authority's Code of Conduct by members of the Board, management and staff.

Mr. Selby Wilson (Chairman)
Mr. Asif Ali

Governance Structure (continued)

Ms. Sherry Mc Millan (staff member)
Mr. Ryan James (staff member)
Ms. Anisa Duncan (staff member)

Consumer Complaints Committee

This committee collects, decides on and reports to the Board on all consumer complaints. This committee is headed by an individual external to the Authority and comprises members of the Board and staff.

Ms. Pamela Benson (Chairman)
Mr. Farouk G. Mohammed
Mr. Simboonath Sawh
Mr. Rawle Harvey (Secretary - staff member)
Ms. Sherry Mc Millan (Executiver Officer,
Communications, Consumer and Information Services)
Ms. Cheryl Johnson (Manager, Communications and
Consumer Affairs)

Senior Management Team

| | |
|---------------------------------|-------------------------------------------------------------------------------|
| Mr. Cris Seecheran | Chief Executive Officer |
| Ms. Nievia Ramsundar | Corporate Secretary |
| Mrs. Cynthia Reddock -Downes | Executive Officer, Finance and Administration |
| Mr. Karamchand Perai | Executive Officer, Technical Services and Development |
| Mr. Kwesi Prescod | Executive Officer, Policy, Planning and Market Economics |
| Ms. Sherry Mc Millan | Executive Officer, Communications, Consumer and Information Services |
| Ms. Sherry Ann Sealey | Manager, Human Resources |



Review of Key Accomplishments and Ongoing Activities

At the 102nd Board meeting in October 2013, a Strategic Plan for the period 2013/2016 was approved by the Board of Directors. The plan identified three (3) strategic imperatives as follows:

Imperative 1: Sector Transformation

To strengthen the Authority's leadership position in emerging areas of sector development while creating/maintaining an enabling framework that promotes competition, affirms our regulatory presence and stimulates a robust investment climate in Trinidad and Tobago;

Imperative 2: Advocacy

To protect, empower and engage our stakeholders through increased social inclusion, enhanced service proposition and the strengthening of our strategic partnerships;

Imperative 3: Institutional Strengthening

To strengthen our institutional capacity through the fostering of an organisational environment that is governed by accountability, financial prudence, operational efficiency and knowledge-driven behaviour that embraces innovation and cultivates stakeholder confidence in our operations.

An operational plan for the strategic planning period was developed at the start of the financial year and key deliverables for each fiscal year were proposed. Thirty (30) key deliverables were identified at the beginning of 2013/2014 and two (2) additional deliverables were added at the mid-year review. These were monitored and managed via the Authority's quarterly corporate performance management process to ensure that the objectives of the plan were realised as intended. Some of these key deliverables during the financial year under each strategic imperative are highlighted in the following sections.

Strategic Imperative 1: Sector Transformation



1. Amendments to Access to Facilities Regulations

The Authority expects to attract new investment in the development of telecommunications networks in the near future. A key barrier to the deployment of these networks was the lack of access to necessary infrastructure to support the deployment of the network facilities. Whilst the Authority has already established Access to Facilities Regulations, the experience in the market suggests that practices persist which could frustrate the effectiveness of the regime. These amendments, along with the "Facilities Sharing and LLU Procedures" discussed below, will be required to ensure a conducive and attractive environment to new entrants into the telecommunications sector.

These amended regulations will be issued for a single round of public consultation in November 2014.

2. Consumer Quality of Service Regulations

The Authority has prepared a draft Consumer Quality of Service Standards Framework (CQoS), formerly the Consumer Rights and Obligations

Review of Key Accomplishments and Ongoing Activities (continued)



Policy. Through the implementation of this framework, the Authority seeks to ensure that both technical and consumer service-oriented benchmarks are met and maintained. While a rudimentary system currently exists in the Concession, it is imperative that the framework is codified in regulations to facilitate greater flexibility with respect to compliance and enforcement.

The Authority undertook multiple rounds of public consultation of the CQoS framework and has finalised the document. This document was approved by the Authority's Board Review Committee on July 24, 2014.

The drafting of the Consumer Quality of Service Regulations was then completed and approved by the Authority's Board Review Committee on September 29, 2014, for issuance to public consultation.

In the coming year, after public consultation on the document, the Authority anticipates the finalisation of a draft of the CQoS Regulations for submission to the Ministry of Science and Technology (MST).

3. Development of Financial Procedures and Processes to Support Universal Service Fund and Accounting Separation

The Authority intends to bring into force regulations that will enable it to fully implement its statutory oversight of particular aspects of the sector. Accordingly, associated with

the regulatory instruments, the Authority has established the requisite draft internal procedures to enable these functions.

a. Universal Service Fund

The development of financial procedures for the operations of the Universal Service Fund is intended to outline the Authority's guidelines for granting subsidies to projects for which the provision of affordable basic telecommunications services, as described within the Universal Service Framework, has proven to be economically challenging. The guidelines prescribe the methodology for the collection and distribution of monies from the Fund and all other aspects related to the functioning of the Fund.

The draft procedures have been completed and are currently under internal review.

b. Accounting Separation Procedures

Accounting Separation is a prescriptive methodology which requires all concessionaires operating in two or more markets, as defined by the Authority's Draft Telecommunications (Pricing) Regulations (2009), to separate their accounts, such that the costs of operating in each market are clearly identified. With the implementation of Accounting Separation Procedures, the Authority will be able to detect and require unauthorised cross subsidies in pricing to be removed.

These procedures will instruct service providers on the required format to be implemented for the submission of their accounts to the Authority for analysis.

At year end, the initial draft of the document was completed and is currently under internal review.

4. Establishment of Policy on Procedures and Governance in Relation to Competition Powers

Pursuant to recommendations to amend the Act to provide the Authority with competition powers including mergers and acquisition of parties, of which one is a concessionaire, it was essential that the Authority clarify its procedures to enable such a function. This activity involved all research and policy development work necessary to develop the appropriate framework which, once established in regulations, will facilitate the Authority's undertaking of this responsibility in a robust fashion.

Preliminary work began in the second quarter ahead of schedule, with the first draft of the Competition Management Framework completed in late September 2014.

5. Facilities Sharing and Local Loop Unbundling (LLU) Procedures Converted to a Regulatory Instrument for Access to Facilities

This activity complemented the completion of amendments to the Access to Facilities Regulations undertaken during the fiscal period. As with the approach adopted to facilitate a framework to manage an otherwise market-led interconnection negotiation and implementation process, this activity involved all research and policy development necessary, including consultation, to establish an IRAO that would ensure all negotiations for access to facilities – either for co-location (e.g. ducts, poles, towers) or reuse (e.g. loop unbundling) – are in accordance with minimum criteria and conditions as approved by the Authority.

While there were additional challenges with respect to the complexity of the Costing Framework in the IRAO compared to the IRIO, which led to some delay, the first round of



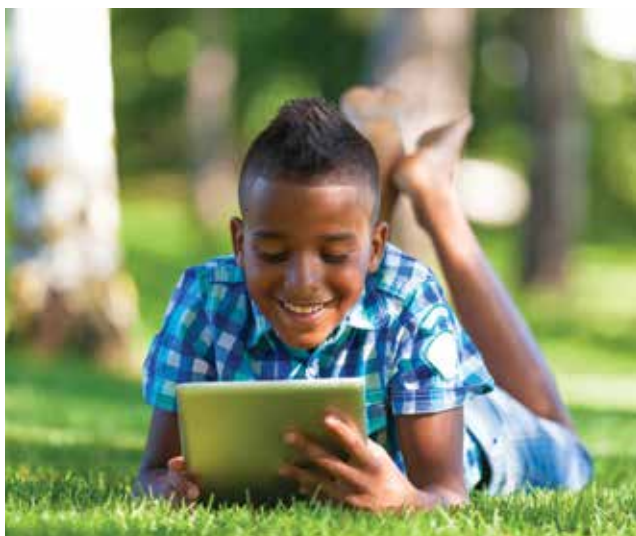
consultation was completed in July 2014. The Decisions on Recommendations matrix was completed in August 2014 and the second round of consultation initiated in early September 2014. Completion of this activity, including submission for Board approval, is now carded for December 2014.

6. Determination of Dominance Across Variety of Markets in Accordance with Bi-annual Schedule

This initiative was the Authority's first attempt at market evaluation since the fixed line dominance proceedings of 2006, by codifying a business process which could be undertaken possibly across markets on a bi-annual schedule. The larger schedule of activity involved the review of all the default retail markets defined in the Pricing Framework, first to determine whether the markets are still distinct, then to determine the level of competitiveness therein, and ultimately to determine if there is dominance in the markets under review. This activity included the undertaking of a survey to add to the information base with which the Authority may make determinations going forward.

The review defined two distinct, complementary approaches to Small but Significant Non-Transitory Increase in Price (SSNIP) test data collection – via review of operator-submitted data and via the results of customer-centric surveys. Both approaches were approved by the Authority in May 2014. Pursuant to that approval, an SSNIP Test for the fixed voice

Review of Key Accomplishments and Ongoing Activities (continued)



market was undertaken in this fiscal period, using both data methods. Challenges with survey participation delayed the completion of this activity. The results of the SSNIP test, and the tentative schedule of tests going forward, are currently being evaluated by the Authority.

7. Revised Authorisation Framework

This initiative was essential pursuant to the provisions of the CARIFORUM (Caribbean Community and Dominican Republic) European Community Act No. 9 of 2013 wherein provisions required modifications to the Telecommunications Act to revise the regime of authorisation applicable to telecommunications and broadcasting service providers, from one where persons are subject to a licensing process (where the Authority and then Cabinet exercise discretion in award) to one where persons are authorised, subject to simple notification to the Authority.

This activity entailed all research and policy development work, including the completion of the consultation process required in establishing a robust framework that ensures that no existing obligation is sacrificed or compromised in the transition to the new regime.

The Revised Authorisation Framework was first consulted upon in June/July 2014. The Decisions on Recommendations coming out of comments from the first round were completed in August 2014, and the second round of consultation began in early September 2014. Completion of this activity, including submission for Board approval, is carded for December 2014.

8. Enhancement to Core Spectrum Monitoring System Including Remote Connectivity Upgrade (Phase 1)

Concurrent with the establishment of the fixed monitoring site in Tobago, the Authority commenced the procurement process to design, supply, install, test and commission a new Spectrum Monitoring System (SMS) for Trinidad and Tobago. This project will result in the replacement of the existing SMS, which was procured in 2007, and which has reached the end of its useful life. The new SMS will include two (2) mobile monitoring vehicles and three (3) fixed monitoring stations for the Mount Hope, Sevilla and Tobago fixed monitoring sites. This project will also include the establishment of remote connectivity to the Tobago monitoring site and the upgrade of the remote connectivity at the Mount Hope site.

This project has been separated into two (2) phases, as follows:

- Phase 1: one (1) mobile monitoring vehicle and two (2) fixed monitoring stations for the Sevilla and Tobago fixed monitoring sites.

- Phase 2: one (1) mobile monitoring vehicle and one (1) fixed monitoring station for the Mount Hope fixed monitoring site.

The installation and commissioning of the fixed SMS station at the Tobago site will be held in January – February, 2015 with training scheduled for March, 2015.

9. Third Mobile Operator – Completion of RFP Process to Selection

The Authority issued invitations to tender for a third mobile operator in August 2013 via a Request for Proposals. The Authority has submitted its recommendations to the Minister based upon its evaluation of responses and is awaiting a response.

10. Procurement of Consultant for Number Portability Cost Recovery Methodology

The services of a consultant are required to assist the Authority in auditing the capital costs from the six (6) service providers in Trinidad and Tobago, and to develop a proposed cost recovery mechanism to recoup costs incurred in the establishment of number portability (NP). The consultant is required to liaise with the six (6) concessionaires and ensure that the capital costs provided by operators are consistent with and only relevant to the implementation of NP.

Thus far, a preferred bidder has been selected and approved by the Authority's Board Tenders Committee. Contractual negotiations with the preferred bidder have almost been completed, with the outstanding item being the kick-off and actual start of the project.

11. Digital Terrestrial Television (DTT) Signal Distributor

The Authority has published the Framework for DTT in Trinidad and Tobago, and has engaged stakeholders through a Technical Working Group (TWG), who reviewed the technical standards associated with DTT, and will be making a recommendation to the Ministry for a DTT standard for adoption in Trinidad and Tobago. Subsequent to the approval of the DTT standard, the Authority will initiate an authorisation process for the licensing of DTT service providers in Trinidad and Tobago. This



will involve the selection of signal distributors based on the approved spectrum plan and licensing process.

Further work is required in the final selection of a DTT standard agreed upon by all stakeholders. The RFP and Framework for DTT are awaiting inclusion of the DTT standard and authorisation process.

12. Review Fee Methodology and Input to Revised Fee Regulations

The Authority's Fee Regulations were passed in Parliament in September 2006. There has been consultation over the past two years on the existing regulations to identify recommendations to amend the methodology behind the fee regulation.

Pursuant to these consultations, revisions of the Fee Methodology and Regulations are required at this time to include more recent market values for spectrum; changes in spectrum pricing approaches; and a review of the regime for charging with respect to administrative costs.

Review of Key Accomplishments and Ongoing Activities (continued)

Amendments arising from the EPA have been made to the Fee Regulations. The EPA amendments to the Fee Methodology have also been completed. The Fee Regulations and Fee Methodology were consulted upon with an extended consultation completion date of October 10, 2014. At the completion of this process, submissions will be made to the GoRTT.

13. Review and Amend Telecommunications Act for EPA Compliance

Amendments to the Act were finalised in the last fiscal year. However, with the passage of the CARIFORUM (Caribbean Community and Dominican Republic) European Community Act No. 9 of 2013, in August 2013, immediate compliance was required. As such, the Authority was required to review and amend the legislation upon the request of the MST.

A consultant was engaged for this project and the Authority received a submission on proposed changes. Engagement of a drafting consultant was undertaken with work being done in collaboration with MST.

A draft Bill has also been prepared and review is ongoing by the Legislative Review Committee.

14. Guiding Principles for Regulatory Decision-Making

As part of its strategic objectives, the Authority was keen on increasing regulatory certainty within the telecommunications sector. This objective will be fulfilled via the adoption of Guiding Principles, which are aimed at informing stakeholders of the principles by which the Authority will be guided when making decisions on regulatory issues.

The Authority has completed and published the main document and one supporting principle. Further work is being undertaken in finalising six (6) subsidiary documents.

Strategic Imperative 2: Advocacy

15. Quarterly Hosting of ICT Open Forum on Various Topics



Part of the Authority's public education effort is the hosting of four annual ICT Open Fora at which contemporary ICT-related issues are discussed. During the anniversary year, one of the fora focused on IPV6. The theme was "IPV6-Do we have a choice?"

During the forum the audience was told IPv4, has exhausted all its 4 billion Internet addresses and has been replaced by IPv6 which can supply 340 trillion Internet addresses. It is evident that the switch to IPv6 in Trinidad and Tobago must commence. Chairman of the Board, Mr. Selby Wilson, comments at the forum.

All four (4) fora were held during the financial year. Over the last three (3) years, the Authority has used the ICT Open Forum as both a medium for public education and one to garner information from expert presenters as well as members of the public. This information has served to inform policies related to public broadcasting service, consumer rights and obligations and associated regulations, as well as switching from analogue to digital television broadcasting.

This year's fora focused on: Safeguarding our Children in Cyberspace, Youth and Entrepreneurship, and IPV6 – Do we have a choice?



TATT launched its Advocacy Initiative at two workshops in 2014. The initiative aims at providing a strong corporate consumer voice particularly for disadvantaged members of rural communities and the differently-abled. A member of the public makes a comment at the forum held in Trinidad.

16. Develop and Implement a Framework that Encourages the Development of Telecommunications and Broadcasting User Groups

The Telecommunications Authority Advocacy Framework guides the approach to be taken by the Authority for the development of advocacy among telecommunications and broadcasting users and civil society groups.

To develop the framework, two (2) workshops were held, one (1) each in Trinidad and in Tobago, with civil society groups, to launch the advocacy initiative and to establish terms of engagement for meetings with members of the various groups and routinely supplying them with information.

Information was also gathered from them on how the groups operate, to guide the development of the framework. The framework aims to broaden stakeholder awareness on significant broadcasting and telecommunications issues, thereby developing informed consumers who are their own advocates for improved services and product offerings from providers.

An initial stakeholder database of over 500 potential groups and individuals was developed, to whom routine information, articles, (*TATT Bytes*) etc. was dispatched during the reporting period.

Strategic Imperative 3: Institutional Strengthening

17. Optimisation of Licensing Process

The licensing process is a key transaction between the Authority and its direct customers. The process is administered across multiple divisions within the Authority. It is essential that this process is reviewed continually for optimisation opportunities. Within this year, the Authority undertook such a review to ensure timely processing of applications, invoicing, renewals and suspensions.

A review of the process was conducted. As a result, there was a reduction in time for licence processing from ninety (90) days to shorter time frames, dependent upon the type of licence. Monthly licence reports issuance has started, along with a daily update of a licence tracker system.

18. Develop Initial Position Paper of Legal, Procedural and Organisational Implications – Separation of Investigative and Enforcement Functions

The concern has been stated by stakeholders in the consultations for the Strategic Plan and proposed amendments to the Act, as to the legality or transparency of the non-demarcation of the investigative and enforcement functions of the Authority. An examination must be conducted as to the viability of the concern and, if valid, amendments to internal operations must be proposed and implemented to address the issue.

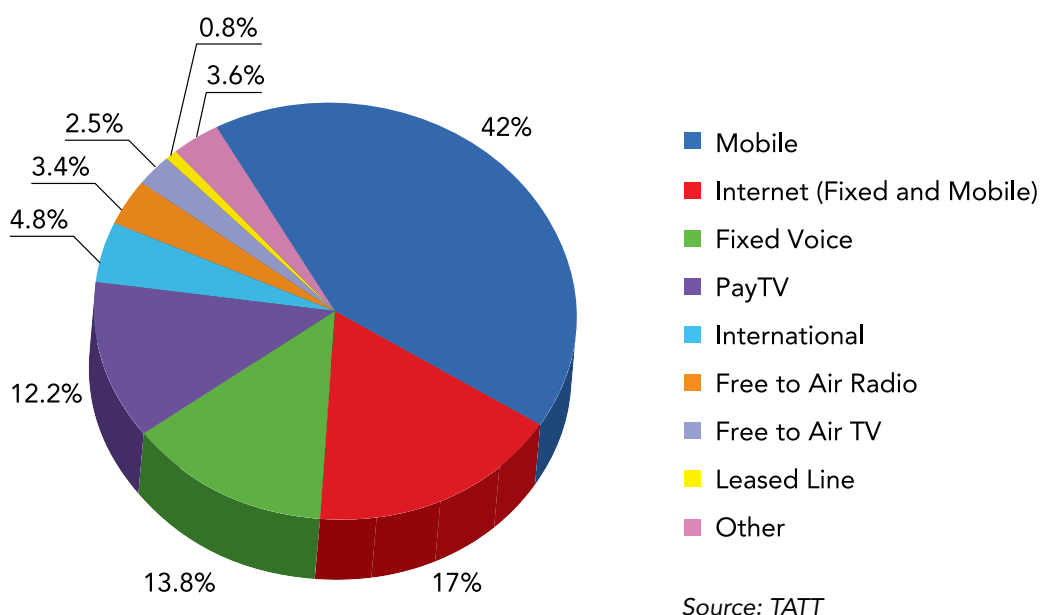
For the period, the Authority has conducted a review of international benchmarks and case law. A draft position paper has been prepared, and is in its final stages. This project is carded for completion in the 2014/2015 financial year.

Overview of the Telecommunications and Broadcasting Sectors

Trends in Market Revenues for January to December 2013

The Telecommunications and Broadcasting sectors generated an estimated TT\$5.5 billion¹ (US\$0.9 billion²) in 2013, which as a percentage of GDP³ equates to 3.1 per cent. This represented a 4.0 per cent increase in total revenues generated by this industry compared to last year. Of total telecommunications and broadcasting revenues, mobile voice services accounted for the majority of revenues with TT\$2.3 billion (42.0 per cent). This was followed by Internet services which contributed TT\$0.9 billion or 17.0 per cent. The next highest revenue earners for the industry were Fixed⁴ Voice services and PayTV services, whose contributions totalled TT\$0.8 billion and TT\$0.7 billion respectively (13.8 per cent and 12.2 per cent). International voice services was next in line, generating, TT\$0.3 billion (4.8 per cent) in revenues. Free-to-Air radio and television services contributed TT\$0.2 billion and TT\$0.1 billion respectively (3.4 per cent and 2.5 per cent). Finally, other contributors included “other revenues”⁵ and “leased line services” with earnings of TT\$0.2 billion and TT\$0.04 billion respectively, with 3.6 and 0.8 per cent. To summarise the above information, Figure 1 below illustrates the revenues earned within the industry.

Figure 1 - Percentage of Gross Revenues contributed by Markets - 2013



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

² Exchange rate US\$1 = TT\$6.39

³ Gross Domestic Product (GDP) at current market prices for 2013 is TT\$178,273 million (Source: International Monetary Fund).

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

⁵ 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 PayTV.

Domestic Telecommunications and Broadcasting Statistics

The information presented in this section represents the telecommunications and broadcasting sectors' annual market data, which include data on subscriptions, average revenue per user and traffic of the relevant markets. This data was extracted from the Authority's Annual Market Report for the period January to December 2013 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 2006 to 2013 are shown in Table 1 below:

Table 1: Domestic Telecommunications and Broadcasting Statistics
for the period December 2006 to December 2013

| | | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|---------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| General | Population (millions) | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| | GDP per capita (US\$) ⁶ | 14,576 | 16,683 | 21,408 | 15,067 | 15,924 | 17,042 | 19,018 | 27,855 |
| | Telecom revenue (US\$ million) | 497.9 | 521.3 | 775.3 | 685.2 | 713.1 | 737.0 | 834.0 | 864.4 |
| | Total telephone subscriptions ('000s) | 1,844.3 | 1,817.1 | 2,120.9 | 2,150.0 | 2815.1 | 2117.7 | 2170.0 | 2,235.0 |
| | Total telephone penetration | 140.8 | 138.7 | 163.1 | 165.3 | 167.2 | 160.7 | 164.7 | 168.3 |
| | Average Revenue Per User ⁷ (ARPU) US\$ | 270.0 | 286.9 | 365.6 | 318.7 | 253.3 | 348.0 | 384.3 | 386.7 |
| Fixed Voice | Fixed Voice subscriptions ('000s) | 325.5 | 307.3 | 314.8 | 303.2 | 293.3 | 292.0 | 286.1 | 291.3 |
| | Fixed Voice penetration | 24.9 | 23.5 | 24.1 | 23.2 | 22.3 | 22.0 | 21.6 | 21.9 |
| | Fixed Voice household penetration | 77.4 | 71.5 | 73.3 | 70.1 | 67.5 | 67.1 | 55.3 | 56.2 |
| | Average Revenue Per User (ARPU) US\$ | 277.9 | 422.4 | 486.5 | 403.5 | 411.5 | 417.3 | 430.5 | 413.1 |
| | Fixed Voice subscription growth (%) | 1.0 | -5.6 | 2.4 | -3.7 | -3.3 | -0.6 | -1.9 | 1.6 |
| Mobile | Mobile subscriptions ('000s) | 1,518.8 | 1,509.8 | 1,806.1 | 1,846.3 | 1,894.2 | 1,826.2 | 1,880.0 | 1,944.0 |
| | Mobile penetration | 115.9 | 115.3 | 138.2 | 141.1 | 143.8 | 138.6 | 142.2 | 146.4 |
| | Average Revenue Per User (ARPU) US\$ | 159.1 | 206.6 | 196.6 | 169.7 | 163.9 | 173.5 | 187.8 | 189.0 |
| | Mobile subscription growth (%) | 64.4 | -0.6 | 19.6 | 2.2 | 2.6 | -3.6 | 3.1 | 3.2 |

⁶ GDP per capita is recorded at current market prices.

⁷ ARPU is calculated as the total revenues generated from the service divided by the total number of subscriptions to the service.

Overview of the Telecommunications and Broadcasting Sectors (continued)

Table 1: Domestic Telecommunications and Broadcasting Statistics (continued)
for the period December 2006 to December 2013

| | | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------|---------------------------------------------------------|-------|-------|-------|-------|-------|-------|---------------------|-------|
| Internet | Total Internet subscriptions ⁸ ('000s) | 73.3 | 93.3 | 129.7 | 238.3 | 309.9 | 325.2 | 646.7 | 682.3 |
| | Fixed Internet subscriptions ⁹ ('000s) | 73.3 | 82.6 | 114.1 | 145.0 | 171.1 | 192.0 | 224.1 | 231.7 |
| | Mobile Internet subscriptions ¹⁰ ('000s) | – | 10.7 | 15.6 | 93.3 | 138.8 | 133.2 | 422.5 ¹¹ | 450.6 |
| | Fixed Broadband subscriptions ¹² ('000s) | 21.1 | 35.5 | 85.4 | 130.1 | 162.9 | 187.9 | 221.3 | 229.6 |
| | Fixed Internet users ¹³ ('000s) | 198.4 | 429.0 | 456.4 | 579.8 | 684.4 | 768.2 | 726.3 | 751.0 |
| | Total Internet penetration | 5.7 | 7.1 | 9.9 | 18.2 | 23.5 | 24.7 | 48.8 | 51.4 |
| | Fixed Internet penetration | 5.7 | 6.3 | 8.7 | 11.1 | 13.0 | 14.6 | 16.9 | 17.4 |
| | Mobile Internet penetration | – | 0.8 | 1.2 | 7.1 | 10.5 | 10.1 | 31.9 | 33.9 |
| | Fixed Internet users penetration | 15.2 | 32.8 | 34.9 | 44.3 | 51.9 | 58.3 | 54.8 | 57.0 |
| | Fixed Internet household penetration | – | 4.9 | 21.4 | 40.1 | 49.9 | 52.8 | 52.1 | 54.0 |
| | Average Revenue Per User (ARPU) US\$ for fixed Internet | 392.3 | 552.3 | 491.8 | 433.2 | 409.9 | 431.9 | 422.8 | 442.5 |
| Traffic | International – Outgoing (min. million) | 203.2 | 265.9 | 304.3 | 259.2 | 282.9 | 274.5 | 263.5 | 277.9 |
| | International – Incoming (min. million) | 296.5 | 323.0 | 375.4 | 399.4 | 358.5 | 256.2 | 245.7 | 234.8 |
| | Inbound/Outbound int'l traffic ratio | 1.5 | 1.2 | 1.2 | 1.5 | 1.3 | 0.93 | 0.93 | 0.84 |
| Subscription TV | Subscription TV ('000s) | 139.8 | 151.2 | 163.0 | 179.6 | 178.9 | 187.8 | 198.7 | 209.3 |
| | Subscription TV penetration | 10.7 | 11.6 | 14.2 | 13.7 | 13.6 | 14.1 | 14.8 | 15.4 |
| | Subscription TV household penetration | 40.7 | 44.0 | 47.5 | 52.3 | 52.1 | 54.0 | 48.2 | 50.9 |
| | Average Revenue Per User (ARPU) US\$ | 318.9 | 344.9 | 337.0 | 404.9 | 431.2 | 468.6 | 505.5 | 520.8 |
| | Subscription TV subscription growth (%) | 6.2 | 8.1 | 12.5 | 10.2 | -0.4 | 5.0 | 5.8 | 5.3 |

⁸ For the period 2006 to 2011, total Internet subscriptions comprised fixed Internet subscriptions and mobile postpaid Internet subscriptions. For the period 2012 to 2013, total Internet subscriptions comprised fixed Internet subscriptions and active mobile Internet users (prepaid and postpaid).

⁹ Fixed Internet subscriptions – total number of subscriptions with fixed wired or fixed wireless Internet access.

¹⁰ Mobile Internet subscriptions – postpaid mobile customers who subscribe to monthly Internet airtime and who are billed accordingly.

¹¹ Mobile Internet subscriptions for 2012 and 2013 include active prepaid and postpaid mobile Internet users.

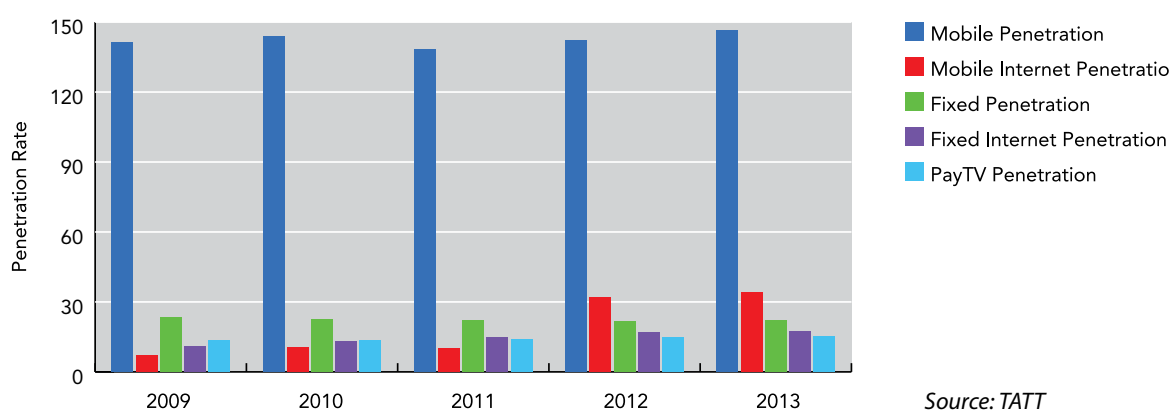
¹² Fixed Broadband subscriptions – the number of Internet subscribers with access to download speeds of 256kbps or above.

¹³ Fixed Internet users – the number of persons who regularly use fixed Internet services.

Trends in Subscription Penetration as at December 2013

The penetration rate is defined as the number of subscriptions per 100 inhabitants. As seen in Figure 2, the penetration rates for all subscription-based markets increased for the 2013 period. Mobile voice penetration sustained its dominant position with a penetration rate of 146 per cent while the level of mobile Internet penetration in the country maintained its second place, increasing from 31.9 per cent in 2012 to 33.9 per cent in 2013.

Figure 2 - Penetration Rate of Subscription 2009 - 2013



Broadcasting Telecommunications and Concessionaires as at September 2014

The following tables list the number of broadcasting and telecommunications concessionaires authorised and operating within the market as at September 2014.

| Types of Broadcasting Concessions | September 2011 | September 2012 | September 2013 | September 2014 |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Free to Air Television | 10 | 10 | 8 | 8 |
| National | 7 | 7 | 5 | 6 |
| Major Territorial | 3 | 3 | 3 | 2 |
| Subscription (Pay) Television | 8 | 8 | 10 | 13 |
| National | 4 | 4 | 4 | 7 |
| Major Territorial | 1 | 1 | 1 | 1 |
| Niche | 2 | 2 | 4 | 4 |
| Minor Territorial | 1 | 1 | 1 | 1 |
| TV Broadcasting via Cable | 1 | 1 | 7 | 7 |
| National | 1 | 1 | 7 | 6 |
| Major Territorial | 0 | 0 | 0 | 1 |
| Free to Air Radio | 38 | 38 | 39 | 39 |
| National | 30 | 30 | 31 | 31 |
| Major Territorial | 6 | 6 | 6 | 6 |
| Minor Territorial | 2 | 2 | 2 | 2 |
| Total | 57 | 57 | 64 | 67 |

Overview of the Telecommunications and Broadcasting Sectors (continued)

Table 3: Telecommunications Market Concessions as at September 2014

| Types of Telecommunications Concessions | Authorised Providers | Operational Providers |
|-----------------------------------------|----------------------|-----------------------|
| | September 2014 | September 2014 |
| Fixed Telecommunications | 17 | |
| Fixed Telephony | | 2 |
| 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 fixed telephony and fixed Internet services and/or networks. However, during the period, of the seventeen (17) operators authorised to provide fixed domestic telecommunications services, only two (2) concessionaires opted to provide fixed telephony services and eight (8) concessionaires opted to provide fixed Internet services.



Stakeholder Engagement Statistics

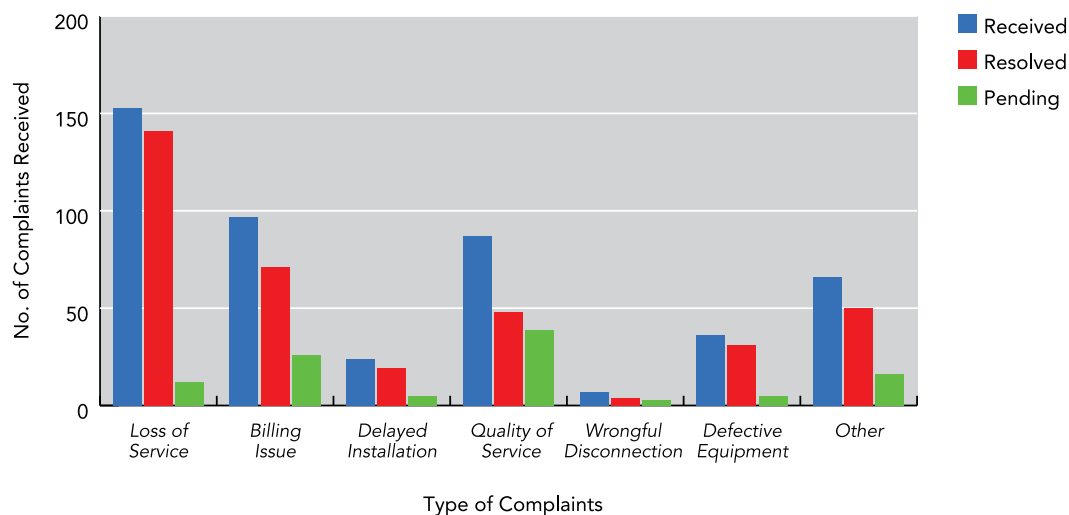
| | |
|-----------------------------------------|----------------------------------------------------------------|
| 1. <i>Consumer Complaints Handling</i> | 6. <i>Concession Applications</i> |
| 2. <i>Consumer Complaints Committee</i> | 7. <i>Tower Administration</i> |
| 3. <i>Broadcast Content Complaints</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 1, 2013 to September 30, 2014, for each of the above categories.

1. CONSUMER COMPLAINTS HANDLING

During the period, a total of four hundred and seventy (470) consumer complaints were received. Of this, 77 per cent or three hundred and sixty-four (364) complaints were resolved. The one hundred and six (106) pending complaints are still being investigated and are expected to be resolved within the next financial year 2014/15. Of the total number of complaints received, fourteen (14) complaints were from Tobago. The majority of complaints related to loss of service. The type and status of the consumer complaints are shown in Figure 3 below.

Figure 3 - Consumer Complaints Handling October 1, 2013 – September 30, 2014



2. CONSUMER COMPLAINTS COMMITTEE

The Consumer Complaints Committee (CCC) was established in accordance with Section 18(q) of the 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. During these meetings, discussions focussed on the well-being of consumers of telecommunications and broadcasting services. The CCC provided input to the general direction of consumer-related public education advertisements and also intervened where consumers were faced with particular challenges.

One (1) complaint was brought before the committee during the review period which was subsequently resolved.

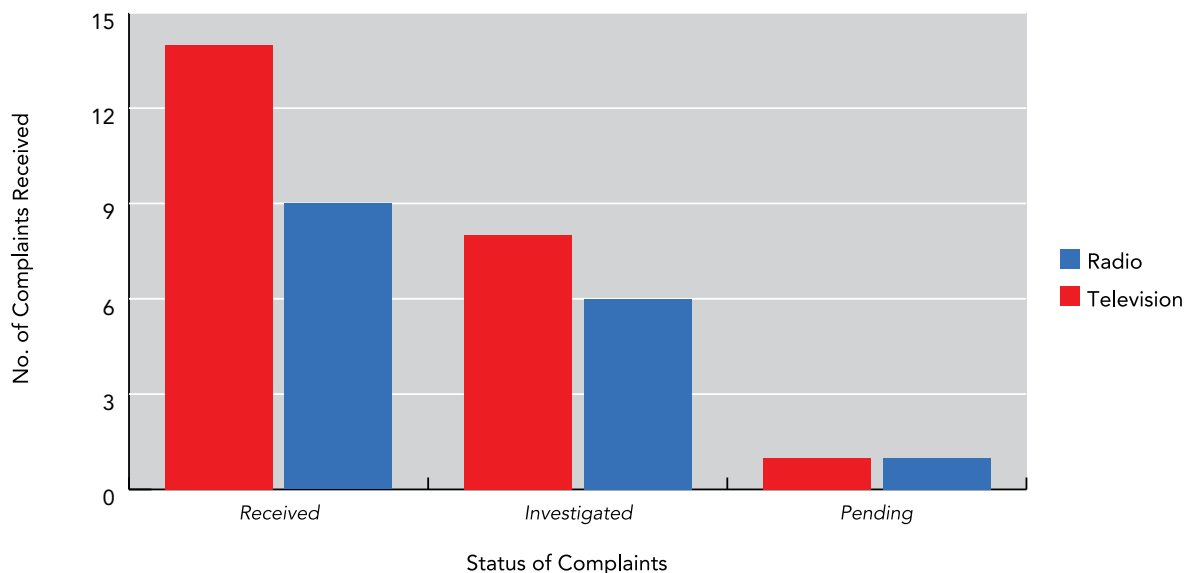
Stakeholder Engagement Statistics (continued)

3. BROADCAST CONTENT COMPLAINTS

This category covers both free-to-air radio and television broadcast content complaints received by the Authority.

| Type of Complaint | No. of Complaints Received | Complaints Investigated | Complaints Pending | Comments |
|-------------------|----------------------------|-------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Radio | 14 | 8 | 1 | The pending complaint is currently being addressed by the Authority. Five complaints could not be investigated by the Authority for varying reasons. |
| Television | 9 | 6 | 1 | The pending complaint is currently being addressed by the Authority. Two complaints could not be investigated by the Authority as the complaints were not under the purview of TATT. |
| Total | 23 | 14 | 2 | |

Figure 4 – Broadcast Content Complaints – October 1, 2013 – September 30, 2014



4. INTERFERENCE COMPLAINTS

Section 18.1 (l) of the Act authorises 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 2013/14, the Authority received three (3) complaints in relation to harmful interference caused to land mobile radio communications systems and two (2) complaints in relation to harmful interference to point-to-point radio communications systems.

These complaints were submitted by the licensee or individual experiencing the harmful interference to their radio communications system, where applicable. In all circumstances, the Authority evaluates all interference complaints to radio communications systems in accordance with the Authority’s interference complaints process. In this regard, the Authority first verifies the existence of the harmful interference, followed by consideration of the nature of the service, the severity of the interference, the impact on the authorised user(s) and any action taken by the licensee to resolve their own interference problem.

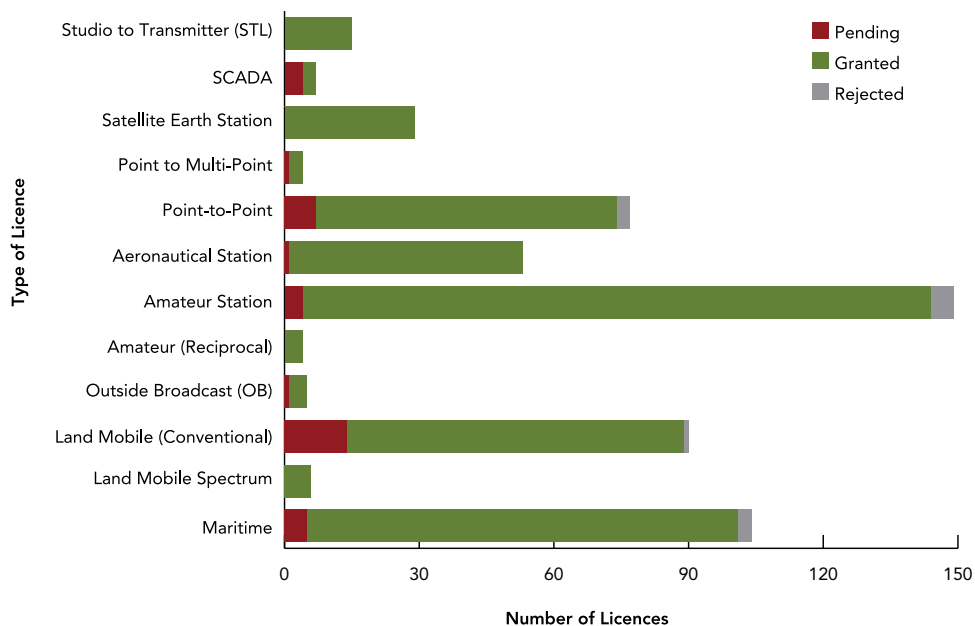
The three (3) land mobile harmful interference cases were successfully resolved within the fiscal period based on the monitoring exercises conducted and the identification of the source of the harmful interference. Of these cases, one (1) warranted compliance and enforcement action whereby a “cease and desist” notice was served to an interferer. The two (2) point-to-point harmful interference complaints are pending due to the complexity of these matters.

5. LICENCE APPLICATIONS

During the financial period under review, four hundred and ninety-four (494) licence applications were granted and twelve (12) rejected by the Authority. At the end of the financial period, thirty-seven (37) licence applications were pending approval.

Figure 5 illustrates the quantity and types of licence applications that were either granted, pending approval or rejected during the period 2013/14.

Figure 5 - Status of Licence Applications as at September 30, 2014



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 Authorisation Framework.

Details of the status of concession applications as at the end of the financial period are as follows:

- Concession applications confirmed rejected during 2013/14 - 0
- Concession applications confirmed granted during 2013/14 - 7
- Concession applications pending approval during 2013/14 - 2

| Status | Fixed Telecommunications | Subscription TV | Details |
|---------|--------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Granted | 4 | 3 | <p>Fixed Telecommunications: Two (2) are Type 2 – National Two (2) are Type 2 – Niche</p> <p>Subscription TV: Two (2) are Type 2 – National One (1) is Type 1 – Niche</p> |
| Pending | 1 | 1 | <p>Fixed Telecommunications: One (1) is Type 2 – National</p> <p>Subscription TV: One (1) is Type 5 – National</p> <p>Both pending concession applications are currently awaiting MST approval.</p> |

7. TOWER ADMINISTRATION

Tower administration typically involves a process by which the Authority approves the location of new towers or recommends co-location on existing towers between service providers, usually to provide mobile telecommunications services. This process involves the application for non-objection by service providers, resulting in the assessing of the requirements for co-location of sites as 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 co-location.

A summary of tower administration activity over the period 2013/14 is given below:

- Ten (10) Tower Non-Objection applications were received. Both Digicel (Trinidad & Tobago) Ltd. and Telecommunications Services of Trinidad & Tobago Ltd. (TSTT) submitted two (2) applications each and all were approved. Columbus Communications (Trinidad) Ltd. (CCTL) submitted six (6) applications which were not approved by the Authority.
- One (1) co-location site visit was performed – Digicel (Trinidad & Tobago) Ltd.

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

A total of one hundred and fifty (150) Radio-Frequency (RFR) measurements of cellular sites were conducted, all of which were found to be within acceptable limits:

- Digicel (Trinidad & Tobago) Ltd. – ninety (90) sites
- TSTT – sixty (60) sites

9. NUMBERING ASSIGNMENT

Central Office (CO) codes are assigned by the Authority to operators of both fixed and mobile telephone networks. The Central Office codes are three (3) digits in length and usually it identifies the operator and switching office providing the service to the customer.

For the period 2013/14, the Authority issued eight (8) codes 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, 2013 to September 30, 2014, the Authority received six (6) requests which were all fulfilled.



Technical officer taking field measurements.

10th Anniversary Celebrations



The year 2014 was significant for the Authority as the organisation celebrated 10 years of regulating the country's telecommunications and broadcasting sectors. To mark the occasion the Authority hosted a number of events. Some of these events were specially organised to mark the occasion and others were routine, taking on a special celebratory flavour.

The following provides a visual snapshot of these events and activities.



Dr the Honourable Rupert Griffith, Minister of Science and Technology, flanked by Mr. Selby Wilson, Chairman of the Board (left) and Mr. Nazir Alladin, Deputy Chairman, Member of the Board (right) chat before the start of a 10th Anniversary Interfaith Service.



Members of the Authority's Board of Directors, Management Team and The UWI's Project Team at the launch of a TATT/The UWI Cyber Safety Awareness Programme on July 23rd, 2014. The project, aimed at improving Internet safety for children in Trinidad and Tobago, was developed by the Campus Information Technology Services (CITS) Department of The UWI and is being funded by the Authority.



Devaki Supersad, Communications Officer, conducts a quick quiz with primary school pupils at an exhibition. The Authority in 2014 continued to participate in and host exhibitions throughout Trinidad and Tobago to educate the public of the organisation's role and work, as well as matters related to the local and global telecommunications and broadcasting industries.



One of the special events held to commemorate the 10th Anniversary was a high-impact, two-day workshop titled ICTs for Skills Development and Entrepreneurship among Young People in Trinidad and Tobago. This event was held in collaboration with the Commonwealth Telecommunications Organisation (CTO) from August 19th to 20th, 2014. In this photograph, some of the young attendees work on their business canvas model.



A Girls in ICT Day seminar was hosted on the sister isle on April 25th, 2014. Girls in ICT Day is an annual ITU supported initiative, to encourage girls and young women to consider careers in the growing field of ICTs. These girls completed application forms for ICT-related programmes at COSTAATT's booth. Several tertiary level institutions and NIHERST were invited to provide information booths at the event, which was held in Tobago, for female secondary school students.



Corporate Information

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23-27 Eastern Main Road
San Juan

Auditors:
Deloitte and Touche
54 Ariapita Avenue
Woodbrook



Financial Statements


Statement of management's responsibilities

It is the responsibility of management to prepare financial statements for each financial year which present fairly, in all material respects, the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for the year. It also requires management to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Authority and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.



Selby Wilson
Chairman

December 17, 2014



Cris Seecheran
Chief Executive Officer

December 17, 2014

**Independent auditor's report
to the shareholders of
Telecommunications Authority of Trinidad and Tobago**

Report on the financial statements

We have audited the accompanying financial statements of the Telecommunications Authority of Trinidad and Tobago (the "Authority"), which comprise the statement of financial position as at September 30, 2014 and the statement of profit or loss and other comprehensive income and statement of changes in amount due to consolidated fund and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Port of Spain
Trinidad, West Indies

December 17, 2014



Statement of financial position

(Expressed in Trinidad and Tobago Dollars)

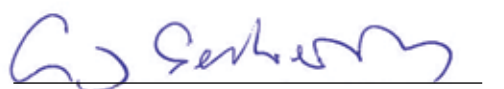
| | Notes | As at September 30, | |
|---------------------------------------|-------|---------------------------|---------------------------|
| | | 2014 | 2013 |
| | | \$ | \$ |
| ASSETS | | | |
| Non-current assets | | | |
| Plant and Equipment | 6 | 16,240,442 | 10,233,526 |
| Current assets | | | |
| Receivables | 7 | 28,675,311 | 17,904,768 |
| Cash and cash equivalents | 8 | <u>160,155,920</u> | <u>202,216,392</u> |
| Total current assets | | <u>188,831,231</u> | <u>220,121,160</u> |
| Total assets | | <u>205,071,673</u> | <u>230,354,686</u> |
| LIABILITIES & RESERVES | | | |
| Reserves | | | |
| Reserves: Universal Fund | 9 | 120,538,725 | 120,539,085 |
| Non-current liabilities | | | |
| Deferred income | 10 | 4,746,471 | 7,970,456 |
| Current liabilities | | | |
| Accounts payable and accruals | 11 | 6,038,735 | 3,311,203 |
| Amount due to Consolidated Fund | | <u>73,747,742</u> | <u>98,533,942</u> |
| Total current liabilities | | <u>79,786,477</u> | <u>101,845,145</u> |
| Total liabilities and reserves | | <u>205,071,673</u> | <u>230,354,686</u> |

On December 17, 2014 these financial statements were authorised for issue by the Board of Directors:



Selby Wilson
Chairman

December 17, 2014



Cris Seecheran
Chief Executive Officer

December 17, 2014

The notes on pages 40 to 55 form an integral part of these financial statements

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago Dollars)

| | Notes | Year ended September 30, | |
|-------------------------------------------------|-------|--------------------------|-------------------|
| | | 2014 | 2013 |
| | | \$ | \$ |
| Income | | | |
| Fees | | 26,717,565 | 25,790,000 |
| Licences | | 72,065,152 | 65,588,975 |
| Bank interest | | 38,667 | 64,375 |
| Other income | | 805,487 | 1,315,611 |
| Amortisation of deferred income | | 734,537 | 1,029,359 |
| Total income | | 100,361,408 | 93,788,320 |
| Expenses | | | |
| Communications, marketing and policy expenses | 12 | 5,259,696 | 4,229,708 |
| Fees | 13 | 2,919,327 | 1,800,341 |
| Training | 14 | 2,825,325 | 2,080,235 |
| Utilities | | 873,196 | 808,366 |
| Rent and lease expenses | 15 | 3,291,239 | 3,101,688 |
| Staff costs | 16 | 22,662,079 | 19,733,154 |
| Repairs and maintenance | | 480,697 | 216,086 |
| Other administrative costs | 17 | 3,535,413 | 4,788,474 |
| Depreciation | | 2,671,462 | 2,479,282 |
| Total expenses | | 44,518,434 | 39,237,334 |
| Surplus for the year | | 55,842,974 | 54,550,986 |
| Other comprehensive income, net of taxes | | — | — |
| Total comprehensive income for the year | | 55,842,974 | 54,550,986 |

The notes on pages 40 to 55 form an integral part of these financial statements

Statement of changes in amount due to consolidated fund

(Expressed in Trinidad and Tobago Dollars)

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Amount due to Consolidated Fund | 98,533,941 | 91,692,347 |
| Payment to Consolidated Fund | <u>(80,629,173)</u> | <u>(47,709,392)</u> |
| Balance | 17,904,768 | 43,982,955 |
| Net surplus for the year | <u>55,842,974</u> | <u>54,550,986</u> |
| Net amount for the period due to Consolidated Fund | <u>55,842,974</u> | <u>54,550,986</u> |
| Net amount due to Consolidated Fund for the year | <u>73,747,742</u> | <u>98,533,941</u> |

The notes on pages 40 to 55 form an integral part of these financial statements

Statement of cash flows

(Expressed in Trinidad and Tobago Dollars)

| | Year ended September 30, | |
|--------------------------------------------------------------|---------------------------------|---------------------------|
| | 2014 | 2013 |
| | <u>\$</u> | <u>\$</u> |
| Cash flow from operating activities | | |
| Net surplus for the year | 55,842,975 | 54,550,987 |
| Adjustment for non-cash items: | | |
| Amortisation of deferred income | (734,537) | (1,029,360) |
| Amortisation of deferred income – licence fees | (2,489,449) | (2,489,449) |
| Depreciation | 2,671,462 | 2,479,282 |
| Loss on disposal of assets | 149,838 | – |
| Adjustment to consolidated fund | (360) | (360) |
| | <u>55,439,929</u> | <u>53,511,100</u> |
| Changes in: | | |
| (Increase)/decrease in receivables | (10,770,543) | 24,102,792 |
| Increase/(decrease) in accounts payable and accruals | 2,727,532 | (1,035,028) |
| Net cash generated from operating activities | <u>47,396,918</u> | <u>76,578,864</u> |
| Cash flow from investing activities | | |
| Acquisition of plant and equipment | (2,416,445) | (2,644,839) |
| Acquisition of work in progress-plant and equipment | (6,411,772) | – |
| Net cash used in investing activities | <u>(8,828,217)</u> | <u>(2,644,839)</u> |
| Cash flow from financing activities | | |
| Amount paid to consolidated fund | (80,629,173) | (47,709,392) |
| Net cash used in financing activities | <u>(80,629,173)</u> | <u>(47,709,392)</u> |
| Net (decrease)/ increase in cash and cash equivalents | (42,060,472) | 26,224,633 |
| Cash and cash equivalents at start of year | <u>202,216,392</u> | <u>175,991,759</u> |
| Cash and cash equivalents at end of year | <u>160,155,920</u> | <u>202,216,392</u> |

The notes on pages 40 to 55 form an integral part of these financial statements

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

1. Incorporation and principal activities

The Telecommunications Authority of Trinidad and Tobago (the "Authority") 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.

The Authority is located at 5 Eighth Avenue Extension off Twelfth Street, Barataria, Trinidad.

The Authority reports to the Ministry of Science and Technology.

2. a) Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations adopted with no effect on financial statements

The Authority has adopted the following new standards and interpretations which had no effect on the financial statements and which were effective for annual periods beginning on or after January 1, 2013.

- IFRS 10, Consolidated Financial Statements;
- IFRS 11, Joint Arrangements ;
- IAS 27, Consolidated and Separate Financial Statements. Re-issued as IAS 27 *Separate Financial Statements* (as amended in 2011);
- IAS 28, Investments in Associates. Re-issued as IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011);
- IAS 32, Financial Instruments: Presentation. Amendments to Offsetting financial assets and financial liabilities;
- IAS 19R, Employee Benefits. Amended standard resulting from the post-employment benefits and termination benefits project;
- IFRS 12, Disclosure in Interests in Other Entities;
- IFRS 13, Fair Value Measurement;
- IFRS 7 Financial Instruments – Disclosure.

Standards and Interpretations adopted which impacted the financial statements

The Authority has adopted the following new standards and interpretations which had an effect on the financial statements and which were effective for annual periods beginning on or after January 1, 2013:

- **Amendments to IAS 1, Presentation of Financial Statements. Clarification of the requirements for comparative information**

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements. However, the entity should present related note information for those additional statements.

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

2. a) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and Interpretations adopted which impacted the financial statements (continued)

- **Amendments to IAS 1, Presentation of Items of Other Comprehensive Income**

The Authority has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss.

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into the following two categories:

- items that will not be reclassified subsequently to profit or loss (e.g. revaluation surplus on property, plant and equipment under IAS 16 *Property, Plant and Equipment*, and revaluation surplus on intangible assets under IAS 38 *Intangible Assets*); and
- items that may be reclassified subsequently to profit or loss when specific conditions are met (e.g. fair value changes on available-for-sale investments under IAS 39, and fair value changes on hedging instruments in cash flow hedges).

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments require retrospective application.

Standards and Interpretations in issue not yet adopted

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ended December 31, 2013:

- IFRS 9 Financial Instruments;
 - Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
 - Amendments to IFRS 10, 12 and IAS 27 Investment Entities; and
 - Amendments to IAS 36 Impairment of assets: Disclosure.
- **IFRS 9 Financial Instruments (as revised in 2010) (effective for annual periods beginning on or after January 1, 2015)**

IFRS 9 is a new Standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety.

The replacement project consists of the following three phases:

- Phase 1: Classification and measurement of financial assets and financial liabilities;
- Phase 2: Impairment methodology; and
- Phase 3: Hedge accounting.

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

2. a) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and Interpretations in issue not yet adopted (continued)

Phase 1: Classification and measurement of financial assets and financial liabilities

IFRS 9 contains new requirements for the classification and measurement of financial assets. Under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 Financial Instruments: *Recognition and Measurement* will be subsequently measured at either amortised cost or fair value. A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is generally measured at amortised cost. All other debt instruments must be measured at Fair Value Through Profit or Loss (FVTPL). A fair value option is available (provided that certain specified conditions are met) as an alternative to amortised cost measurement.

All equity investments within the scope of IAS 39 are to be measured in the statement of financial position at fair value, with the gains and losses recognised in profit or loss, except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at Fair Value Through Other Comprehensive Income (FVTOCI), with only dividend income generally recognised in profit or loss.

Recently, the IASB has re-opened the classification and measurement requirements of financial assets and published an exposure draft in November 2012 proposing limited improvements to IFRS 9. The exposure draft proposes a new category for debt instruments, which is 'fair value through other comprehensive income' when certain criteria are met. At the time of writing of this publication, the IASB had not yet issued the final amendments.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability, which changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

In March 2013, the IASB issued a revised exposure draft that proposes a more forward-looking impairment model that reflects expected credit losses, as compared to the incurred loss model under IAS 39.

The revised exposure draft was open for comments until July 5, 2013.

Phase 3: Hedge accounting

The IASB has issued a review draft of the new hedge accounting guidance (that deals with general hedge accounting only). The final standard (that will form part of IFRS 9) is expected to be issued in the third quarter of 2013.

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

2. a) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and Interpretations in issue not yet adopted (continued)

Preparers of financial statements should be aware of the status of the financial instrument projects in considering any potential early application of IFRS 9.

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (Effective for accounting periods beginning on or after January 1, 2014)**

The amendments to IAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. Retrospective application is required.

- **Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (Effective for accounting periods beginning on or after January 1, 2014)**

The amendments to IFRS 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with professional investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

In general, the amendments require retrospective application, with specific transitional provisions.

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

2. a) Adoption of new and revised International Financial Reporting Standards (continued)

Standards and Interpretations in issue not yet adopted (continued)

- **IAS 36 Impairment of assets: Disclosure. Amendments enhancing recoverable amounts and disclosures for non-financial assets (annual periods beginning on or after January 1, 2014)**

The amendments that clarify the scope of the disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

Management is currently assessing the potential impact of the adoption of these new standards and interpretations.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

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 these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's policies.

a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Authority are measured using the currency of the primary economic environment in which the Authority operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars, which is the Authority's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

3. Summary of significant accounting policies (continued)

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

- i) Fees charged by the Authority are recognised as income when services are provided.
- ii) Income from licences is recognised on a straight-line basis over the licence period.
- iii) Interest income is recognised as it accrues, unless collectability is in doubt.
- iv) Income is also recognised from receipt of Government grants. See note 3(d) for Government grants.

c) Plant and equipment

All plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items of plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Plant and equipment are depreciated on the reducing balance basis at rates estimated to write off the cost of fixed assets over their useful lives. Current rates of depreciation are as follows:

| | |
|--------------------------------------------------|-----|
| Fixtures and fittings | 20% |
| Computer equipment and software | 25% |
| Office furniture and equipment | 20% |
| Motor vehicles | 25% |
| Telecommunication equipment and related software | 25% |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss.

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

3. Summary of significant accounting policies (continued)

d) Government grants

Government grants related to fixed assets are deferred in the statement of financial position and amortised over the estimated useful lives of the assets to which it relates.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks.

f) Accounts receivable

Trade receivables are carried at original invoice amount less an allowance made for impairment of these receivables. The allowance 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) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

h) Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

i) Reserves

Universal Fund

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board approves the appropriation of reserves to the Universal Fund. The Board also approves the appropriation of reserves for the future development of the Authority.

Consolidated Fund

In accordance with the Telecommunications Act (2001) Section 53 (7), "At the end of each financial year, any surplus of funds remaining in the account opened in accordance with subsection (5), after defraying the expenditure referred to in subsection (2), shall be paid into the Consolidated Fund."

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

3. Summary of significant accounting policies (continued)

j) Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets.

The Authority assesses at each statement of financial position date whether there is objective evidence of impairment of its financial assets.

k) Impairment of financial assets

The carrying amounts of the Authority's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time, value of money, and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

3. Summary of significant accounting policies (continued)

l) Taxation

As stated in section 54 of the Telecommunications Act, the Authority is exempt from income tax.

m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss over the period of the lease.

n) Comparatives

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

4. Critical accounting estimates and judgements

In the application of the Authority's accounting policies, which are described in note 3, management of the Authority are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Key sources of uncertainty, which require the use of estimates, include:

Useful lives and residual values of plant and equipment

The estimates of useful lives as translated into depreciation rates are detailed in the plant and equipment policy above. These rates and the residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the industry.

Contingent liabilities

Management applies its judgement to the facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. Such judgement is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

5. Financial risk management

a) Market risk

The Authority's activities do not expose it to any significant market risks (including currency risk, fair value interest rate and price risk).

i) 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. The Authority does not own any investments.

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. All financial instruments are denominated in Trinidad and Tobago dollars, thus, the Authority is not exposed to currency risk.

b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers for outstanding receivables. The Authority does not have significant credit risk exposure to any single third party counterparty or any group of counterparties having similar characteristics. The Authority defines counterparties as having similar characteristics if they are related entities.

Credit risk also arises from cash and deposits with banks and financial institutions. For banks and financial institutions, only those with good standing and with a sound reputation are used.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Authority aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Authority's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 1 year equal their carrying balances, as the impact of discounting is not significant.

| | Less than 1 year |
|--------------------------------|-------------------------|
| | \$ |
| At September 30, 2014 | |
| Accounts payables and accruals | <u><u>6,038,735</u></u> |
| At September 30, 2013 | |
| Accounts payables and accruals | <u><u>3,311,203</u></u> |

Notes to Financial Statements

For the year ended September 30, 2014

(Expressed in Trinidad and Tobago Dollars)

6. Plant and Equipment

| 2014 | Telecommunications equipment and related software | Computer equipment and software | Office furniture and equipment | Motor vehicles | Fixtures and fittings | Construction in progress | Total |
|-----------------------|---------------------------------------------------|---------------------------------|--------------------------------|----------------|-----------------------|--------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| At October 1, 2013 | 18,709,353 | 9,900,509 | 3,331,048 | 917,358 | 219,555 | - | 33,077,823 |
| Additions | 1,495,799 | 692,407 | 214,039 | - | 14,200 | 6,411,772 | 8,828,217 |
| Disposals | (26,967) | (1,233,041) | (196,230) | - | (6,250) | - | (1,462,488) |
| At September 30, 2014 | 20,178,185 | 9,359,875 | 3,348,857 | 917,358 | 227,505 | 6,411,772 | 40,443,552 |
| Depreciation | | | | | | | |
| At October 1, 2013 | 14,100,339 | 6,185,063 | 1,828,904 | 584,097 | 145,892 | - | 22,844,297 |
| Disposals | (24,397) | (1,117,260) | (165,704) | - | (5,284) | - | (1,312,645) |
| Charge | 1,210,103 | 1,035,034 | 326,584 | 83,315 | 16,426 | - | 2,671,462 |
| At September 30, 2014 | 15,286,046 | 6,102,838 | 1,989,784 | 667,412 | 157,034 | - | 24,203,114 |
| Carrying Value | | | | | | | |
| At September 30, 2013 | 4,609,014 | 3,715,446 | 1,502,144 | 333,261 | 73,662 | - | 10,233,526 |
| At September 30, 2014 | 4,892,143 | 3,257,037 | 1,359,073 | 249,946 | 70,471 | 6,411,771 | 16,240,442 |
| 2013 | | | | | | | |
| Cost | | | | | | | |
| At October 1, 2012 | 17,707,575 | 8,803,579 | 2,784,917 | 917,358 | 219,555 | - | 30,432,984 |
| Additions | 1,001,778 | 1,096,930 | 546,131 | - | - | - | 2,644,839 |
| At September 30, 2013 | 18,709,353 | 9,900,509 | 3,331,048 | 917,358 | 219,555 | - | 33,077,823 |
| Depreciation | | | | | | | |
| At October 1, 2012 | (12,890,609) | (5,360,918) | (1,512,999) | (473,012) | (127,477) | - | (20,365,015) |
| Charge | (1,209,730) | (824,145) | (315,905) | (111,087) | (18,415) | - | (2,497,282) |
| At September 30, 2013 | (14,100,339) | (6,185,063) | (1,828,904) | (584,099) | (145,892) | - | (22,844,297) |
| Carrying value | | | | | | | |
| At September 30, 2012 | 4,816,966 | 3,442,661 | 1,271,918 | 444,346 | 92,078 | - | 10,067,969 |
| At September 30, 2013 | 4,609,014 | 3,715,446 | 1,502,144 | 333,259 | 73,663 | - | 10,233,526 |

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

7. Trade and other receivables

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Trade receivables | 25,876,771 | 16,448,654 |
| Less allowance for impairment | (896,872) | (1,187,568) |
| Trade receivables-net | <u>24,979,899</u> | <u>15,261,086</u> |
| Staff loan | 155,138 | 134,913 |
| Staff loan (vehicle) | 1,159,869 | 810,693 |
| Staff loan (corporate cell phones) | 1,270 | - |
| VAT receivable | 1,783,943 | 1,059,148 |
| Other receivables/prepayments | 466,775 | 331,974 |
| Goods in transit | 128,417 | 306,954 |
| | <u>28,675,311</u> | <u>17,904,768</u> |

8. Cash and cash equivalents

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Cash at bank (TT\$ account) | 26,222,374 | 62,771,186 |
| Cash at bank (US\$ account) | 13,391,821 | 18,903,121 |
| Universal fund (TT\$ account) | 120,538,725 | 120,539,085 |
| Cash on hand (TT\$ account) | 3,000 | 3,000 |
| | <u>160,155,920</u> | <u>202,216,392</u> |

9. Appropriation of reserves: Universal Fund

Due to Universal Fund

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Balance at October 1 | 120,539,085 | 120,539,445 |
| Bank charges | (360) | (360) |
| Balance at September 30 | <u>120,538,725</u> | <u>120,539,085</u> |

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

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------|-------------|
| | \$ | \$ |
| Staff costs (Note 16) | 22,662,079 | 19,733,154 |
| Directors fees and expenses (Note 19) | 803,000 | 517,904 |
| Depreciation (Note 6) | 2,671,462 | 2,479,282 |

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

10. Deferred income

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Government grant relating to fixed assets | 2,991,559 | 4,020,918 |
| Amortisation | <u>(734,537)</u> | <u>(1,029,359)</u> |
| | 2,257,023 | 2,991,559 |
| Deferred income-cellular mobile fees | <u>2,489,448</u> | <u>4,978,897</u> |
| | <u>4,746,471</u> | <u>7,970,456</u> |

11. Accounts payable and accruals

| | <u>2014</u> | <u>2013</u> |
|---------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Deferred revenue | 152,209 | 54,465 |
| Outstanding commitments | 5,598,320 | 2,428,100 |
| Other current liabilities | <u>288,207</u> | <u>828,638</u> |
| | <u>6,038,735</u> | <u>3,311,203</u> |

12. Communications, marketing and policy expenses

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Promotions, publicity and printing | 1,953,885 | 2,407,650 |
| Official overseas travel | 579,007 | 496,474 |
| Directors fees and expenses | 803,000 | 517,904 |
| Hosting conferences/ seminars | <u>1,923,804</u> | <u>807,680</u> |
| | <u>5,259,696</u> | <u>4,229,708</u> |

13. Fees

These fees comprise mainly of legal fees incurred in compliance and enforcement, opinions from senior counsel and judicial review from the Authority's providers.

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Legal and professional fees | 1,953,214 | 519,531 |
| Subscription and other charges | <u>966,113</u> | <u>1,280,810</u> |
| | <u>2,919,327</u> | <u>1,800,341</u> |

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

14. Training

In accordance with Section 18 (n) of the Act, the Authority is committed to continuous training of its personnel to ensure that the industry standards are in compliance with:

- i) International standards of the Telecommunications Union Convention;
- ii) Testing and certifying of telecommunications equipment;
- iii) Other relevant training necessary to achieve the objectives of the Act as outlined in Section 3 of the Act.

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Training, registration fees | 689,312 | 581,277 |
| Foreign travel, per diems, airfare | 2,136,013 | 1,498,957 |
| | <u>2,825,325</u> | <u>2,080,235</u> |

15. Rent/lease expenses

Operating Lease arrangements

Leasing arrangements

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

Lease commitments:

| | <u>2014</u> | <u>2013</u> |
|----------------------|-------------------------|-------------------------|
| | \$ | \$ |
| No later than 1 year | 3,291,239 | 3,101,688 |
| Later than 1 year | - | - |
| | <u>3,291,239</u> | <u>3,101,688</u> |

16. Staff costs

| | <u>2014</u> | <u>2013</u> |
|-------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Salaries | 20,998,822 | 18,228,029 |
| Pension contributions | 1,480,656 | 1,352,067 |
| Short-term employment | 24,000 | 96,000 |
| Other personnel expense | 158,601 | 57,058 |
| | <u>22,662,079</u> | <u>19,733,154</u> |

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

17. Other administrative costs

| | <u>2014</u> | <u>2013</u> |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Security | 510,632 | 516,202 |
| Janitorial services | 278,369 | 253,103 |
| Supplies | 733,187 | 531,378 |
| Other contracted services | 1,839,621 | 3,274,637 |
| Bad debt expenses / (recoveries) | (290,696) | – |
| Other administrative costs | 464,300 | 213,153 |
| | <u>3,535,413</u> | <u>4,788,474</u> |

18. Contingent liabilities and assets, commitments

Legal proceedings

The Authority is both plaintiff and defendant to several legal 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.

19. Related party transactions

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

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

These transactions were carried out on commercial terms and conditions at market rates, except loans to officers.

Related party transactions and balances

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

| | <u>2014</u> | <u>2013</u> |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Key management compensation | <u>803,000</u> | <u>517,904</u> |

Notes to Financial Statements

For the year ended September 30, 2014
(Expressed in Trinidad and Tobago Dollars)

20. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| <u>Loans and receivables</u> | | |
| Cash and cash equivalents | 160,155,920 | 202,216,392 |
| Receivables | <u>25,876,771</u> | <u>16,448,654</u> |
| | <u>186,032,691</u> | <u>219,665,046</u> |
| <u>Other financial liabilities</u> | | |
| Accounts payable and accruals | 6,038,735 | 3,311,203 |
| Amount due to Consolidated Fund | <u>73,747,742</u> | <u>98,533,942</u> |
| | <u>79,786,477</u> | <u>101,845,144</u> |

21. Events after the reporting date

No significant events occurred after the reporting date affecting the financial performance, position or changes therein for the reporting year presented in these annual financial statements.



Telecommunications Authority of Trinidad and Tobago

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