



2016 | Improving Choice

ANNUAL REPORT



 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.



“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.”

“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.”

**Institutional
Strengthening**

**Sector
Transformation**

Advocacy

**Strategic
Imperatives**

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

Corporate Information

Telecommunications Authority of
Trinidad and Tobago
5 Eighth Avenue Extension
Off Twelfth Street
Barataria
Tel:(868) 675-8288 and (868) 221-8288
Fax: (868) 674-1055
Email: info@tatt.org.tt
Website: www.tatt.org.tt

Tobago Office:
Shop D48
Gulf City Lowlands Mall
Lowlands
Tobago
Tel: (868) 639-8288

Bankers:
First Citizens Bank Limited
23-27 Eastern Main Road
San Juan

Auditors:
Deloitte and Touche
54 Ariapita Avenue
Woodbrook

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Message from the Chairman

On behalf of the Board of Directors, management and staff of the Telecommunications Authority of Trinidad and Tobago (the Authority), it is my great pleasure to present the Authority's Annual Report for the fiscal year 2015 - 2016.

This report provides a review of the regulatory duties performed by the Authority and an overview of the developments in the telecommunications and broadcasting sectors for the past year.

Fiscal 2015 - 2016 was another year of achievement. The Authority focused its attention on creating choice for consumers. During the year, there was more Internet choice, more fixed line options, faster broadband speeds, more subscription TV (cable and satellite TV), improved access to services, and significant work towards the implementation of number portability.



*Gilbert Peterson, S.C.
Chairman*



3.4%

The Authority achieved all this whilst keeping the telecommunications and broadcasting sectors relatively stable, generating gross revenue of approximately TT\$5.59 billion, which equates to 3.4 per cent of Trinidad and Tobago's Gross Domestic Product (GDP).

These achievements were built on a decade of protection for consumers and a regulatory environment that fosters fair competition and promotes streamlined growth across the sectors as technology evolves. This is critical for the creation of a vibrant and innovative information and communications technology (ICT) sector.

The Authority remains committed to ensuring that Trinidad and Tobago fosters a legal and regulatory environment that encourages growth and investment by responding and adapting to the latest technological advancements. Newly developed policies and guidelines implemented in the last year have helped create an increasingly open and competitive ICT sector that provides greater choice to consumers.

Looking Ahead

In the coming year, the Authority, in meeting its Universal Access mandate, will implement universal access projects with a view of bridging the digital divide and promoting access to ICT services.

As such, the Authority, in collaboration with the Government of the Republic of Trinidad and Tobago (GORTT) and various Internet Service Providers (ISPs) intends to deploy, free public WiFi coverage at locations throughout Trinidad and Tobago. This initiative will provide a platform for enhanced productivity, as well as enhanced engagement between citizens and the GoRTT as they undergo their daily lives.

The Authority remains keen on implementing programmes and policies to ensure that everyone has access to technology. It is for this reason the Authority will pursue, in the upcoming year, an initiative geared towards the provision of Assistive Devices for Persons with Disabilities (PwDs). By connecting PwDs to technology that will improve their lives, the Authority is helping those with physical disabilities to engage more fully in society.

New planning cycle

In preparation for the new strategic planning cycle 2016 - 2019, the Authority considered the national priorities identified by the GORTT and solicited feedback from a wide cross-section of stakeholders, to assist in determining its strategic focus for the next three years. The new plan is focused squarely on building the progression of Trinidad and Tobago towards that of a knowledge-based economy.

Creating Choice and Increasing Competition

The Authority has taken measures to ensure competition among service providers. Heightened competition should also provide the impetus for more creativity in product offerings and packages, as operators vie to build consumer loyalty and attract new subscribers.

With the introduction of mobile and fixed number portability by November 2016, the

Authority expects a notable impact on the telecommunications industry and overall business environment. It will give consumers greater flexibility and choice, enabling them to switch between different operators without having to change their numbers.

Going forward, the Authority will continue working to advance the development of a comprehensive regulatory framework designed to stimulate investment and lower market barriers. Efforts will focus on timely policy development, efficient licensing procedures, effective spectrum management and Quality of Service regimes, to name a few.

The Authority remains committed to effectively discharging its role as the telecommunications and broadcasting regulator, thereby facilitating access to a choice of reliable services at affordable prices that will ensure the sectors contribute to the country's overall development.

Charting a New Course

Building on the successes of its previous strategic plan, the Authority is in the process of charting a new strategic direction for the period 2016 - 2019. The new plan will be aligned to the Authority's objective of transforming Trinidad and Tobago into a leading information and knowledge-based economic hub in the region. The new strategic plan will position the Authority in the dual role of sector regulator and facilitator: providing an enabling environment for ICT development, enhancing and modernising the Authority's institutional capacity, facilitating infrastructure and sector development and promoting sector market development. The plan will also provide

the basis for planning and allocating resources and serve as the Authority's foundation for the achievement of its future goals and aspirations.

Appreciation

On behalf of the Authority's Board of Directors, I wish to thank the GORTT, industry players and the public at large for the confidence shown in us during the past year. This gives us the courage to forge ahead into the new financial year with a renewed customer-oriented focus supported by a consultative approach.

I sincerely thank the Board of Directors, both past and present, for building a foundation upon which we can launch our new direction.

I particularly wish to express my appreciation to the staff of the Authority for their commitment and dedication to achieving the Authority's vision.

In closing, let me also reaffirm our commitment to foster an environment that promotes growth and development of the telecommunications and broadcasting sectors. We acknowledge that we have a long way to go and that the benchmark for progress and innovation is ever-changing but with the support of all our stakeholders, we remain unfettered and determined to improving the quality of life for all citizens of our country.



Gilbert Peterson, S.C.
Chairman of the Board of Directors





Message from the Chief Executive Officer

On behalf of the Telecommunications Authority of Trinidad and Tobago (the Authority), I am pleased to present the Annual Report on the operations of the Authority for the year ended September 30, 2016.

This year marked the end of a three-year strategic planning cycle during which the organisation embarked on several key initiatives which were intended to promote sector transformation, advocacy and institutional strengthening. The initiatives, as detailed herein, represent the work conducted during the final year of the cycle and were intended to assist in the development of Trinidad and Tobago into a knowledge-based society.



Dr. John Prince
Chief Executive Officer

Sector Transformation

Creating Choice

The Authority remains committed to implementing regulatory changes that increase competition in the telecommunications sector. Such changes are beneficial not only to the consumer, who is afforded greater choice, but also for the overall sector because it fosters innovation.

During the period under review, new providers of Internet and subscription television were added to the market. This was a significant change that has resulted in increased consumer choice.

To provide even more opportunity for choice, the Authority focused squarely on the introduction of mobile and fixed number portability by November 2016. Number portability allows consumers to retain their existing phone number when switching to a different service provider. It also gives consumers the freedom to choose the provider with the best service offering to meet their needs. Combined with the wider range of Internet and subscription television providers introduced earlier in the year, number portability is an important part of the liberalisation of Trinidad and Tobago's telecommunications market.

Improving Reach

The Authority also 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 who do not. We recognise that much remains to be done to overcome service and access gaps in the country.

During the year, the Authority collaborated with the GORTT and Internet Service Providers (ISPs), to launch the national free public WiFi access initiative - TT WiFi on July 29, 2016.

TT WiFi is an initiative to provide free and easy access to broadband Internet in public spaces. TT WiFi is available to all users with a WiFi enabled device, including smartphones, laptops and tablets. Currently, TT WiFi is available on 13 specific Public Transportation Service Corporation (PTSC) buses: 12 in Trinidad and one in Tobago.

Work also continued on phase II to deploy TT WiFi access at various public locations throughout Trinidad and Tobago in the coming year. This initiative will increase access to ICT services and contribute to the realisation of the national strategic goals of developing the economy, creating jobs, improving standards of living and transitioning to a knowledge economy.

In May 2016, the Ministry of Public Administration and Communications (MPAC), the Authority's line Ministry, expressed interest in the evaluation of TV White Spaces (TVWS), as an option for the delivery of broadband technology in certain areas of Trinidad and Tobago. This has the potential to bring innovation to the market and provide new services to customers. The Authority therefore prepared a framework document, which will undergo stakeholder consultation, for the authorisation of white space radiocommunication devices.

In an effort to enhance the regulatory framework in line with the changing environment, the Authority undertook an appraisal of the National Broadband Policy and has proposed several amendments to ensure that the existing framework remains relevant to the sector. Such amendments will allow for a fully modernised and dynamic broadcasting sector which contributes to the economic, social and cultural development of Trinidad and Tobago.

Mindful of the dynamic nature of technology, the Authority also commenced a review of its Spectrum Management Framework. A more efficient allocation of radio frequencies will spur the deployment of new technologies and services that will inevitably enhance business and increase the variety of services available to consumers.

Advocacy

In an effort to build collaboration amongst service providers and consumers to support the growth of the telecommunications and broadcasting sectors, the Authority has developed an advocacy initiative. The main areas of focus include the empowerment of consumers, enabling them to make more informed decisions, and building stronger relationships with and among our key stakeholders.

International Partnerships and Events

Building relationships among local and regional stakeholders, the Authority hosted a number of international conferences targeting intellectual property rights; statistics; mobile money; broadband and the country's global ranking amongst others.

The first major event was the World Intellectual Property Organisation (WIPO) regional seminar titled "Broadcast Licensing in the Digital Age" held at the Authority's head office from May 23 to 25, 2016. The seminar was held in collaboration with the Caribbean Community (CARICOM), Caribbean Broadcasting Union (CBU) and the GORTT. The objectives of this seminar were to explore issues regarding the licensing and commercialisation of content and the issue of signal piracy and its impact on the Caribbean region.

The Authority also hosted the International Telecommunications Union (ITU) Information and Communications Technology (ICT) Indicators Workshop 2016. The main objective of this workshop was strengthening the capacity of countries to produce national statistics on telecommunications and ICTs. The workshop was intended for policymakers, ICT advisors, as well as partners responsible for data collection and production in Ministries, regulatory agencies and national statistical offices.

Following immediately after, was "Exploring Innovation in Transactions and Financing in the Caribbean" a three-day workshop on digital financing which ran from June 1 to 3, 2016. The workshop was held by the ITU in partnership with the Authority and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).

The primary purpose of this event was to provide Caribbean stakeholders from various sectors with interactive sessions on utilising technology innovations to improve financial transactions and financing arrangements.

The workshop provided a better understanding of international trends towards improving the efficiency and speed of transactions and the potential impact of increasing participation in the digital economy via the lowering of transaction costs and improvement in the ease of doing business.

On July 7, 2016, the Authority also partnered with the Arthur Lok Jack Graduate School of Business to launch the World Economic Forum's (WEF) *Global Information Technology Report*

2016. The Report has become one of the most comprehensive and respected international assessments of the preparedness of economies to leverage the networked economy.

In July 2016, the Authority also hosted the Commonwealth Telecommunications Organisation's (CTO) Caribbean Broadband Forum 2016, with support from the Caribbean Telecommunications Union (CTU). The event, titled "Broadband: Supporting Life in the 21st Century", addressed the importance of broadband to Caribbean life in the 21st Century and attracted Ministers and senior public officials from Trinidad and Tobago and the region.

Institutional Strengthening

The Authority believes that transparency is one of the main pillars of making sound, accountable and effective regulatory decisions. A fair and transparent regulatory decision-making process provides regulatory certainty to stakeholders through clearly defined procedures of the ways in which regulatory powers and authorities are exercised. During the year, the Authority therefore commenced revision of its Consultation Procedures for policies and frameworks aimed at improving engagement of its stakeholders.

Intellectual Property Rights

Four years of focused efforts on bringing compliance to the subscription television market in Trinidad and Tobago culminated in 2016. The Authority worked with television broadcasters to ensure that content carried over the local networks is in compliance with Intellectual Property (IP) Rights requirements.

Appreciation

The ICT sector in Trinidad and Tobago has matured significantly in the last decade. The Authority has had great success in liberalising the ICT markets and overseeing the development of competition through its regulations and procedures, striving always for fairness, balance and transparency in protecting the interests of consumers, service providers and the country as a whole.

On behalf of the Management and staff, I thank our Board of Directors for their guidance throughout the year.

To the management team, thank you for your support. It was your guidance that allowed the organisation to meet its targets.

I extend the Authority's gratitude to the stakeholders for working with us throughout the year. To our subscription TV and free-to-air (FTA) TV providers as well as the viewing public for a relatively smooth transition to greater intellectual property rights compliance. Our combined efforts caused Trinidad and Tobago to be removed from the United States Trade Representative Watch List commonly known as the "301 Report".

Our accomplishments would not have been realised were it not for the efforts of our employees and I wish to thank them for their outstanding performance over the last year, which allowed us to achieve key milestones. I encourage you all to continue to strive for excellence and to demonstrate even greater creativity and teamwork, building on last year's success, in order to fulfil our new strategic vision.

The Management and staff of the Authority remain committed to our guiding principles and will continue to facilitate a more forward-looking telecommunications and broadcasting environment maintaining consumer protection high on our agenda. We look at the upcoming year as a critical one for strengthening the Authority's legislative agenda and maintaining a vibrant and competitive industry that will better serve the people of Trinidad and Tobago.

A handwritten signature in black ink that reads "John Prince". The signature is written in a cursive style with a large, sweeping initial 'J'.

Dr. John Prince
Chief Executive Officer

Board of Directors



Top row (L to R): Gilbert Peterson, S.C. (Chairman), Dr. Kim Mallalieu (Deputy Chairman)
Middle row (L to R): Nikolaiski Ali, Eric Butler, Oliver Elcock
Bottom row (L to R): Terrence Henry, Deoraj Seegobin, Kalana Prince-Wilson

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 2015-2016 are listed hereunder:

Board of Directors

Gilbert Peterson, S.C. (Chairman)
Dr. Kim Mallalieu (Deputy Chairman)
Nikolaïski Ali
Eric Butler
Oliver Elcock
Terrence Henry
Deoraj Seegobin
Kalana Prince-Wilson

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.
Gilbert Peterson S.C. (Chairman)
Terrence Henry
Oliver Trevor Elcock

Board Tenders Committee

This committee, inter alia, considers tenders and awards contracts.
Oliver Trevor Elcock (Chairman)
Nikolaïski Ali
Deoraj Seegobin
Eric Butler

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.
Nikolaïski Ali (Chairman)
Deoraj Seegobin
Eric Butler
Kalana Prince-Wilson

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)
Gilbert Peterson S.C.
Kalana Prince-Wilson

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.
Gilbert Peterson S.C. (Chairman)
Terrence Henry
Anisa Duncan
Ryan James
Sherry Mc Millan

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.
Pamella Benson (Chairman)
Oliver Trevor Elcock
Deoraj Seegobin

Management Team



First row: Dr. John Prince, Chief Executive Officer
Second row (L to R): Ms. Annie Baldeo, Executive Officer, Policy, Planning & Market Economics;
Ms. Sherry Mc Millan, Executive Officer, Communications, Consumer & Information Services;
Ms. Nievia Ramsundar, Corporate Secretary;
Third row (L to R): Mr. Kirk Sookram, Executive Officer, Technical Services & Development;
Ms. Cynthia Reddock-Downes, Executive Officer, Finance & Administration;
Ms. Sherry-Ann Sealey, Manager, Human Resources;
and Mr. Rafer Simon-Thompson, Manager, IT





Review of Key Accomplishments and Ongoing Activities

In October 2013, a strategic plan for the period 2014 - 2016 was approved by the Board of Directors. The plan identified three strategic imperatives as follows:



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. The key deliverables were monitored and managed through a quarterly corporate performance management system to ensure that the objectives of the strategic plan were realised.

Key deliverables for the financial year 2015 - 2016 under each strategic imperative are reported on hereafter.



Sector Transformation

Recommendation of a Digital Terrestrial Television (DTT) Standard

The broadcasting sector has changed significantly over the last 10 years. Today, viewers want High Definition (HD) Television. FTA television stations face increasing competition from subscription TV providers. Television producers and film equipment suppliers have switched to the production of digital equipment. This changing viewing environment has caused FTA television broadcasters to begin switching their programming to digital. Trinidad and Tobago must therefore respond to this changing trend towards digital terrestrial television or DTT.

Trinidad and Tobago will be required to adopt a DTT broadcasting standard and to define a date by which all analogue FTA TV broadcasting will be switched over to digital. During the last financial period, the Authority completed an evaluation of the three main or predominant DTT standards, i.e. DVB, ATSC and ISDB. The standard is crucial because it determines the type of transmitting equipment the broadcasters will be required to employ, the choice in digital-ready televisions and the set-top boxes consumers will need to acquire.



The Authority has been working towards implementation of the analogue-to-digital switchover of FTA television broadcasting services. At the beginning of the financial year, the Authority had planned to complete a major milestone, with the recommendation of the DTT standard to be adopted by Trinidad and Tobago and the conduct of the authorisation process to select the signal distributor(s). The signal distributor(s) will be the main contact with consumers since they will be responsible for delivering the digital signals to the homes. The traditional broadcaster will no longer be involved in site acquisition, signal distribution, infrastructure development and operation. The signal distributor(s) will offer lower transmission costs per broadcaster, better efficiency in spectrum management, lower set-up costs for new broadcasters and uniform coverage for all FTA TV broadcasting services carried on its network.

The selection of the signal distributor(s) will allow the Authority to confirm the start and completion dates for this migration process from analogue to digital.

With the approval of the Authority's recommendations for a DTT standard in the upcoming year, the Authority will engage all FTA broadcasters and the Trinidad and Tobago Publishers and Broadcasters Association. Pursuant to this, the Authority will proceed to select the signal distributor(s) via the Authority's tendering process.

Authorisation Framework for White Space Radiocommunications Devices

The high demand for spectrum for fixed and mobile broadband is fuelled by the rapidly expanding demand for broadband connectivity and the need for ubiquitous mobility. Hence the growing search for more spectrum to facilitate broadband development. White Space Devices (WSDs) are a set of emerging technologies that operate on unassigned or underutilised spectrum, not commonly considered by mainstream fixed and mobile broadband technologies. The

unassigned or underutilised spectrum is called white space. WSDs may be used to provide broadband connectivity as well as support other emerging technologies such as machine to machine (M2M) communication. WSDs are typically authorised to operate in a manner that does not cause harmful interference to incumbent radiocommunications services within the same frequency band. Consequently, WSDs present operators with an alternative to mainstream technologies typically used to provide broadband services and associated spectrum bands which may be heavily utilised.

In May 2016, the MPAC requested an evaluation of the viability of TV White Spaces (TVWS), as an option for the delivery of broadband technology in Trinidad and Tobago. The Authority commenced work on an authorisation framework for the accommodation of WSDs.

A framework for the authorisation of WSDs was prepared, recommending the requisite spectrum planning and authorisation for the use of such radiocommunications devices. The framework will undergo stakeholder consultation in the new financial year.

Implementation of Phase 2 of the GORTT National Free WiFi initiative

A National Free WiFi initiative has been launched by the GoRTT and is divided into three phases. Phase 1 of the initiative involved the implementation of free WiFi on 13 PTSC buses throughout Trinidad and Tobago and was successfully launched.

Phase 2 of the free WiFi initiative involves the deployment of free public WiFi coverage at various locations throughout Trinidad and Tobago. The intention of this initiative is to support social connectivity and the engagement of citizens otherwise excluded from the Internet and the wider sphere of ICT. The scope of phase 2 encompasses providing free public WiFi at public libraries, hospitals and major transportation hubs throughout Trinidad and Tobago.

The Authority is responsible for the implementation of phase 2, as directed by the MPAC. Such an initiative will be treated as a Mandatory Universal Service Initiative via the Telecommunications (Universal Service) Regulations, 2015.

At mid-year, the Authority, in preparation for the roll-out, tasked the national fixed ISPs with the deployment of the WiFi access points and the methodology to be employed for the distribution of WiFi locations. Following stakeholder consultations, the Authority also recommended to the MPAC, amendments to the Telecommunications (Universal Service)

Regulations, 2015, which will allow the ISPs involved in this initiative to be eligible for compensation through the Universal Service Fund (USF).

Development of an Interconnection Benchmarking Study

During the period under review, the Authority sought to better inform its position on addressing interconnection rates through the conduct of a detailed benchmarking exercise. Interconnection rates are the rates that one telecommunications operator charges the other for terminating calls on its network.

The project's scope was extended to include a prequalification process to shortlist suitably qualified parties with no conflicts of interest who could be deemed eligible to bid for the development of the Interconnection Benchmarking Study. Over the course of the third quarter, responses to the prequalification process were evaluated and the Authority issued requests for proposals (RFPs) via selective tendering to the prequalified parties. The project has since commenced and is expected to be completed during the second quarter of the financial year 2016 - 2017.

A consultant was engaged to evaluate local interconnection rates against those in benchmarked countries and to prescribe possible changes in the rates charged by authorised service providers. The output of the study will be used for determining interconnection rates for Trinidad and Tobago, particularly with respect to fixed and mobile termination rates.

This deliverable works in tandem with the Authority's efforts to obtain new data from the service providers for continued testing of the Long-Run Average Incremental Costing (LRAIC) model which, when completed, will produce the recommended interconnection rates for the local industry.

Revisions to the National Broadcasting Policy

In 2003, the GORTT developed a National Broadcasting Policy with the aim of creating an environment for the development of a fully modernised and dynamic broadcasting sector and ensuring that the sector contributes to the economic, social and cultural advancement of Trinidad and Tobago.

Given the continuous expansion of global communications, there is a need for some revision to the existing policy. In particular, the Authority recognised the imperative of developing frameworks for:

- Public Broadcasting Service (PBS)
- Media Ownership
- Local Content

During the financial period, framework documents were drafted by the Authority and recommendations were made for the revisions to the National Broadcasting Policy.

Measures to Prevent Siphoning and Hoarding

Subsequent to enforcement carried out in the previous year by the Authority in the area of intellectual property rights compliance in the broadcasting sector, further work is now required to address hoarding and siphoning in the local market. Hoarding is the purchase by broadcasters of the entire series (current and past programming) and the non-utilisation of same, to the detriment of the consumers' viewing experience. This often leads to blackouts in subscription TV programming. Siphoning, on the other hand, is the purchase of exclusive rights to events of national importance and the restriction of same to pay TV format only.

The position paper will seek to identify the measures required to ensure regulation of these practices.

By the fourth quarter, legal research had been conducted on the relevant issues, which will inform the content of the position paper. Various options for enforcing the recommended actions are being considered. This matter will continue in the following fiscal period, 2016 - 2017.

Determination of a Position on Over-the-Top (OTT) Services Inclusive of OTT VoIP and Media

OTT services refer to the delivery of telephone, audio, video and other media over the Internet without the involvement of multisystem operators (e.g. subscription TV providers) in the control or distribution of content.

During the previous financial period, the Authority had sought to identify the impact of these new technologies on the local telecommunications industry, both from the operator's side and that of the consumer. The Authority drafted an initial position paper titled "Towards the Treatment of OTT", which was published for public consultation. A number of comments were received from local and international organisations and other stakeholders.

The Authority also saw it necessary to incorporate the discussion of net neutrality with the discussion on OTT services and has drafted a paper on net neutrality which is currently being reviewed internally.

Finalisation of Subsidiary Regulations

The Telecommunications and Broadcasting Regulations are at various stages of completion. The MPAC has advised that the GORTT has placed these regulations high on its legislative agenda, since they are required to be in place for full roll-out of the proposed amendments to the Telecommunications Act.

The status of the Authority's submissions is as follows:

- Forwarded to MPAC
 - Telecommunications (Interconnection) (Amendment) Regulations
 - Telecommunications (Radio Frequency Spectrum) Regulations
 - Telecommunications (Consumer) (Quality of Service) Regulations
- Approved for submission to the MPAC subject to amendments
 - Telecommunications (Access to Facilities) (Amendment) Regulations; and
- Issued for public consultation
 - Telecommunications (Submission of Information) Regulations

Additionally, at a Legislative Review Committee (LRC) meeting, the Authority was requested to develop a schedule of all regulations and policies required to be enacted over the next three years with projected timelines inclusive of consultation periods.



Discussing Broadband: Supporting Life in the 21st Century: From left, Albert Daniels, Senior Manager, Stakeholder Engagement – the Caribbean, the Internet Corporation for Assigned Names and Numbers (ICANN); Shola Taylor, Secretary General of the Commonwealth Telecommunications Organisation (CTO) and Dr. Kim Mallalieu, Deputy Chairman, Telecommunications Authority of Trinidad and Tobago (TATT).



Advocacy

Audit of Fixed and Fixed Wireless Telecommunications Networks

In an effort to assess the current state of access to broadband Internet and associated network build-out nationally, the Authority conducted an audit of fixed and fixed wireless telecommunications networks. The results identified current broadband gaps, which will inform the national broadband initiatives being undertaken and to identify suitable areas for the utilisation of the USF.

The final report and associated digital maps have been completed and are currently being reviewed internally.

Hosting of Regional Conferences

The Authority continues to function as a principal advocate within the country's telecommunications and broadcasting sectors, educating and engaging myriad stakeholders, including local, regional and international providers, individuals from local state and non-governmental agencies and consumers.

During the financial year, the Authority received two requests to host meetings and/or workshops from international agencies of which the Authority is a member, viz. the International Telecommunications Union (ITU) and the Commonwealth Telecommunications Organisation (CTO). The Authority also facilitated the staging of the World Intellectual Property Organisation (WIPO) Regional Seminar on Broadcast Licensing, the ITU Mobile Finance (mFinance) meeting and the launch of the WEF *Global Information Technology Report 2016*.

WIPO Regional Seminar on Broadcast Licensing

One of the major events for the year was the WIPO regional seminar, titled "Broadcast Licensing in the Digital Age", which was held from May 23 to 24, 2016 at the Authority's head office. The seminar was hosted by the Authority in collaboration with CARICOM, the CBU and the GORTT, with the aim of exploring issues

regarding the licensing and commercialisation of content, including the broadcasting of sports. The issue of signal piracy and its impact on the Caribbean region was also discussed.

Regional (Caribbean) ITU Workshop for Telecommunications Indicators

The Authority hosted a one-day workshop titled "ITU ICT Indicators" on May 31, 2016 at the Hilton Trinidad and Conference Centre. This workshop sought to strengthen the capacity of countries to produce national statistics on telecommunications and ICTs. Participants included regional policymakers, ICT advisors as well as partners responsible for data generation and collection and reporting in ministries, regulatory agencies and national statistical offices.

ITU Mobile Finance (mFinance) Meeting

The Authority hosted the second of two ITU events from June 1 to 3, 2016 at the Hilton Trinidad and Conference Centre, in partnership with the United Nations ECLAC and the CTU. This workshop's theme was "Exploring Innovation in Transactions and Financing in the Caribbean". Stakeholders from various sectors across the region discussed utilising technological innovations to improve financial transactions and financing arrangements.

World Economic Forum's 'Global Information Technology Report 2016'

On July 7, 2016, the Authority co-partnered with the Arthur Lok Jack Graduate School of Business to host a panel discussion and release the *Global Information Technology Report 2016* of the WEF. Trinidad and Tobago's WEF ranking was examined and discussions centred on how to improve the country's ranking in the network readiness index. The theme for this year was "The Role of Digital Technology in Innovation". The statistics contained in the report are considered by policymakers, private entities and regulators to be a critical instrument for assessing the preparedness of economies to leverage the networked economies and for determining

the necessary actions required to further ICT readiness and mine innovation potential.

CTO Caribbean Broadband Forum

From July 14 to 15, 2016 at the Hyatt Regency Trinidad, the Authority hosted the CTO's Broadband Caribbean Forum 2016, with support from the CTU. The event, titled "Broadband: Supporting Life in the 21st Century", addressed several topics, including the consideration of possibilities for social and economic development through increasing the role of broadband in areas such as regulatory initiatives, international connectivity, financing of broadband roll-out and maximising spectrum utilisation, among others. The forum also looked at the policy, regulatory and consumer issues impacting broadband technologies.

Implementation of Advocacy Initiatives

During the period under review, the Authority completed the development of an Advocacy Framework, which focused on the establishment

of a plan of action to be adopted by the Authority for building collaboration amongst service providers, consumers and the Authority, for the further advancement of the telecommunications and broadcasting sectors. Several initiatives were contained within the Advocacy Framework which focused on two key areas:

- Empowerment of consumers thereby enabling them to make more informed choices
- Building collaboration amongst the three key players in the local telecommunications and broadcasting sectors (the Authority, service providers and consumers)

During the year, the Authority conducted pilot consumer advocacy interface sessions with two community groups:

- The Coterie of Social Workers
- The Association of Female Executives of Trinidad and Tobago (AFETT).

Over-the-Top Services (OTT) changing the telecommunications experience.





Institutional Strengthening

Development of a Strategic Plan for the Period 2016 – 2019

The Authority commenced drafting its fourth strategic plan, spanning the period October 1, 2016 - September 30, 2019.

The methodology for shaping the plan involved soliciting feedback from a wide cross-section of stakeholders and using the inputs received to determine the Authority's focus for the next three years.

As at the end of the financial year, all workshops and analyses had been conducted and a draft of the document was submitted for internal review.

Development and Implementation of a Network Security Plan

Work commenced to craft and operationalise a comprehensive network security plan to protect its computing, networking and digital data assets from intentional and inadvertent loss or manipulation. This plan took a holistic approach to integrating data access, data use, authorisation and identification mechanisms including a vulnerability assessment.

By the end of the financial year, the plan was completed and approved and the following controls were implemented:

- Technical level controls
- Operational level controls
- Security monitoring
- Encryption
- Firewall

In addition, the Integrity Assessment and Penetration Testing Services RFP evaluation was completed.

Implementation of the Process for the Renewal of Concessions

The 2014-2015 financial year was the 10-year marker that ended the concessions for almost all authorised telecommunications and broadcasting service providers. To this end, the Authority needed to renew the concessions of 54 authorised providers.

During the previous financial period, the Authority revised the application forms for the renewal of concessions, the first phase being implemented during the period 2015 - 2016. The Authority convened concession evaluation meetings; ensured the timely evaluation of applications; prepared notes to the Board for approval of the recommendations of the Authority and forwarded these recommendations to the line Minister.

At the end of the financial year, all renewal applications were evaluated and submitted to the line Minister for approval within the statutory timelines.

Revision of the Authority's Consultation Procedures

The Authority's Consultation Procedures 2010 had been revised in 2013 but not finalised. Operator feedback on various issues over the past two years indicated that a review of these procedures was warranted to facilitate more effective consultation, in all forms available to the Authority.

A gap analysis and legal research on this deliverable were completed in July 2016.

The Authority will seek to complete revisions to the document, which will be issued for public consultation during the financial period 2016 - 2017.

Looking Ahead 2016 - 2017

The Authority's strategic direction for the period 2016 - 2019 will focus on further facilitating ICT sector development, empowering citizens by promoting wider access to ICTs and becoming a global exemplar within the ICT landscape. Arising from the development of the 2016 - 2019 strategic plan, three key strategic imperatives have been identified, viz. ICT Sector Development, People Empowerment and Global Leader. The following subsections identify the strategic objectives and key deliverables under each strategic imperative.

Strategic Imperative 1: ICT Sector Development

Strategic Objective: Facilitating ICT Development

Proposed key deliverables include:-

- Establishment of standards to promote robustness of the national telecommunications infrastructure
- Modernisation of TATT's Spectrum Management Framework
- Establishment of second subsea cable system landing point
- Approval of DTT standard and procurement of signal distributor(s)
- Implementation of Universal Service initiative: Provision of assistive devices for persons with disabilities
- Redrafting of the existing National Broadcasting Policy
- Establishment of a repository of breaches and finalisation of regulatory monitoring procedures
- Finalisation of a framework for the implementation of antisiphoning and antihoarding measures in the broadcasting sector
- Finalisation of amendments to the Telecommunications Act and subsidiary regulations

Strategic Objective: Encouraging and Facilitating Competitiveness

- Authorisation of advanced wireless services band
- Market definition and dominance assessment for the mobile market
- Framework on Internet governance: Focus on net neutrality and over-the-top (OTT) services

Strategic Imperative 2: People Empowerment

Strategic Objective: Regulating through a Consultative, Collaborative, Fair and Transparent Process

- Development and implementation of an annual broadcasting forum
- Finalisation of consultation procedures
- Revision of Telecommunications Fees Framework and Regulations

Strategic Objective: Optimising People, Structure, Systems and Facilities

- Reducing the physical footprint of core infrastructure and upgrading of domain services
- Implementation of the revised document system (Phase 2)
- Implementation of online data forms
- Strengthening of procurement processes via the finalisation of proposals for the amendment to the Authority's tender rules
- Development of the Authority's ICT training facility
- Revision of the Authority's organisational structure

Strategic Imperative 3: Global Leader

Strategic Objective: Leading as an ICT Authority, Regionally and Internationally

- Publication of the *Annual Market Report 2016*
- Consumer public education campaign initiatives
- Hosting of regional/international conferences
- Hosting of annual signature event

Overview of the Telecommunications and Broadcasting Sectors

Trends in Market Revenues for January to December 2015

The telecommunications and broadcasting sectors generated an estimated TT\$5.59 billion¹ (US\$0.88 billion²) in 2015, which as a percentage of GDP³ equates to 3.4%. This represented a 0.6% decrease in total revenue generated by this industry compared to last year. Of total telecommunications and broadcasting revenues, mobile voice services accounted for the majority of revenue with TT\$1.99 billion (35.5%). This was followed by Internet services, which contributed TT\$1.35 billion or 24.1%. The next highest revenue earners for the industry were fixed voice⁴ services and pay TV services, which contributed TT\$750.9 million and TT\$730.2 million respectively (13.4% and 13.1%). International voice services were next in line, generating TT\$230.2 million (4.1%) in revenue. FTA radio and television services brought in TT\$199.9 million and TT\$154.3 million respectively (3.6% and 2.8%). Finally, other contributors included “other revenues”⁵ and “leased line services” with earnings of TT\$144.9 million and TT\$42 million respectively, (2.6% and 0.8%).

Figure 1 shows the percentage revenue contribution by each market towards overall gross revenue of the industry.

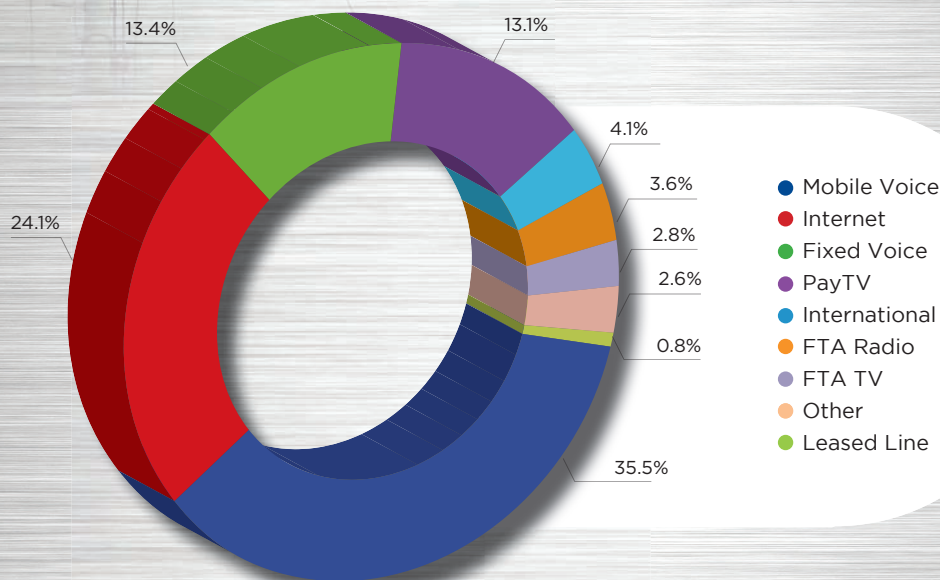


Figure 1 - Percentage of Gross Revenues Contributed by Markets - 2015

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

² Exchange rate US\$1=TT\$6.38

³ Gross Domestic Product (GDP) at current market prices for 2014: TT\$179,842 million (Source: Ministry of Finance Review of the Economy)

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 Pay TV

Domestic Telecommunications and Broadcasting Statistics

The following information on subscriptions, average revenue per user and traffic of the relevant markets was extracted from the Authority's *Annual Market Report 2015* for the period January to December 2015. This data is used by the Authority to monitor and inform policy decision that will facilitate the orderly development of the 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 2008 - 2015 are shown in Table 1.

	2008	2009	2010	2011	2012	2013	2014	2015
General	Population (millions)	1.3	1.3	1.3	1.3	1.3	1.3	1.3
	GDP per capita (US \$ millions) ⁶	21,408	15,067	15,924	17,042	19,018	27,855	28,183
	Telecom revenue (US \$ million)	775.3	685.2	713.1	737.0	834.0	864.4	881.5
	Total telephone subscriptions ('000s)	2,121	2,150	2,815	2,118	2,700	2,235	2,270
	Total telephone penetration	163.1	165.3	167.2	160.7	164.7	168.3	171.4
	Average revenue per user ⁷ (ARPU) US \$	365.6	318.7	322.5	348.0	384.4	386.7	388.3
Fixed Voice	Fixed Voice subscriptions ('000s)	314.8	303.2	293.3	292.0	286.1	291.3	288.7
	Fixed Voice penetration	24.1	23.2	22.3	22.0	21.6	21.9	21.7
	Fixed Voice household penetration	73.3	70.1	67.5	67.1	55.3	56.2	56.6
	Average revenue per user (ARPU) US \$	486.5	403.5	411.5	417.3	430.5	413.1	410.7
	Fixed Voice subscription growth (%)	2.4	-3.7	-3.3	-0.6	-1.9	1.6	-0.7
Mobile	Mobile subscriptions ('000s)	1,806	1,846	1,894	1,826	1,880	1,944	2,123
	Mobile penetration	138.0	141.1	143.8	138.6	142.2	146.4	149.1
	Average revenue per user (ARPU) US \$	197.0	170.0	164.0	173.0	188.0	189.0	174.5
	Mobile subscription growth (%)	20.0	2.0	2.6	-3.6	3.1	3.2	1.9
Internet	Total Internet subscriptions ⁸ ('000s)	129.7	238.3	309.9	325.2	342.8	682.3	820.1
	Fixed Internet subscriptions ⁹ ('000s)	114.1	145.0	171.1	192.0	224.1	231.7	249.6
	Mobile Internet subscriptions ¹⁰ ('000s)	15.6	93.3	138.8	133.2	422.5 ¹¹	450.6	570.5
	Fixed Broadband subscriptions ¹² ('000s)	85.4	130.1	162.9	187.9	221.3	229.6	248.1
	Fixed Internet users ¹³ ('000s)	456	580	684	768	726	751	758
	Total Internet penetration	9.9	18.2	23.5	24.7	25.9	51.4	61.8
	Fixed Internet penetration	8.7	11.1	13.0	14.6	16.9	17.4	18.8
	Mobile Internet penetration	1.2	7.1	10.5	10.1	31.9	33.9	43.0
	Fixed Internet users penetration	34.9	44.3	51.9	58.3	54.8	57.0	57.0
	Fixed Internet household penetration	21.4	40.1	49.9	52.8	52.1	54.0	58.0
	Average revenue per user (ARPU) US \$ for fixed Internet	491.8	433.2	409.9	431.9	422.8	440.0	449.0
	Fixed Internet subscription growth (%)	38.9	83.8	18.0	21.7	10.7	6.0	7.8

Table 1: Domestic Telecommunications and Broadcasting Statistics for the period December 2008 - December 2015

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

⁸ For the period 2006 to 2011, total Internet subscriptions comprised fixed Internet subscriptions and mobile postpaid Internet subscriptions

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

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 include 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

		2008	2009	2010	2011	2012	2013	2014	2015
Traffic	International - Outgoing (min. million)	304.3	259.2	282.9	274.5	263.5	277.9	68.3	247.2
	International - Incoming (min. million)	375.4	399.4	358.5	256.2	245.7	234.8	234.1	199.2
	Inbound/Outbound int'l traffic ratio	1.2	1.5	1.3	0.93	0.93	0.84	0.87	0.81
Pay TV	Pay TV subscriptions ('000s)	163.0	179.6	178.9	187.8	198.7	209.3	228.8	232.8
	Pay TV penetration	14.2	13.7	13.6	14.1	14.8	15.4	16.8	16.8
	Subscription TV household penetration	47.5	52.3	52.1	54.0	48.2	50.9	55.7	56.6
	Average revenue per user (ARPU) US \$	337.0	404.9	431.2	468.6	505.5	520.8	493.2	497.7
	Pay TV subscription growth (%)	12.5	10.2	-0.4	5.0	5.8	5.3	9.3	1.7

Table 1 (continued): Domestic Telecommunications and Broadcasting Statistics for the period December 2008 - December 2015

Trends in Penetration as at December 2015

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 2015 period, with the exception of fixed voice and pay TV. Mobile voice penetration sustained its dominant position increasing from 149.1% in 2014 to 157.3% in 2015. The level of mobile Internet penetration in the country maintained its second place with a penetration rate of 47.8%. Fixed Internet also increased in 2015 to record 21.1%. The level of penetration of fixed voice services decreased to 20.0% while pay TV penetration remained constant at 16.8%.

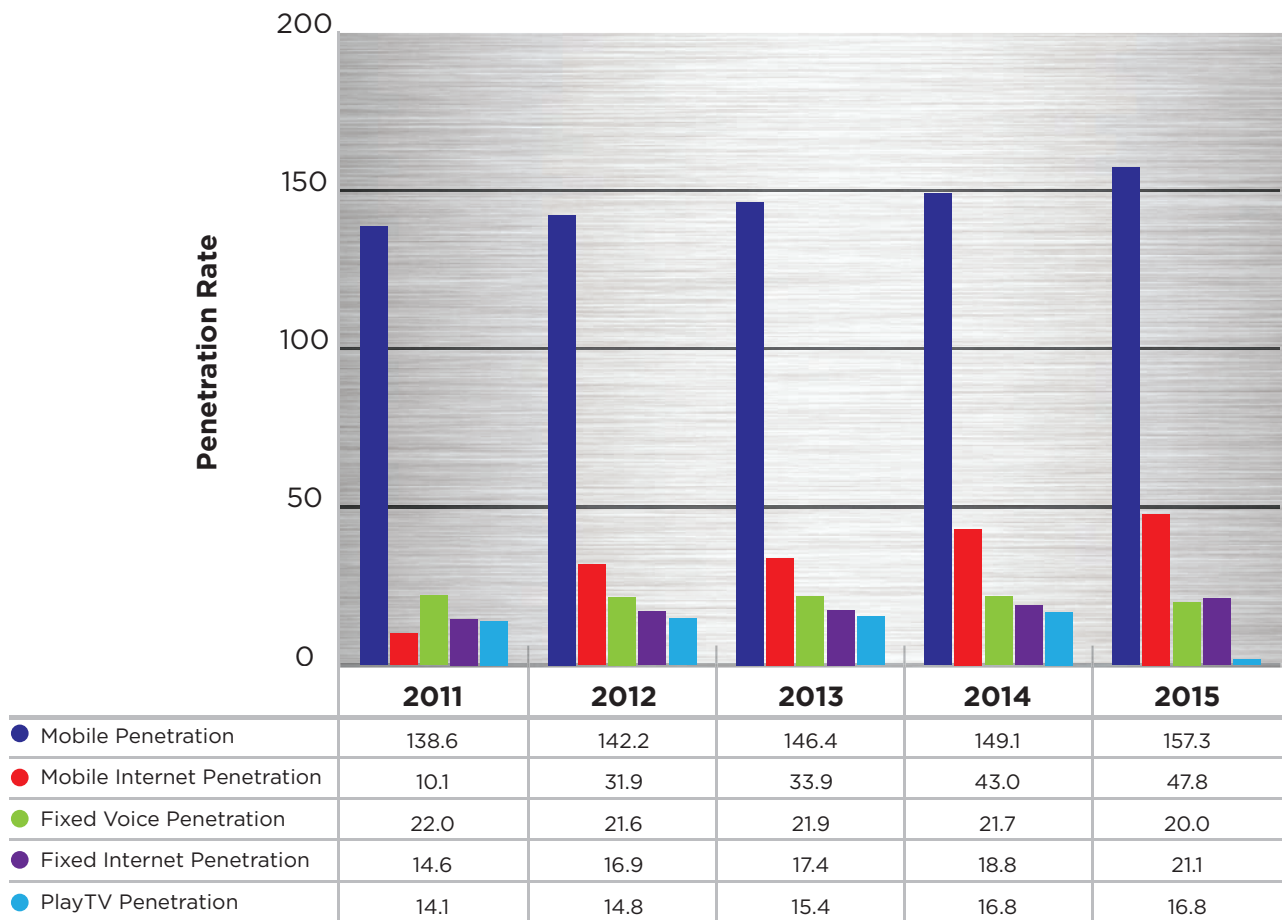


Figure 2 - Penetration Rate of Subscriptions 2011 - 2015

Broadcasting Telecommunications and Concessionaires as at September 2016

Tables 2 and 3 list the number of broadcasting and telecommunications concessionaires authorised and operating within the market as at September 2016.

Types of Broadcasting Concessions	September 2013	September 2014	September 2015	September 2016
FTA Television	8	8	7	6
National	5	6	6	5
Major Territorial	3	2	1	1
Subscription (Pay) Television	10	13	14	14
National	4	7	8	8
Major Territorial	1	1	1	1
Niche	4	4	4	4
Minor Territorial	1	1	1	1
TV Broadcasting via Cable	7	7	10	13
National	7	6	8	12
Major Territorial	0	1	2	1
FTA Radio	39	39	38	37
National	31	31	30	29
Major Territorial	6	6	6	6
Minor Territorial	2	2	2	2
Total	64	67	69	70

Table 2: Broadcasting Market Concessions as at September 2016

Types of Telecommunications Concession	Authorised Providers	Operational Providers
	September 2015	September 2015
Fixed Telecommunications:	19	
Fixed Telephony		8
Fixed Internet		10
International Telecommunications	8	8
Mobile Telecommunications	2	2

Table 3: Telecommunication Market Concessions as at September 2016

With reference to the Fixed Telephony and Fixed Internet markets in Table 3, a single concession is granted for the provision of fixed telephony and/or fixed Internet services and networks. During the period under review, of the 19 operators authorised to provide fixed domestic telecommunications services, only eight concessionaires opted to provide fixed telephony services and 10 concessionaires opted to provide fixed Internet services.



Stakeholder Engagement Statistics

1. Consumer complaints handling
2. Consumer complaints committee
3. Broadcast content complaints
4. Interference complaints
5. Licence applications
6. Concession applications
7. Tower administration
8. Radio-frequency (RFR measurements of cellular sites)
9. Numbering assignment
10. Freedom of information

The following statistics highlight the performance of the Authority for the period October 1, 2015 to September 30, 2016, for each of the categories:

1. Consumer Complaints Handling

During the reporting period, a total of 553 consumer complaints were received, 11 of which were from Tobago. Of the total, 82% or 452 complaints were resolved, an increase of 7% over the previous period. There are 101 pending complaints still being investigated and these are expected to be resolved early in the next financial year, 2016 - 2017. The majority of complaints received - just over 35% - was attributable to a loss of service. The type and status of the consumer complaints are shown in Figure 3.

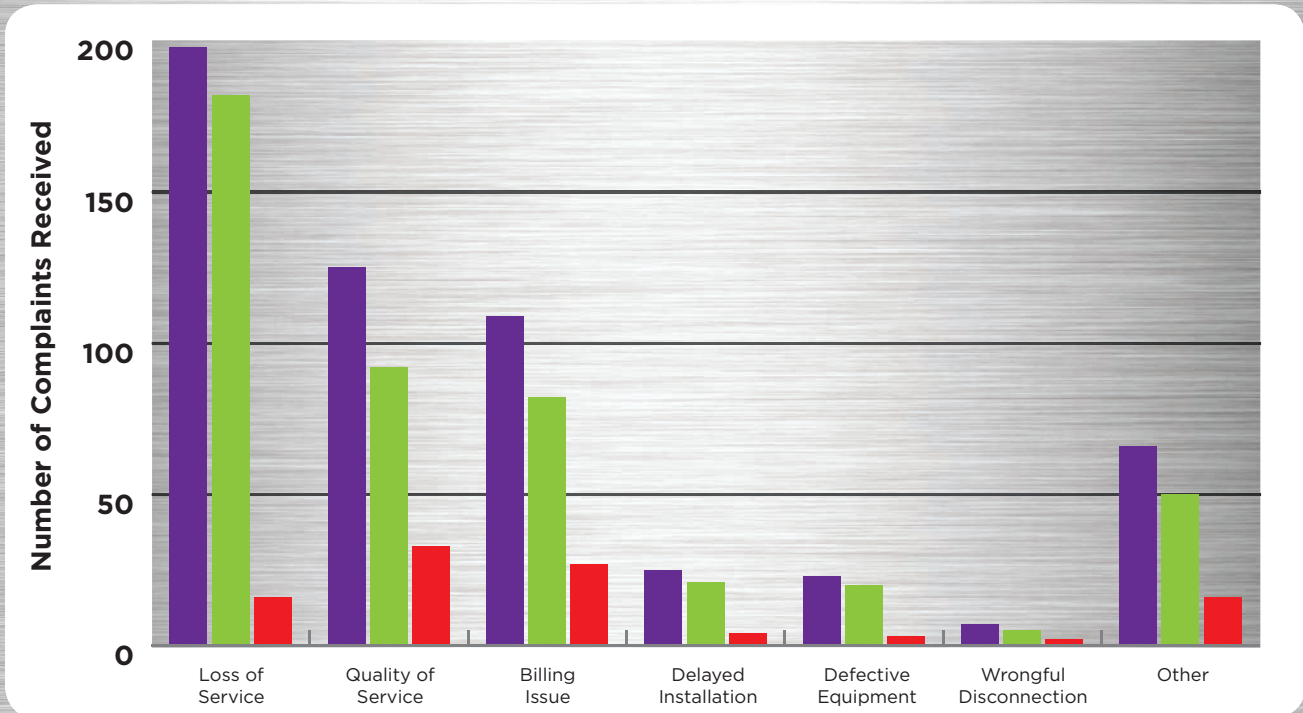


Figure 3 - Consumer Complaints Handling October 1, 2015 - September 30, 2016

2. Consumer Complaints Committee

The Consumer Complaints Committee (CCC) was established in May 2008 in accordance with Section 18(q) of the Telecommunications Act Chap. 47:31, and is responsible for deciding on complaints that have not been resolved at the operational level.

The CCC met on one occasion during the financial period. Discussions centred on the well-being of consumers of telecommunications and broadcasting services. Additionally, the CCC placed high importance on matters related to consumer advocacy and empowerment. No complaints were brought before the committee during the review period.

3. Broadcast Complaints

The Authority receives complaints regarding both FTA radio and television broadcast content as shown in Table 4.

Type of Complaint	No. of Complaints received	Complaints Investigated	Complaints Pending	Comments
Radio	37	31	6	Six complaints were deemed invalid by the Authority for varying reasons. Such reasons included lack of information from the complainant; a significant amount of time elapsing between the broadcast date and the complaint date; and technical problems with the retrieval of the relevant recordings.
Television	32	31	1	One complaint could not be investigated as a significant amount of time had elapsed between the broadcast date and the complaint date.
Total	69	62	7	

Table 4: Broadcast Content Complaints as at September 2016

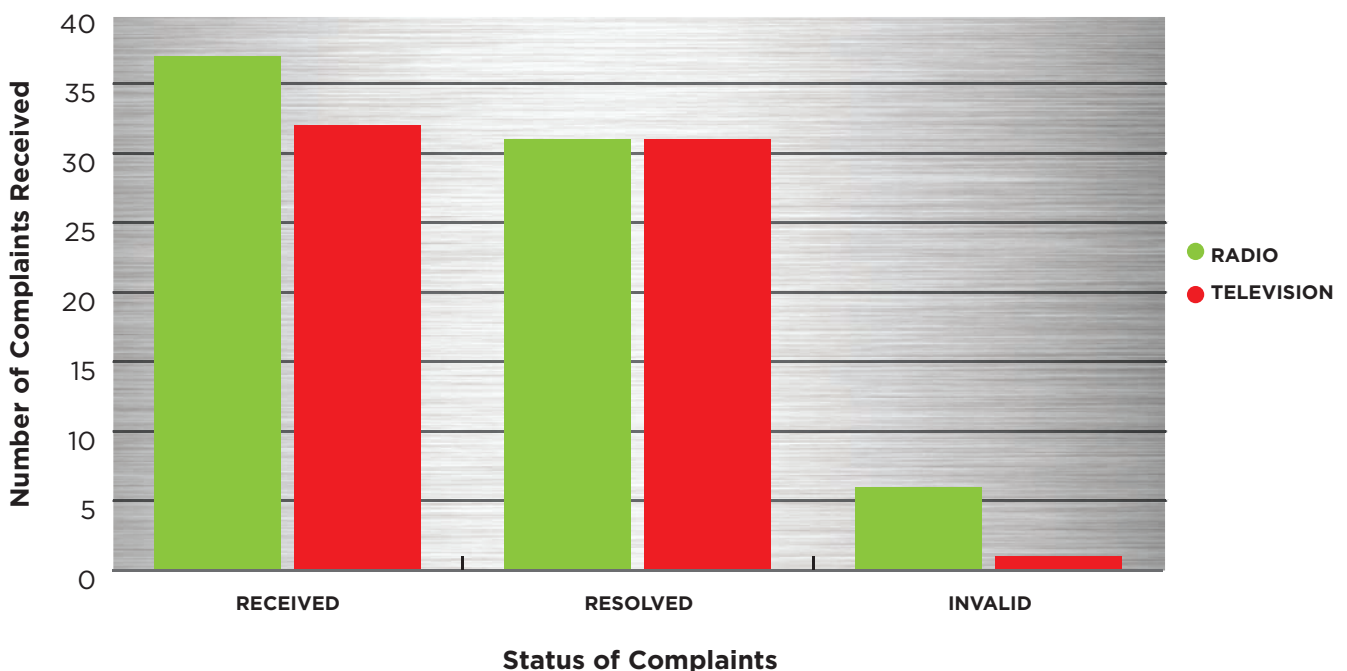


Figure 4 - Broadcast Content Complaints - October 1, 2015 - September 30, 2016

4. Interference Complaints

Section 18.1 (l) of the Telecommunications Act 2001 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 2015 - 2016, the Authority received four complaints in relation to harmful interference, of which three were resolved within the period under review.

These complaints were submitted by the licensee or individual experiencing the harmful interference to their radiocommunications system. In all instances, the Authority evaluates such interference complaints to radiocommunications systems in accordance with the Authority’s interference complaints process. 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. Two point-to-point harmful interference complaints are pending from the previous financial period, due to the complexity of these matters.

5. Licence Applications

During the financial period under review, 341 licence applications were granted and 17 were rejected by the Authority. At the end of the period, 54 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 2015 - 2016.

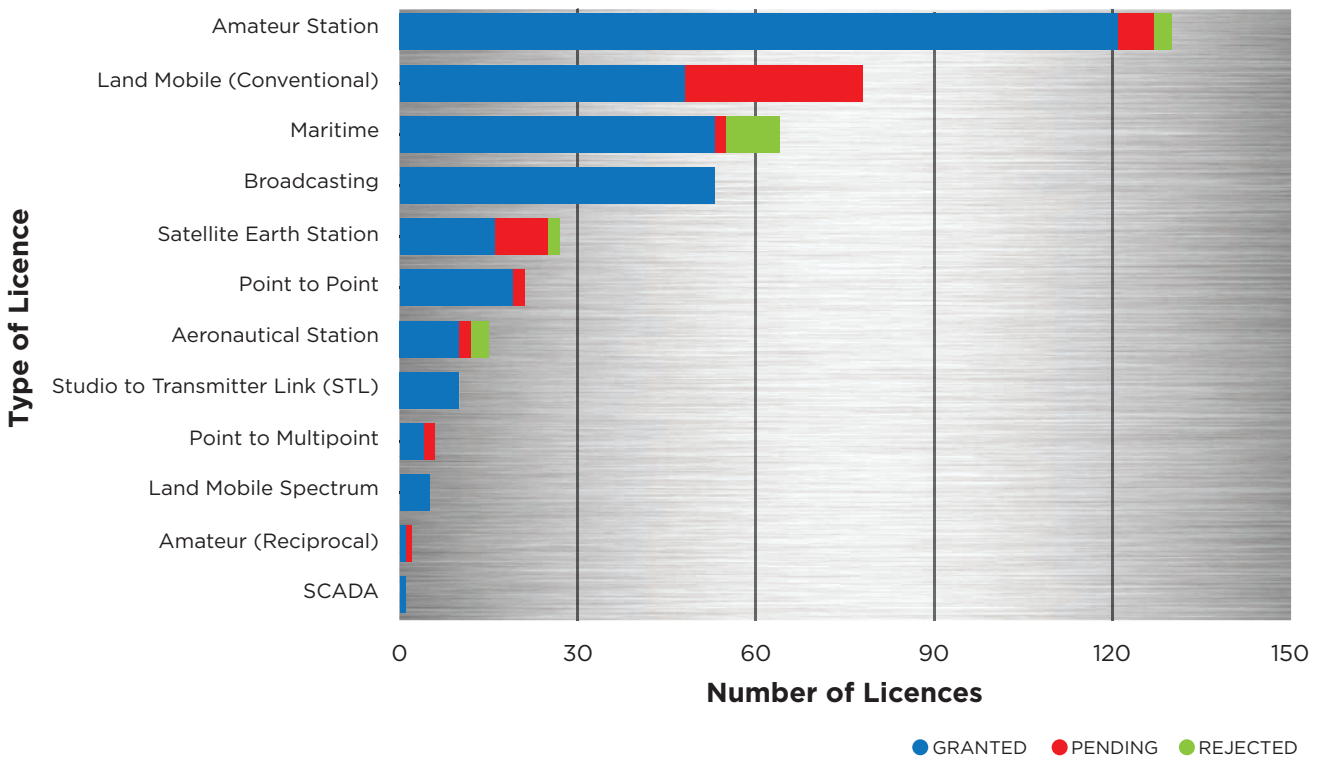


Figure 5 - Status of Licence Applications as at September 30, 2016

6. Concession Applications

The grant of concessions to existing and potential service providers is based on the Authority's Authorisation Framework. During the period under review, 68 concession applications were received. The details of the status of concession applications as at the end of the financial period are shown in Table 5.

APPLICATION TYPE	APPLICATIONS RECEIVED		APPLICATIONS APPROVED	APPLICATIONS PENDING	APPLICATIONS REJECTED
	New Applications	Renewal Applications			
International Telecommunications	-	7	3	3	1
FTA Radio	-	37	33	3	1
FTA Television	-	4	3	-	1
Mobile Telecommunications	-	2	2	-	-
Subscription Television Broadcasting	-	6	3	3	-
Television Broadcasting Service via Cable	5	1	1	4	1
Fixed Telecommunications	1	5	2	4	-
	6	62			
TOTAL		68	47	17	4

Table 5: Concession Applications as at September 2016

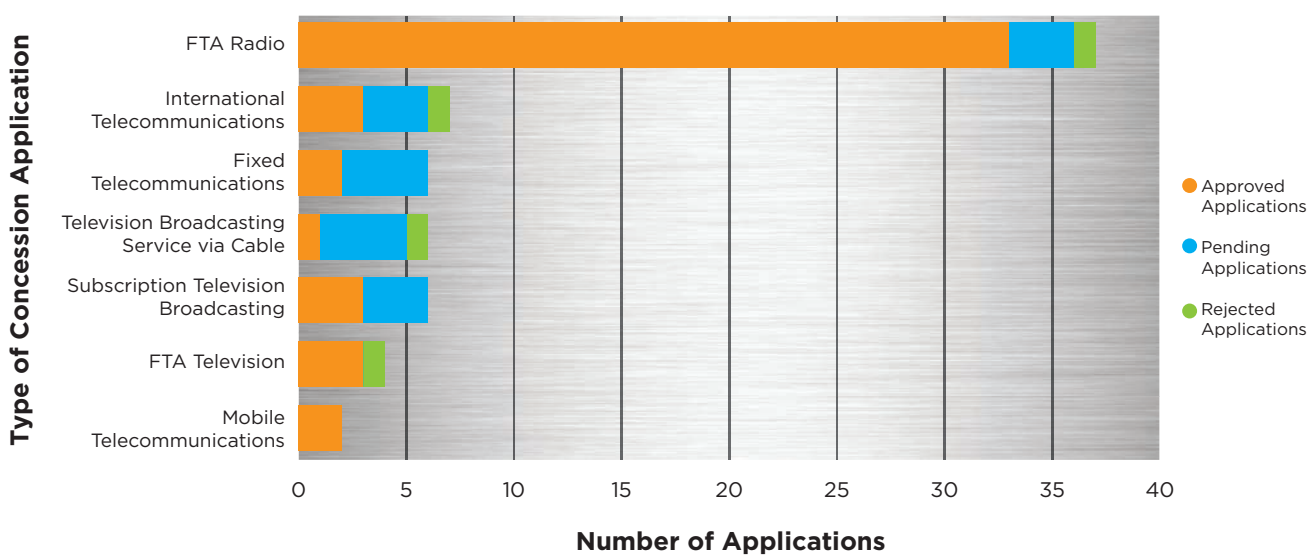
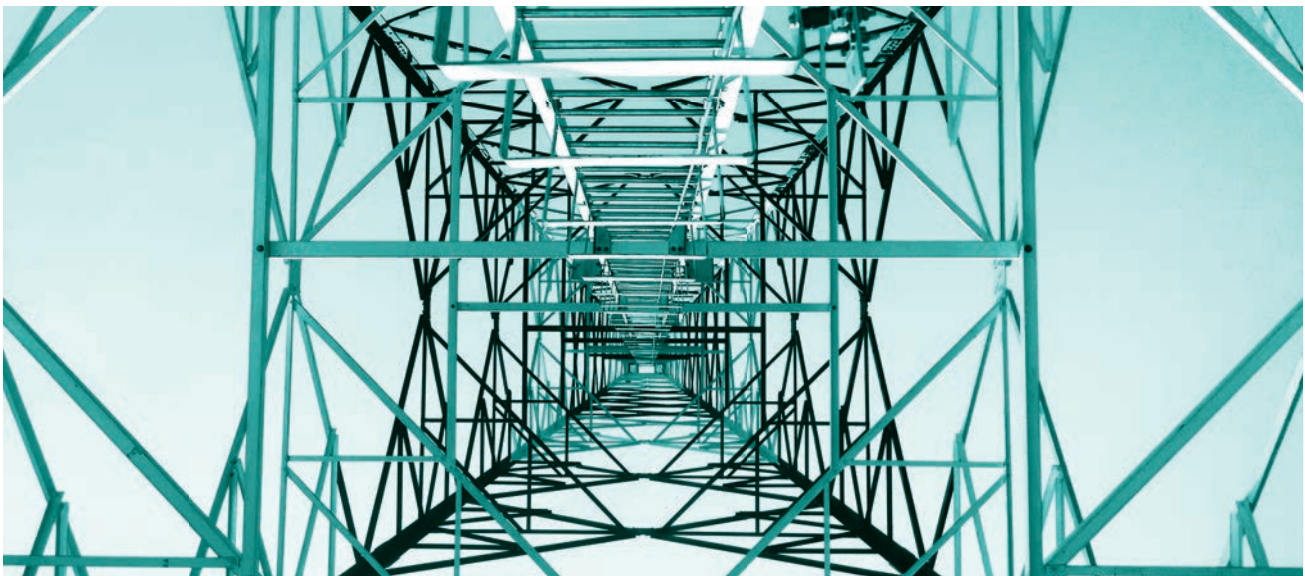


Figure 6 - Status of Concession Applications as at September 30, 2016



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 assessment 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.

Twenty-six tower non-objection applications were received by the Authority, of which 12 were approved. A summary of tower administration activity over the period 2015 - 2016 is given below:

- Telecommunications Services of Trinidad & Tobago Limited (TSTT) submitted one application which was approved by the Authority.
- Green Dot Limited submitted 25 applications, of which 11 were approved by the Authority. Pending further information, 14 of the applications will be considered for approval in the next financial period.

8. Radio Frequency Radiation (RFR) Measurements of Cellular and WiFi sites

The Authority's annual measurement of RFR from cellular and WiFi sites was suspended in this fiscal period as the Authority sought to review and revise the existing RFR Methodology and Procedures, which guide the conduct of this exercise. The impetus for this review and revision stemmed from the consideration of new types of cellular sites and other types of radio transmitting towers erected in populated areas.

9. Numbering Assignment

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

For the period 2015 - 2016, the Authority issued five fixed CO codes and five mobile CO codes to Digicel (Trinidad & Tobago) Limited.

10. Freedom of Information Act (FOIA)

The Freedom of Information Act gives members of the public a general right (with exceptions) to access official documents of public authorities.

During the financial period, the Authority received four requests, of which three were fulfilled. The outstanding request will be fulfilled in the new financial period.

Financial Performance

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

Pursuant to Sections 56 and 57 of the Telecommunications Act, Chapter 47:31, the Authority prepares financial statements in accordance with International Financial Reporting Standards which are Generally Accepted Accounting Principles (GAAPs) adopted in Trinidad and Tobago and, which are subject to an annual audit. Included in this report are the audited financial statements for the financial period ended September 30, 2016.

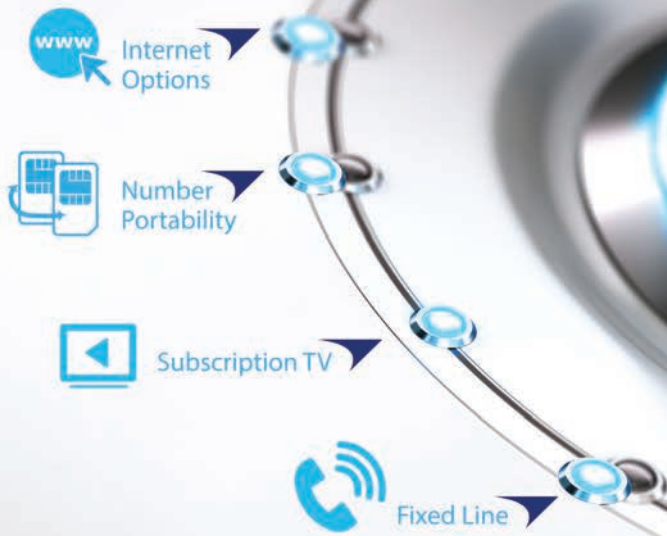
The Authority received gross revenue of \$82,072,131 during the financial period 2015 - 2016. Of this amount, concession and licence fees generated revenues of \$24,473,504 and \$56,640,478 respectively.

The Authority's expenditure for the year amounted to \$51,947,598. This represented an increase of approximately 6% over the previous year's expenditure of \$49,153,987. As in the past, staff costs continued to be the largest expense, accounting for approximately 52% of the Authority's total expenditure.

The Authority's receivables of \$15,804,076 represented a decrease of approximately 16% over the prior year. Accounts payables and accruals also decreased by approximately 19% over the fiscal period to record \$3,434,787.

Currently, a cash balance of \$120,538,005 exists in the Universal Service Fund (USF). With the coming into force of the Telecommunications (Universal Service) Regulations in 2015, the Authority invoiced applicable telecommunications service providers in the amount of \$25,297,760 during the financial period. These USF contributions will be used to fund several key initiatives geared towards bridging the gap between those who have basic telecommunications services in Trinidad and Tobago and those who do not.

During the period under review, the Authority commenced work on its first Universal Service initiative, which is the implementation of phase 2 of the National Free WiFi initiative. The Authority also intends to pursue its second Universal Service initiative in the new financial period with the provision of assistive devices for persons with disabilities.



2016
ANNUAL REPORT

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 Telecommunications Authority of Trinidad and Tobago (the 'Authority') as at the end of the financial year and 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.

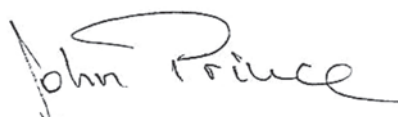
Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS. Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Authority and 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 12 months from the date of this statement.



Gilbert Peterson, S.C.
Chairman of the Board of Directors

December 28, 2016



Dr. John Prince
Chief Executive Officer

December 28, 2016

**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, 2016 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion 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, 2016, 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 28, 2016

Deloitte + Touche

Statement of financial position

(Expressed in Trinidad and Tobago dollars)

	Note	As at September 30,	
		2016	2015
		\$	\$
ASSETS			
Non-current assets			
Plant and equipment	6	21,052,801	25,199,204
Total non-current assets		<u>21,052,801</u>	<u>25,199,204</u>
Current assets			
Trade and other receivables	7	15,804,076	18,825,035
Universal Service Fund Contribution receivable	7	25,297,760	-
Cash and cash equivalents	8	147,758,501	148,045,910
Total current assets		<u>188,860,337</u>	<u>166,870,945</u>
Total assets		<u>209,913,138</u>	<u>192,070,149</u>
LIABILITIES & RESERVES			
Reserves			
Reserves: Universal Service Fund	9	120,538,005	120,538,365
Reserves: Universal Service Fund Contribution	9	25,297,760	-
Total reserves		<u>145,835,765</u>	<u>120,538,365</u>
Non-current liabilities			
Deferred income	10	1,842,742	1,938,277
Total non-current liabilities		<u>1,842,742</u>	<u>1,938,277</u>
Current liabilities			
Accounts payable and accruals	11	3,434,787	4,242,974
Amount due to Consolidated Fund		58,799,843	65,350,533
Total current liabilities		<u>62,234,630</u>	<u>69,593,507</u>
Total liabilities		<u>64,077,372</u>	<u>71,531,784</u>
Total liabilities and reserves		<u>209,913,138</u>	<u>192,070,149</u>

The notes on pages 44 to 60 form an integral part of these financial statements.

On December 28, 2016, these financial statements were authorised for issue by the Board of Directors:



Gilbert Peterson, S.C.
Chairman of the Board of Directors



Dr. John Prince
Chief Executive Officer

Statement of profit or loss and other comprehensive income

(Expressed in Trinidad and Tobago dollars)

	Note	Year ended September 30,	
		2016	2015
		\$	\$
Income			
Concession fees		24,473,504	26,500,840
Licence fees		56,640,478	57,913,675
Bank interest		92	7,502
Other income		862,522	1,088,447
Amortisation of deferred income	10	95,535	318,745
Total Income		82,072,131	85,829,209
Expenses			
Communications, marketing and policy expenses	12	3,116,006	5,016,243
Fees	13	1,384,602	2,488,352
Training	14	2,412,239	2,445,873
Utilities		939,166	967,960
Rent and lease expenses	15	3,856,603	3,320,000
Staff costs	16	27,040,479	26,500,769
Repairs and maintenance		429,482	565,609
Other administrative costs	17	6,491,606	5,116,854
Depreciation		6,277,415	2,732,327
Total expenses		51,947,598	49,153,987
Surplus for the year		30,124,533	36,675,222
Other comprehensive income, net of taxes		-	-
Total comprehensive income for the year		30,124,533	36,675,222

The notes on pages 44 to 60 form an integral part of these financial statements

Statement of changes in amount due to consolidated fund

(Expressed in Trinidad and Tobago dollars)

	<u>2016</u> \$	<u>2015</u> \$
Amount due to Consolidated Fund brought forward from the previous period	65,350,533	73,747,742
Payment to Consolidated Fund during the year	<u>(36,675,223)</u>	<u>(45,072,431)</u>
Outstanding amount brought forward	28,675,310	28,675,311
Net surplus for the current year	<u>30,124,533</u>	<u>36,675,222</u>
Net amount for the year due to Consolidated Fund	<u>30,124,533</u>	<u>36,675,222</u>
Net amount due to Consolidated Fund at the end of the year	<u>58,799,843</u>	<u>65,350,533</u>

The accompanying notes on pages 44 to 60 form an integral part of these financial statements

Statement of cash flows

(Expressed in Trinidad and Tobago dollars)

	Year ended September 30,	
	2016	2015
	\$	\$
Cash flow from operating activities		
Net surplus for the year	30,124,533	36,675,222
Adjustment for Non-Cash Items:		
Amortisation of deferred income	(95,535)	(318,745)
Amortisation of deferred income-licence fees	-	(2,489,449)
Depreciation	6,277,415	2,732,327
Gain on disposal of assets	-	(309,551)
Adjustment to Consolidated Fund	(360)	(360)
	<u>36,306,053</u>	<u>36,289,444</u>
Changes in:		
Receivables	3,020,959	9,850,276
Accounts payables and accruals	(808,187)	(1,795,761)
Net cash generated from operating activities	<u>38,518,826</u>	<u>44,343,959</u>
Cash Flow from investing activities		
Acquisition of plant and equipment	(2,131,012)	(13,338,398)
Proceeds from sale of plant and equipment	-	1,956,860
Net cash used in investing activities	<u>(2,131,012)</u>	<u>(11,381,538)</u>
Cash Flow from financing activities		
Amount paid to consolidated fund	(36,675,223)	(45,072,431)
Net cash used in financing activities	<u>(36,675,223)</u>	<u>(45,072,431)</u>
Net decrease in cash and cash equivalents	(287,409)	(12,110,010)
Cash and cash equivalents at start of year	<u>148,045,910</u>	<u>160,155,920</u>
Cash and cash equivalent at end of year	<u>147,758,501</u>	<u>148,045,910</u>

The accompanying notes on pages 44 to 60 form an integral part of these financial statements

Notes to the financial statements

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

1. Principal activities

The Telecommunications Authority of Trinidad and Tobago (the 'Authority') is an independent regulatory body, established by the Telecommunications Act (the 'Act') Chapter 47:31. The Authority is charged with the responsibility for the regulation of the telecommunications and broadcasting sectors. The Authority's mandate includes recommendations to the Minister for the granting of Concessions, the granting of Spectrum Licences and the collection of related fees, the determination of Universal Service obligations throughout Trinidad and Tobago, the establishment of National Telecommunications Industry Standards and Technical Standards, Price Regulation and Consumer Protection. The Authority became operational on July 1, 2004.

The Authority is located at # 5 Eighth Avenue Extension, Barataria, Trinidad.

The Authority reports to the Ministry of Public Administration.

2. Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations adopted with no effect on financial statements

There were no new standards or interpretations which were adopted by the Authority during the year beginning October 1, 2015.

Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements

The Authority has not applied the following new and revised IFRS that have been issued but are not yet effective:

- | | |
|-----------------------------------|---|
| • IFRS 9 | Financial instruments ³ |
| • IFRS 15 | Revenue from Contracts with Customers ³ |
| • IFRS 16 | Leases ⁴ |
| • Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ¹ |
| • Amendments to IFRS | Annual Improvements to IFRS 2012-2014 ¹ |
| • Amendments to IAS 1 | Disclosure Initiative ¹ |
| • Amendments to IAS 12 | Recognition of Deferred Tax Assets |
| • Amendments to IAS 7 | Unrealised Losses ² |
| • Amendments to IFRS 2 | Disclosure Initiative ² |
| | Classification and Measurement of Share-based Payment Transactions ³ |

¹ Effective for annual periods beginning on or after 1 January, 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January, 2019, with earlier application permitted

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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

Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements (continued)

• IFRS 9 Financial Instruments

IFRS 9, which was issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of this IFRS was issued in July 2015 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing 'fair value through other comprehensive income' ('FVTOCI') measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes 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 fair value through profit or loss is presented in profit or loss.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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

Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements (continued)

• IFRS 9 Financial Instruments (continued)

- in relation to the impairment of financial assets, IFRS 9 requires an expected loss model, as opposed to an incurred loss model under IAS 39. The expected loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Telecommunications Act Chapter 47-31, the Authority is not permitted to engage in any investment activities as a result, the requirements relating to hedge accounting will not apply to the Authority.

• IFRS 15 Revenue from Contracts with Customers

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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

Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements (continued)

• IFRS 15 Revenue from Contracts with Customer (continued)

IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, and does not require retrospective application. Management does not anticipate that this IFRS will be early adopted. Once adopted the standard is not expected to have a significant impact on the amounts reported and disclosures made in the Authority's financial statements. Management will carry out a detailed review of the final version of the IFRS.

• Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances;

- a) when the intangible asset is expensed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

The management of the Authority do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Authority's financial statements.

• Annual Improvements 2012 - 2015

The Annual Improvements to IFRS 2012-2015 include a number of amendments to various IFRS, which are summarised below.

IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19 — Clarify that the high-quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The management of the Authority do not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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

Standards and Interpretations in issue not yet adopted, which may have an impact on the Authority's financial statements (continued)

• **Amendment to IAS 1: Disclosure Initiative**

Amendments were made to IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- c) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The management of the Authority does not anticipate that the application of these amendments will have a significant impact on the Authority's financial statements.

Standards and Interpretations in issue which will not have an impact on the Authority's financial statements

The following new and revised IFRS that have been issued but are not yet effective and will not have any impact of the financial statements of the Authority:

- | | |
|---|--|
| • Amendments to IFRS 11 | Accounting for Acquisitions of Interest in Joint Operations ¹ |
| • IFRS 14 | Regulatory Deferral Accounts ¹ |
| • Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ¹ |
| • Amendments to IFRS 10 and IAS 28 | Sale of Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| • Amendments to IAS 27 | Equity Method in Separate Financial Statements ¹ |
| • Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception ¹ |

¹ Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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.

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.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

c) Plant and equipment (continued)

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.

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) Receivables

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. Trade 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.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

h) Provisions (continued)

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 Service Fund

In accordance with the Telecommunications Act (2001) Section 28(3), the Board approves the appropriation of reserves to the Universal Service 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".

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.

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

3. Summary of significant accounting policies (continued)

k) Impairment of financial assets (continued)

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.

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 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 the financial statements (continued)

For the year ended September 30, 2016

(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. The majority of the financial instruments of the Authority is denominated in Trinidad and Tobago dollars, thus, the risk to the Authority is considered minimal.

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 one year equal their carrying balances, as the impact of discounting is not significant.

	Less than one year
	\$
At September 30, 2016	
Accounts payables and accruals	<u><u>3,434,787</u></u>
At September 30, 2015	
Accounts payables and accruals	<u><u>4,242,974</u></u>

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

6. Plant and equipment	Telecommunications equipment & related software						Computer equipment & software		Office furniture & equipment		Motor vehicles		Fixtures & fittings		Construction in progress		Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
At October 1, 2014	20,178,185	9,359,875	3,348,857	917,358	227,505	6,411,772	40,443,552											
Additions	9,947,999	769,077	359,137	424,786	-	1,837,399	13,338,398											
Transfer from construction in progress	6,411,772	-	-	-	-	(6,411,772)	-											
Disposals	(13,277,062)	-	-	(338,318)	-	-	(13,615,380)											
At September 30, 2015	23,260,894	10,128,952	3,707,994	1,003,826	227,505	1,837,399	40,166,570											
Additions	175,299	1,112,133	122,453	489,240	18,340	213,547	2,131,012											
Transfer from construction in progress	925,250	859,742	-	-	-	(1,784,992)	-											
At September 30, 2015	24,361,443	12,100,827	3,830,447	1,493,066	245,845	265,954	42,297,580											
Accumulated depreciation																		
At October 1, 2014	15,286,046	6,102,838	1,989,784	667,412	157,034	-	24,203,114											
Disposals	(11,764,167)	-	-	(203,906)	-	-	(11,968,073)											
Expense for the year	1,425,515	916,099	307,168	69,451	14,094	-	2,732,327											
At September 30, 2015	4,947,394	7,018,937	2,296,952	532,957	171,128	-	14,967,368											
Expense for the year	4,853,512	998,846	293,350	117,717	13,990	-	6,277,415											
At September 30, 2016	9,800,906	8,017,783	2,590,302	650,674	185,118	-	21,244,783											
Carrying value																		
At September 30, 2015	18,313,501	3,110,016	1,411,042	470,869	56,377	1,837,399	25,199,204											
At September 30, 2016	14,560,538	4,083,045	1,240,145	842,392	60,727	265,954	21,052,801											

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

7. Trade and other receivables

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade receivables (Note 20)	10,876,736	13,506,789
Less: allowance for impairment	<u>(2,893,984)</u>	<u>(903,424)</u>
Trade receivables-net	7,982,752	12,603,365
Staff loan (other)	198,648	275,355
Staff loan (vehicle)	1,989,396	1,896,483
VAT receivable	4,964,476	3,448,346
Other receivables and prepayments	668,804	455,617
Goods in transit	-	145,869
	<u>15,804,076</u>	<u>18,825,035</u>
Receivables - Universal Service Fund Contribution	25,297,760	-
	<u>41,101,836</u>	<u>18,825,035</u>

Included within staff loans are loans to management amounting to \$ nil (2015: \$100,832).

8. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash at bank (TT\$ account)	27,021,393	27,123,348
Cash at bank (US\$ account)	196,103	381,197
Universal Service Fund (TT\$ account)	120,538,005	120,538,365
Cash on hand (TT\$ account)	<u>3,000</u>	<u>3,000</u>
	<u>147,758,501</u>	<u>148,045,910</u>

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

9. Appropriation of reserves: Universal Service Fund

Due to Universal Service Fund

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at October 1	120,538,365	120,538,725
Bank charges	(360)	(360)
	<u>120,538,005</u>	<u>120,538,365</u>
Reserves - Universal Service Fund Contributions	<u>25,297,760</u>	<u>-</u>
Balance at September 30	<u>145,835,765</u>	<u>120,538,365</u>

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Staff costs (Note 16)	27,040,479	26,500,769
Directors fees and expenses	709,500	825,000
Depreciation (Note 6)	6,277,415	2,732,327

10. Deferred Income

	<u>2016</u>	<u>2015</u>
	\$	\$
Government grant relating to fixed assets	1,938,277	2,257,022
Amortisation	(95,535)	(318,745)
	<u>1,842,742</u>	<u>1,938,277</u>

11. Accounts payable and accruals

	<u>2016</u>	<u>2015</u>
	\$	\$
Accounts payable	261,531	285,093
Deferred revenue	105,714	152,166
Outstanding commitments	2,984,450	3,738,566
Other current liabilities	83,092	67,149
	<u>3,434,787</u>	<u>4,242,974</u>

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

12. Communications, marketing and policy expenses

	<u>2016</u>	<u>2015</u>
	\$	\$
Promotions, publicity and printing	1,502,838	2,655,810
Official overseas travel	549,451	867,089
Hosting conferences/seminars	<u>1,063,717</u>	<u>1,493,344</u>
	<u>3,116,006</u>	<u>5,016,243</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>2016</u>	<u>2015</u>
	\$	\$
Legal and professional fees	633,480	990,967
Subscription and other charges	<u>751,122</u>	<u>1,497,385</u>
	<u>1,384,602</u>	<u>2,488,352</u>

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>2016</u>	<u>2015</u>
	\$	\$
Training, registration fees	633,854	622,112
Foreign travel, per diems, airfare	<u>1,778,385</u>	<u>1,823,761</u>
	<u>2,412,239</u>	<u>2,445,873</u>

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

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>2016</u>	<u>2015</u>
	\$	\$
No later than 1 year	3,856,603	3,320,000
Later than 1 year	-	-
TOTAL	<u>3,856,603</u>	<u>3,320,000</u>

16. Staff Costs

	<u>2016</u>	<u>2015</u>
	\$	\$
Salaries	24,624,417	24,150,335
Directors' fees and expenses	709,500	825,000
Pension contributions	1,457,192	1,381,945
Short-term employment	99,836	-
Other personnel expense	149,534	143,489
	<u>27,040,479</u>	<u>26,500,769</u>

The number of employees at September 30, 2016 was 99 (2015: 90).

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

17. Other Administrative Costs

	<u>2016</u>	<u>2015</u>
	\$	\$
Security	543,534	514,944
Janitorial services	281,313	251,409
Supplies	780,157	892,763
Other contracted services	2,474,708	2,786,464
Bad debt expenses	1,990,560	331,082
Other administrative costs	421,334	340,192
	<u>6,491,606</u>	<u>5,116,854</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 party in making financial decisions.

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

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>2016</u>	<u>2015</u>
	\$	\$
Key management compensation	<u>4,612,898</u>	<u>5,468,638</u>
Sale of asset	<u>-</u>	<u>202,887</u>

Notes to the financial statements (continued)

For the year ended September 30, 2016

(Expressed in Trinidad and Tobago dollars)

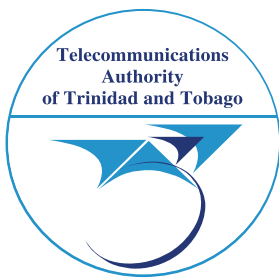
20. Financial instruments by category

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial assets		
Cash and cash equivalents	147,758,501	148,045,910
Receivables (Note 7)	<u>10,876,736</u>	<u>13,506,789</u>
	<u>158,635,237</u>	<u>161,552,699</u>
Other financial liabilities		
Payables held at amortised cost	<u>3,434,787</u>	<u>4,242,974</u>
	<u>3,434,787</u>	<u>4,242,974</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.



**5 Eighth Avenue Extension
Off Twelfth Street
Barataria
Tel: (868) 675-8288
Fax: (868) 674-1055
Email: info@tatt.org.tt
Website: www.tatt.org.tt**