

Telecommunications  
Authority  
of Trinidad and Tobago

# **ANNUAL REPORT**

**October 2005 to September 2006**





## Telecommunications Authority of Trinidad and Tobago

BEN Court, 76 Boundary Road, San Juan, Republic of Trinidad & Tobago

Telephone: (868) 675-8288; Website: [www.tatt.org.tt](http://www.tatt.org.tt)  
Fax: (868) 674-1055; E-mail: [info@tatt.org.tt](mailto:info@tatt.org.tt)

Ref. No./jpcrd/07/07

July 20, 2007

Mrs. Arlene McComie  
Permanent Secretary  
Ministry of Public Administration and Information  
NALIS Building  
Corner Hart and Abercromby Streets  
Port of Spain

Dear Mrs. McComie,

### RE: ANNUAL REPORT OCTOBER 2005 – SEPTEMBER 2006

Please find attached a copy of the Authority's Annual Report and Financial Statements for the period

The Annual Report is being submitted in accordance with Section 56(2) of the Telecommunications Act 2001. It should be noted that this document will be published in its final form when the Audit of Accounts for the financial year ended September 30<sup>th</sup> 2006 is completed.

Yours sincerely,

Cris Seecheran  
Executive Director (Ag.)

*Board of Directors: Mr. Khalid Hassanali (Chairman); Mr. Cagney Casimire (Deputy Chairman); Ms. Beverly Beckles; Ms. Gillian Bishop; Mrs. Carol Clark; Dr. Ronald Ramkissoon; Mr. Learie Alleyne-Forte; Mr. Samuel Henry; Prof. St. Clair King; Mr. Wayne Nakhid; Dr. Shaikd Hussain.  
Dr. John Prince (Executive Director)*

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# 1 Introduction to the Authority

## Vision

*A globally respected regulator driven by the demands of an ever-evolving information based society and guided by the principles of transparency fairness and non-discrimination.*

## Mission

*To facilitate the orderly development of the Telecommunications and Broadcasting Sectors in an efficient and effective manner thereby enabling the availability and accessibility of quality and affordable ICT (Information and Communication Technology) services to consumers and fostering social and economic benefits to the country.*

## Core Values

### Professionalism

- ❖ *Knowledge, Initiative and Expertise are essential elements of the Quality and Excellence for which we strive*
- ❖ *Learning is Continuous*
- ❖ *We are open-minded and respect each other's views*
- ❖ *Respect for one another builds quality working relationships.*
- ❖ *Timeliness is fundamental to our business*

### Innovativeness

- ❖ *Creativity is the hallmark of our work*
- ❖ *We use our resources wisely as we work smart and hard to get the job done*
- ❖ *We anticipate and adapt to our changing environment*

### Customer Focus

- ❖ *We recognise the different interests of our customers and are responsive to their needs by communicating effectively*

### Integrity

- ❖ *Everything we do should withstand scrutiny. We achieve this by being honest, objective and fair in all matters*



- ❖ *We are Accountable to our customers and respect the value and confidentiality of their information*
- ❖ *Trust is a pillar on which we stand*

## 2 The Chairman's Statement

On the occasion of the publication of the Authority's 3<sup>rd</sup> Annual report, I wish to thank members of the Board and Staff for their continued support and dedication.

This year October 1<sup>st</sup> 2005 to September 30<sup>th</sup> 2006, will be marked by our consumers and providers as the year in which the first benefits of liberalisation were truly felt as we welcomed Digicel Trinidad and Tobago Limited to the Telecommunications Industry of Trinidad and Tobago, forever changing our Telecommunications landscape.

For the first time, consumers had choice in the provision of Mobile Telecommunications Services and prices fell. The long lines outside both Digicel and TSTT outlets over the initial months were testimony to the impact of the arrival of one new entrant to the market. Mobile subscriber numbers increased from 750,000 to 1,300,000 during the period a penetration level of 100%.

Five Wired Cable TV providers were granted concessions by the Minister based upon recommendations made by the Authority:

- *Columbus Communications Trinidad Limited (FLOW) who purchased CCTL (National)*
- *Telecommunications Services of Trinidad and Tobago Limited (National)*
- *TRICO Industries (Major Territorial)*
- *ICNTT (Major Territorial)*
- *RVR International (Niche)*

With the exception of TSTT, all concessionaires have rolled out Cable Television and other related services.

Over the past year, the Authority's focus has also been on ensuring that regulations were in place to manage the sector. The regulations along with associated policies now in place include:

- *Interconnection Regulations*
- *Access to Facilities Regulations*
- *Spectrum Management Regulations*
- *Fee Regulations*



Our recurrent expenditure for the period was \$14M approximately \$5M less than originally estimated. The underspending arose from our inability to recruit to all vacant positions in the Authority, and project related expenditure. At year end, seven (7) posts remained vacant.

## **Overview of the Telecommunications and Broadcasting Sectors**

This section outlines the context of the operational objectives set by the Authority. It will present a snapshot of the various markets that exist in the telecommunications and broadcasting sectors and includes a summary of:

- the regulatory environment prior to the establishment of the Act;
- the number of network operators and service providers in the various markets;
- the number of subscribers in those markets;
- existing prices of the services identified; and
- trends observed in subscriber growth, price variations and innovative service offerings over the past year.

### **3. An Overview of the Telecommunications and Broadcasting Sectors**

#### **3.1 The regulatory environment prior to the establishment of the Act**

Prior to the promulgation of the Act, the regulatory framework for the telecommunications sector was guided by the Wireless Telegraphy Ordinance 1936, the Telephone Act 1968 and the Regulated Industries Commission Act (RIC) 1998.

The Telephone Act 1968 empowered the Trinidad and Tobago Telephone Company (now the Telecommunications Services of Trinidad and Tobago (TSTT)) with the exclusive right to operate a telephone system and provide a telephone service to the public. Where TSTT used radio transmitting equipment in providing telephone service (e.g. mobile cellular services), the company was required to apply for the relevant licence under the Wireless Telegraphy Ordinance. The rate structure of the company was also regulated as a public utilities company under the Regulated Industries Commission (RIC) Act.



Under the Wireless Telegraphy Ordinance of 1936 (the Ordinance), a licence was required to install, operate, sell or deal in, wireless apparatus. A special licence was also required to provide a public telecommunications or broadcasting service. The special licence detailed the terms and conditions applicable to the equipment and spectrum used in the provision of the services specified. The Minister responsible for telecommunications, through the Telecommunications Division, was also responsible for granting licences and for the management of spectrum resources.

### **3.2 Network operators and service providers in the telecommunications and broadcasting markets**

TSTT currently operates four networks which provide mobile, fixed, international and internet services.

In July 2005, two new mobile operators, Digicel Trinidad Limited and Laqtel Limited, were successful in their bid for spectrum licences to provide mobile services in Trinidad & Tobago. Furthermore, concessions were granted to the new mobile operators on December 31, 2005, thus increasing the number of mobile network operators in the country to three.

Currently Digicel has rolled out its operations in accordance with Schedule B of their performance bond highlighted in their concession agreement. Digicel's mobile coverage spans 98% of the geographical area of Trinidad and Tobago.

TSTT is upgrading their mobile infrastructure and has started the process of migrating from a GSM network to a CDMA network.

The third mobile licensee Laqtel, has since failed to launch its service and is still in the process of acquiring a financier.

### **3.3 Telecommunications and Broadcasting Sectors Overview**

Since 2003, the voice telephony market has been dominated by the cellular service market and is expected to continue in the medium term especially with the



introduction of a new cellular provider, Laqtel Trinidad Limited in 2007. It is predicted that mobile density will surpass the one hundred per cent coverage of the population by end of 2006 having reached 78.6 per cent as at March 2006.

The fixed line subscriber base is expected to continue on a stable path given that there is one fixed line service provider. Customers may opt to substitute their fixed line phones with mobile as the market for mobile telephones becomes competitive with more attractive packages being offered by the operators and price parity being attained between mobile and fixed services. It has also been a trend in other Caribbean islands, like Jamaica, where fixed line telephones were substituted by mobile ones because of the attractive packages offered by mobile service providers. However, the expected decline in residential customers in Trinidad and Tobago should be compensated by growth in business customers, as the expansion of the business customers is expected to continue over the medium term.

The Internet market will attract more subscribers as the market becomes more developed with new technological advances and reduced prices. The number of subscribers is expected to grow consistently as was experienced in the last five years. The number of broadband subscribers is expected to grow considerably especially with the proliferation of alternative backbone network facilities for both domestic and international providers. The number of persons using the internet will grow significantly over the next two years as the government has embarked on a national initiative to transform the country into a knowledge based society by 2008. This project will see the establishment of community access centres that will provide citizens with access to computers and internet services.

#### **Domestic Sector Economic Overview**

The economy of Trinidad & Tobago has continued on its robust growth path in 2006 with growth in real GDP as at September estimated at 8.7%. This increase reflects an improvement on the 7.0% growth achieved in 2005. The driving force behind this economic boom lies with the energy sector which grew by 11% as a result of the



expansion of the petroleum industry and increased world oil prices. In addition, the energy sector accounted for 43% of GDP, over 80% of exports and approximately half of government revenues.

During 2005, the surplus on external current account earned an extraordinary growth of 46.5% over last year. This increase brings the surplus to US\$2.6 billion the highest amount ever recorded. Exports also expanded phenomenally to US\$8.8 billion, a 38% increase on the US\$6.4 billion recorded in 2004. This increase was almost matched by imports which grew by 26.4% to US\$ 6.2 billion. As a result, the trade balance increased by US\$1.1 billion to US\$ 2.6 billion.

**Table 1: Selected Economic Indicators**

	2001	2002	2003	2004	2005	2006 <sup>P</sup>
Population (millions)	1.30	1.30	1.30	1.31	1.31	1.31
GDP (US\$ millions)	8,959	9,327	10,745	11,071	12,154	13,207
GDP per capita (US\$)	6,892	7,166	8,246	8,470	9,279	10,061
Real GDP (US\$ millions)	8,492	8,951	10,351	10,676	11,423	12,413
Real GDP Growth (%)	4.3	6.8	13.2	6.5	7.0	8.7
Inflation rate (%) (period average)	5.5	4.2	3.8	3.7	6.9	10.0
Exchange rate (TT\$ per US\$)	6.2	6.2	6.3	6.3	6.3	6.3
Unemployment rate (%)	10.8	10.4	10.5	8.4	8.5	5.9
External Current Account (US\$ millions) (Surp	446	76	985	1,647	2,672	2,577

Source: Central Bank of Trinidad & Tobago, Central Statistical Office, CSO

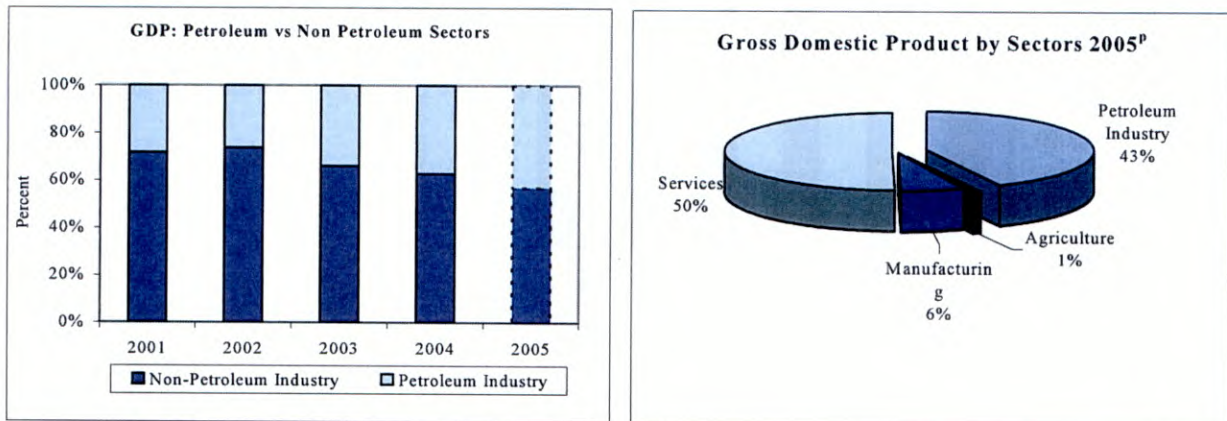
<sup>P</sup> 2006 data are provisional

Other economic highlights for 2006 include the stable exchange rate, the double digit inflation and a low unemployment rate. The US\$ exchange rate remain at TT\$6.3 to US\$1, the inflation rate increase significantly from 6.9% at the end of 2005 to 10% as at October 2006 (which was primarily due to higher food prices) while the unemployment rate declined further to 5.9% as at the end of October 2006.

In the real sector, the petroleum industry accounted for approximately 43% of the country's production second to the services sector. The services sector has dominated

production in 2005 accounting for approximately half of the GDP of the country and averaging 58% since 2000. Despite this dominance the non petroleum sector's output as a percentage of GDP has been declining over the last five years. Figure 2 highlights the decline resulting from the increase in output of the petroleum sector.

**Figure 1: Gross Domestic Product**



Source: Review of the Economy 2005

## Domestic Telecommunications and Broadcasting Sectors Overview

### Sector Performance and Outlook

#### Telecommunications Sector

##### Fixed Voice Market

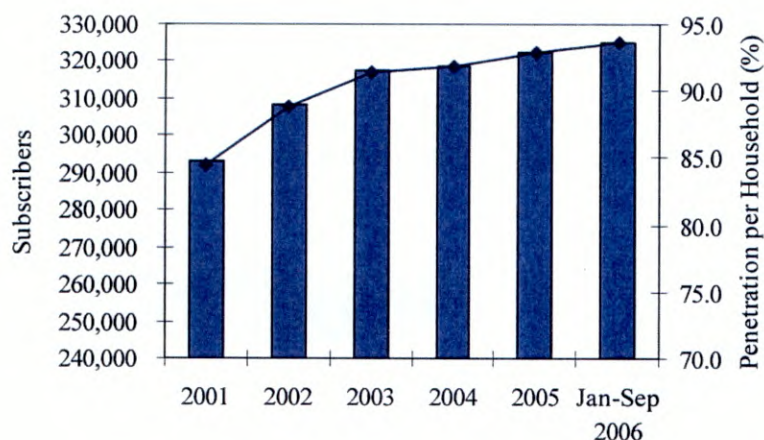
The total number of fixed line subscribers was 324,926 as at September 2006. This represents a net increase of 2,588 subscribers since December 2005. This minimal growth seen in fixed line subscriber's base has been consistent over the past four years. Figure 1 below shows that fixed line subscribers increased steadily between 2000 and 2003. However, since 2003 the fixed line market has been relatively stable.

The reduction in the growth of fixed lines coincides with the market approaching saturation level. Figure 1 also depicts the fixed line per household penetration rate over the seven year period. The fixed line per household penetration rate has grown from 78.5 per cent in 2000 to 91.5 in 2003



and has since remained relatively stable since, reaching the highest level of penetration in September 2006. Trinidad and Tobago can now boast that 94 in every 100 households have access to fixed line telephone service.

**Figure 2: Fixed Line Subscribers & Penetration per 100 Household 2000 – Jan-Sep 2006**



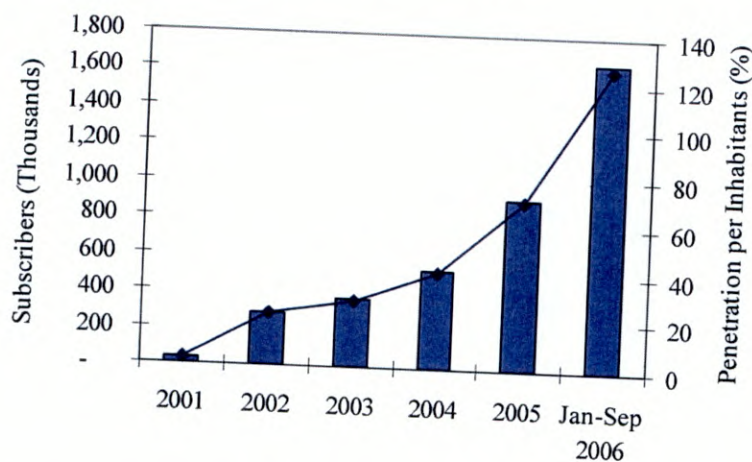
Source: Policy, Pricing & Research Unit, TATT

Although the fixed line market appears to have reached saturation level, revenues obtained from this market represents a significant portion of the total revenues of telecommunications sector. For the period January to September 2006 total gross revenues obtained from this market totaled TT\$601,841,412. Of this amount, residential customers contributed TT\$315,150,333 while the revenues from business customers totaled TT\$286,691,079. This division of the gross revenues reveals that residential customers contributed to 52.4 per cent of the total revenues of the fixed line market while the business customers represented only 47.6 per cent. This market share information is a reversal of past trend where business customers contributed the majority of revenues within the fixed line market.

### Mobile Voice Market

As at September 2006, the total estimated number of mobile subscribers was 1,555,710. Of this total, 1,400,493 were prepaid customers while the other 151,217 were postpaid. This represents an extra-ordinary increase of 631,651 or 68.4 per cent over the previous year. The growth in subscribers during 2006 was encouraged by the competition between TSTT and Digicel. The entry of Digicel into the mobile market propelled the growth in subscribers of mobile phones as prices of handsets were reduced and discounted call rates were also offered by both providers. Figure 2 below shows the exponential growth in subscribers since 2001 with an exceptional increase over the 2005- Jan-Sep 2006 period.

**Figure 3: Mobile Subscribers, 2001 – Jan-Sep 2006**



Source: Policy, Pricing & Research Unit, TATT

### **International Voice Market**

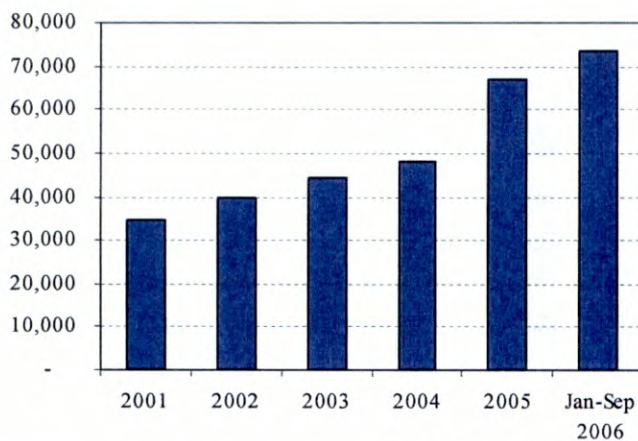
Total estimated outgoing traffic from Trinidad and Tobago, for the period January to September 2006, totaled 116.4 million minutes while incoming traffic was approximately 183.4 million minutes. The continuing trend of incoming traffic being greater than outgoing traffic means that Trinidad and Tobago receives net gain on international traffic.



Gross revenues<sup>1</sup> for international traffic, for the period January to September 2006, were estimated at TT\$108 million for outgoing calls and TT\$146.3 million for incoming calls. The revenue derived from international calls has been declining since 2001 when local call centers began competing with TSTT for market share by offering cheaper rates for international outgoing calls, in addition to the decline in international settlement rates in the global market.

## Internet Market

**Figure 4: Internet Subscribers, 2001- Jan-Sep 2006**



Source: Policy, Pricing & Research Unit, TATT

The number of internet subscribers increased steadily over the six year period 2001-2006 as depicted in Figure 3 above. As at September 2006, the total estimated number of subscribers was 71,540 an increase of 4,660 connections since 2005. Internet connections with high speed access have been a new phenomenon worldwide. The demand for continuous access to internet services has expanded in Trinidad and Tobago in September 2006 to 15,852 high speed internet subscribers.

## Broadcasting Sector

<sup>1</sup> Gross revenues refer to the total amount of money earned from international calls. Outgoing international call revenues are collection revenues earned from residents making calls from the domestic network to persons abroad. Incoming international revenues are settlement revenues earned from foreign exchange carriers who pay to terminate calls locally.

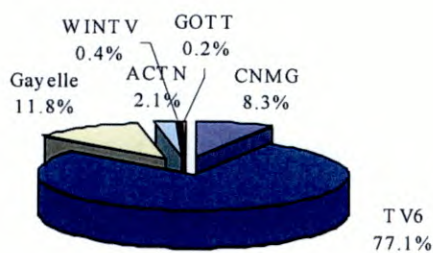
The broadcasting market in Trinidad and Tobago has grown considerably over the last ten years. In 2006, the market comprises of six operators of free-to-air TV broadcasting services, ten operators of cable subscription services, and thirty operators of free-to-air FM radio broadcasting services.

### Free-to-Air Broadcasting Market

There are six free-to-air television operators. They are Caribbean Communications Network Limited (TV6), Gayelle Limited, World Indian Network Television Limited (WINTV), Caribbean News Media Group (CNMG), Advance Community Television Network Limited and Government of Trinidad and Tobago (Channel 4).

During 2006, TV6 captured an estimated 77.1 per cent of the market with only Gayelle and CNMG accounting for any other significant amount of the market with shares of 11.8 per cent and 8.3 per cent respectively. The dominance of TV6 on the market is expected as they have been operating since 1991 while most of the other providers have recently entered the market within the last three years.

**Figure 5: Market Share by Revenues of Free-to-Air TV Broadcasting Service Providers Sept. 2006**



Source: Policy, Pricing & Research Unit, TATT

The free-to-air FM radio market was comprised of thirty radio stations in 2006. Although this number is relatively large, it must be noted that concessionaires within this market operates more than one FM radio station. Due to the number of FM radio stations in operation, listeners have a wide variety of options in radio programming. The choice is also varied across the type of music, talk shows, programming for diverse cultures and sports. The results of a survey conducted by

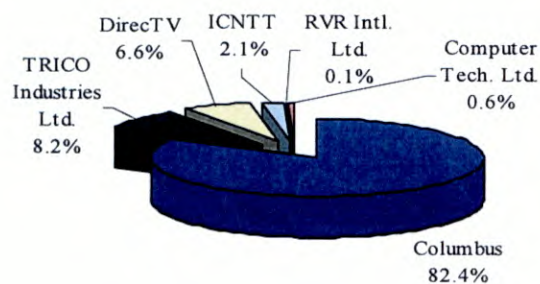


Caribbean Development Strategies showed that 96.1 had the highest listenership with 10.8 per cent followed by 97.1, 102.1, and 98.1 with 8.2, 6.9 and 6.8 per cent shares respectively. The remaining FM radio stations had listenership shares range from 1 per cent to 6 per cent.

### Subscription Broadcasting Market

Within the broadcasting sector there also exist six operators for cable television subscription services and four cable based subscription broadcasting service operators. The six main cable television subscription service providers are Columbus Communications Trinidad Limited, DirecTV Trinidad Limited, TRICO Industries Limited, RVR International Limited, Computer Technologies and Services Limited, and Independent Cable Network of Trinidad and Tobago ICNTT. In September 2006, the total estimated number of cable subscribers was 132,817. Columbus Communications Trinidad Limited continued to dominate the market with 109,443 or an 82.4 per cent majority of subscribers. Second in line is TRICO Industries with an estimated 10,937 or 8.2 per cent market share. The only satellite based operator, DirecTV had 8,828 subscribers which represented 6.6 per cent of the market.

**Figure 6: Subscription Television Market Share – Subscribers as at September 2006**



Source: Policy, Pricing & Research Unit, TATT

The four cable based subscription broadcasting service providers are Trinidad Publishing (CNC3), IETV, Synergy Entertainment Limited and Parliament of the Republic of Trinidad and Tobago

### Outlook



For January to September period in 2006, the voice telephony market was dominated by the cellular services and this is expected to continue in the second half of 2007 especially with the introduction of competitive mobile packages from Digicel Trinidad Limited. It is predicted that the growth in mobile subscribers will normalize as the penetration rates as at September 2006 surpassed one hundred per cent coverage of the population.

Fixed line subscriber base is expected to continue on a stable path. Customers may opt to substitute their fixed line phones with mobile as the market for mobile telephones becomes competitive with more attractive packages being offered by the operators and price parity being attained between mobile and fixed services. It has also been a trend in other Caribbean islands, like Jamaica, where fixed line telephones were substituted by mobile ones because of the attractive packages offered by mobile service providers. However, the expected decline in residential customers in Trinidad and Tobago should be compensated by growth in business customers, as the expansion of the business customers is expected to increase in the medium term.

The Internet market will attract more subscribers as the market becomes more developed with new technological advances and reduced prices. The number of subscribers is expected to grow consistently as was experienced in the last five years. The number of broadband subscribers is expected to grow considerably especially with the proliferation of alternative backbone network facilities for both domestic and international providers. The number of persons using the internet will grow significantly over the next two years as the government has embarked on a national initiative to transform the country into a knowledge based society by 2008. This project will see the establishment of community access centers that will provide citizens with access to computers and internet services.

Competition in the free to air television broadcasting market has increased as new providers, CNMG and WINTV are set to gain increase viewer-ship as their coverage across Trinidad and Tobago expands. On the other hand, the free to air radio market is expected to normalize as this market has reached an almost saturated level with in excess of thirty radio stations. Within the subscription cable services market Columbus will continue to dominate as they expand and upgrade their cable-based network to accommodate voice and data services. Therefore, in the near future Trinidad will experience the first offer of triple play packages in the Eastern Caribbean.



## **The Year in Review**

In October 2004, the Authority established rolling objectives and targets for a 4-year period. The Operational Plan for 2005/06 included a delivery timetable with targets and activities to realize objectives. Outlined below are the Authority's accomplishments and constraints over the past year as per its objectives and targets.

### **Review of Accomplishments in the Context of Objective 1**

*To develop the human resource capacity and the communication and support systems required to enable the Authority to discharge its functions in a timely, efficient, transparent and non-discriminatory manner;*

**a. Organization Structure**

The Authority's present Organization Structure is attached as Appendix 1.

**b. Recruitment**

During the period October 1, 2005 to September 30, 2006, the Authority recruited on contract, three (3) persons on two year contracts and three (3) on six month contracts. At September 30<sup>th</sup> 2006 of the establishment of forty-five (45), seven (7) posts were vacant.

During 2006-07 arising from the Strategic Planning exercise, a new Organisation Structure with competitive and innovative remuneration packages will be designed and implemented. Posts will become permanent in keeping with the expectation of the Act and an appropriate Pension Fund adopted.

**c. Performance Assessment**

During the period under review, a Performance Assessment Instrument has been designed and an assessment process developed. A Performance Enhancement exercise was undertaken in January 2007 during which all staff together with their managers reviewed their progress over the past year against major deliverables and identified training needs for the rest of the financial year.

**d. Human Resource Development**

- A Group Health Plan has been adopted for all the Authority's employees and their dependants. The plan approved includes a Comprehensive Major Medical, Dental and Vision benefits. The plan is contributory; the Authority contributes 75% and employee 25% of the premium.
- Human Resource Policies have been drafted. These policies are expected to support the Authority's business by creating an environment which is supportive to its employees and in this way aid the achievement of key goals and objectives. These policies form part of a Human Resource Policies Manual due for completion in 2006/07.
- The Authority continues to place great emphasis on staff training. During 2005/06, a Training Framework was approved by the Board. This framework identified areas of training need and agreed that funding be directed to those areas over the year. The Table below identifies areas of training undertaken during 2005/06.



**Table 1**

<b>Description of Programme</b>	<b>Number of attendees</b>
1. Telecommunications Policy.	2
2. OOCUR Workshops and Seminars.	5
3. Radio Frequency Radiation Safety	2
4. New Products/Technology /NGN/Wifi/WiMax	3
5. ITU Study Groups, workshops and seminars.	14
6. Document/Information/Records Management.	5
7. Equipment Related Training CellPlan	7
8. Purchasing	2
9. International Financial Reporting Standards (IFRS)	5
10. Tax and Accounting Workshops	5
11. Human Resources for ICT	1
12. CTU Seminars and Conferences	3
13. Audit and Risk Management	1
14. Business Writing Skills	3
15. Microsoft Office	4
16. Interconnection Masterclass	2
17. Regulatory Masterclass	4
18. Regulatory Finance Economics and Pricing	11
19. Regulatory Legal Issues	1
20. Administration	All staff
21. Spectrum Management	6
22. Disaster Management	1
23. Communications & PR	1
24. USTTI Programmes	1

e. **Business Process Mapping**

- All the Authority's major processes were mapped as part of a Business Process Mapping exercise undertaken by Department Heads. The processes once mapped will be used to inform the Strategic Plan and assist in the implementation of the Electronic Document Management and Automated Spectrum Management and Monitoring Systems both implementations to be undertaken early in financial year 2006/07.

- The initial exercise identified thirty four (34) processes and these were reduced to seventeen (17). Further consolidation of processes has taken place and the key processes have been determined.
- The six (6) key Business Processes identified were:
  - Formulation and Review of Regulatory Instruments
  - Authorisation
  - Resource Management
  - Compliance and Enforcement
  - Information Management
  - Planning Management and Reporting

f. **Information and Communication Technology (ICT) Support Systems**

The following contracts have been awarded and are due to be implemented during 2006/07.

- Electronic Document Management System (EDMS)
- Automated Spectrum Management and Monitoring System

Both these systems require the addition of IT Hardware and Software to the Authority's existing network in order to support their implementation.

g. **Corporate Communications**

The accomplishments in this area were:

- The development of a public education and public relations plan.
- The development of strategic links with the public and the media.
- Planned and managed public consultations and other events.
- Developed internal communication strategies.
- Developed reference material on stakeholders locally, regionally and globally.



#### 4.2 Review of Accomplishments in the context of Objective 2

*To liberalize the telecommunications and broadcasting sector in a manner that conduces the realization of the objects of the Act and national initiatives which are contingent on a competitive multi-media industry;*

- a) The Authority published Domestic Market Report for the period ended March 2006. This report gave a comprehensive analysis of both the telecommunications and broadcasting sectors by examining the trends in fixed line, mobile, international, internet and cable television subscription services. The Authority is currently preparing an updated Domestic Market Report that will reflect the happenings of the industry up to December 2006. Recommendations were made to the Minister for the grant of Concessions to provide public international facilities/ services to:
1. Digicel (Trinidad and Tobago) Limited,
  2. Antilles Crossing LP,
  3. Illuminat Limited,
  4. Island Fibre Holdings,
  5. Lisa Communications Trinidad Limited,
  6. Open Telecom, and
  7. Laqtel Limited.
- d. In the subscription broadcasting market, the Authority evaluated and made recommendations for two National Concessions based on applications received from TSTT and Columbus Communications Trinidad Limited. A further three concessions were granted by the Minister based upon applications made by ICNTT who were granted a Major Territorial Concession, TRICO Industries Limited who were granted a Major Territorial Concession and RVR International Limited who were granted a Niche Concession.

- e. Expressions of Interest (EOI's) were invited for the provision of fixed wireless access (FWA) telecommunications networks and services. This would inform the development of an FWA band plan which would determine the most appropriate application process for concessions and licences to provide the related services.

#### **4.3 Review of Accomplishments in the Context of Objective 3**

*To regulate and facilitate development of international standards, in particular those which are critical to the application of national development policies;*

(i) Regulatory Consultancy

The Ministry of Public Administration and Information utilized funding made available by the Inter-American Development Bank (IDB) for that purpose, towards hiring of consultants to assist in the development of a comprehensive regulatory framework. The scope of the consultancy, which was divided into three (3) phases, included the review of some of the draft policies and regulations completed by the Authority, in addition to the development of regulations and methodologies where required.

Phase 1 deliverables have been completed during the review period and are as follows:

- Interconnection and Access Policy
- Interconnection Regulations
- Access to Facilities Regulations
- Authorisation Policy
- Spectrum Management Policy and Regulations



- Recommendations for Telecommunications Fee Methodology and Regulations

Deliverables for Phase 2 and 3 that have been completed:

- Quality of Service Policy and Regulations
- Consumer Rights and Obligations Policy and Regulations
- Equipment Standardisation and Certification Framework; and Regulations
- Numbering Regulations
- Pricing Policy and Regulations
- Costing methodology and appropriate model for in relation to interconnection rates
- Recommendations for appropriate pricing for wholesale and retail telecom services; and
- Recommendations for regulatory accounting and accounting separation model to be used by operators.

Deliverables which are still outstanding:

- Competition Policy and Regulations
- Enforcement and Compliance Framework and Regulations

(ii) Consultation Procedures

Procedures for Consultations in the Telecommunications Sector of Trinidad and Tobago were developed and published on the Authority's website.

(iii) Policies and Regulations

The following documents have been developed, consulted on and published on the website:

- Authorisation Framework for granting of Concessions and Licences
- Eligibility and Evaluation Criteria for Concessions
- Dispute Resolution Procedures
- TATT's Position and Procedures in respect of Non-Objections for Applications to Town and Country Planning Division for Site Approval of Telecommunications Structures
- Spectrum Plan for the Accommodation of Broadband Wireless Access Services

The following documents have been laid in Parliament:

- Interconnection Regulations
- Access of Facilities Regulations
- Fee Regulations

The following documents have been drafted and are undergoing consultation:

- Pricing Framework
- Pricing Regulations
- Costing Methodology
- Approach to Accounting Separation
- Position Paper on Radio Emissions Standards

The following documents were finalized and recommended to the Minister after an extensive consultation process with stakeholders:

- Interconnection and Access Policy
- Spectrum Management Policy and Radio Spectrum Regulations
- Fee Methodology

The following documents are currently in the drafting:



- Enforcement and Compliance Framework and Regulations
- Complaints Handling Procedures
- Framework on Access Deficit
- Framework on Local Loop Unbundling
- Telecom and Radiocommunication Equipment and Standardization Framework

(iv) Regulatory Toolkit

- Application Forms were also developed for the concession and licence categories outlined in the Authorisation and Spectrum Management policies.
- Templates for the concession and licence documents were formulated.

(v) Universality

The Authority developed and issued a Request for Proposals (RFP) for a consultant to develop and conduct a survey to determine the Digital Divide in Trinidad and Tobago. Eight proposals were received at the end of the tender period. A Board appointed committee evaluated the proposals and submitted a recommendation to the Board based on the evaluation report and meetings held with the short-listed candidates.

(vi) Broadcast Code

Based on comments received at Public Consultations on the Draft Broadcasting code in April/May 2005, the Authority engaged a consultant to redraft the document utilising a Request for Proposals process. Two proposals were received and after evaluation, the Authority selected a team of consultants made up of Industry personnel to redraft the document.

#### 4.4 Review of Accomplishments in the Context of Objective 4

*To manage the spectrum and numbering resources of the country in a manner that encourages efficient usage of those resources and where necessary, ensures that service derivatives are available across the citizenry, notwithstanding differing circumstance;*

##### (i) Spectrum Management

In the area of planning of the national spectrum resource, the following activities were undertaken:

- a. The first version of the National Frequency Allocation Table was issued for consultation. Comments received from this round of consultation were reviewed and the preparation of a second version commenced.
- b. Work commenced on the development of a Framework for the Accommodation of FM Radio Broadcasting Services. This framework included preparation of a proposed FM Radio Frequency Channel Plan and Frequency Channel Plans for Auxiliary Broadcasting systems (e.g. Studio-to-Transmitter Links). Work in this area is ongoing.
- c. Frequency Channel Plans were developed for point-to-point radio-communication systems in the 5, 6, 7, 10, 11 and 15 GHz bands. These plans allowed for orderly assignment of microwave backhaul point-to-point links to the new Cellular Mobile Operators.
- d. An interim database of all licence holders was created and validation of this licence database is ongoing.
- e. Proposals were invited from companies/individuals to design, engineer, supply, install and commission an Advanced Automated Spectrum Management and Monitoring System. Proposals were received and were evaluated.
- f. Work on the Framework for the Accommodation of Fixed Broadband Wireless Access Services commenced and is expected to be completed by the end of the fiscal year 2005/2006.



g. Number Plans

A second draft of the National Numbering Plan was published for a second round of consultation. Comments were received and a revision to the second draft has commenced. The development of numbering administration procedures has also commenced.

A draft of the Numbering Regulations was developed and it will be submitted for public consultation shortly.

## 4.5 Statistical Review

### Licences

Licence Type	Number of Applications Received	Number of Applications Processed <sup>2</sup>	Number of Licences Approved <sup>3</sup>
<b>Spectrum</b>			
Cellular Mobile	0	0	0
Point-to-Point	2	2	2
Point-to-Multipoint	3	3	1
Land Mobile	98	8	8
Control/Telemetry	2	2	1
FM OB	0	0	0
TV OB	1	0	0
<b>General Radiocommunication</b>			
Point-to-Point	12	26	19
Point-to-Multipoint	0	0	0
Land Mobile	0	0	0
Control/Telemetry	0	0	0
Broadcasting	1	1	1
Aeronautical	1	0	0
Amateur	66	18	18
Maritime	15	13	13
Citizens Band	0	0	0
Satellite	7	2	2
Special Events	4	4	4

<sup>2</sup> Note that the number of applications processed may include applications received prior to the period being reported

<sup>3</sup> Note that the number of licences approved may be from applications received prior to the period being reported



## Concessions

Concession Type	Number of Applications Received	Number of Applications Processed	Number of Recommendations made	Number of Concessions granted by Minister
<b>Type 1</b>				
International	2	2	2	2
<b>Type 2</b>				
International	21	6	6	6
Mobile	3	3	3	3
Fixed (National)	3	3	3	2
Fixed (Niche)	2	2	2	2
<b>Type 4</b>				
International	118	101	36	0
<b>Type 5</b>				
<b>Free to Air Radio</b>				
National	22	22	22	22
Major Territorial	6	6	6	6
Minor Territorial	1	1	1	1
Niche	1	1	1	1
<b>Free to Air TV</b>				
National	3	3	3	3
Major Territorial	2	2	2	2
<b>Subscription Broadcasting</b>	8	8	8	4

## Number Assignments

Number Type	Total Numbers Requested	Total Numbers Assigned
Mobile Services Central Office (CO) Codes	65	65
Fixed Services Central Office (CO) Codes	0	0
International Signalling Point Codes (ISPC)	8	8
Home Network Identity (HNI)	1	0
System Identifier (SID) Code	1	1

## Consumer Complaints

Number of Complaints Received	Number of Complaints Resolved	Number of Complaints Pending
70	36	34

## Tower Non-Objection Applications

	Digicel	Laqtel	TSTT	Total
Sites in Tower Site Inventory	289	133	321	743
Tower Non-Objection Applications Received	243	35	6	284
Tower Non-Objection Certificates Granted	123	0	5	128
Number of Objections	0	0	0	0
Pending Applications	120	35	1	156
Sites Visited	11	0	10	21



## Compliance & Spectrum Monitoring

Compliance Issue	Number of Investigations	Number Closed	Number Open
FM Radio Interference	3		<ol style="list-style-type: none"> <li>1. 94.7MHz receiving interference possibly from intermodulation from 94.1 MHz and 93.5 MHz.</li> <li>2. Interference reported from Trinibashment 91.9 MHz, 14<sup>th</sup> Sep 2006.</li> <li>3. Interference reported from Citadel Ltd. 95.5MHz, 28<sup>th</sup> Sept 2006. Investigations ongoing.</li> </ol>
Cellular Mobile Service	1	Open	<p>Client : Digicel</p> <p>Reported interference via letter dated 7<sup>th</sup> July, 2006 received via e-mail on 18<sup>th</sup> of August 2006.</p> <p>Complaint indicated that interference was experienced on frequency band 1890.2 MHz to 1909.8 MHz in the Trincity area possibly from the Golden Grove Prison compound.</p> <p>Authority conducted</p>

			<p>monitoring and Directional Finding exercises that location on 22<sup>nd</sup> August 2006 and found an interference signal originating from the Golden Grove Prison Arouca present in Digicel's frequency band of 1890 MHz to 1909 MHz.</p> <p>Extent of the degradation of Digicel's QoS has to be clarified since it was possible to originate and terminate cellular mobile calls on Digicel's network in the area of the interference.</p> <p>Correspondence sent to Ministry of National Security in order to establish the source of the interference signal.</p>
Radiofrequency Radiation (RFR) Sites monitored	4	4	<ol style="list-style-type: none"> <li>1. UWI Electrical Engineering rooftop</li> <li>2. UWI Electrical Engineering rooftop</li> <li>3. El Socorro Road San Juan, Tower.</li> <li>4. Rooftop site in Colleens Road, Maraval</li> </ol>



b. Authorisation (Licences):

<b>Licence type</b>	<b>Applications Received and Evaluated</b>
Amateur	26
VSAT	6
Point to Point/Point to Multi Point	37
Type Approval	46
FM Radio Broadcasting Frequency	33
Land Mobile	28

c. Complaints Handling

**Types of Complaints**

Loss of services	35
Billing Issue	41
Delayed Installation	3
Degradation of quality of service	13
Wrongful Disconnection	2
Defective Equipment	19

d. Content Monitoring and Investigations

<b>Stations</b>	<b>Number Monitored</b>	<b>Number Investigated</b>
FM Radio	4	4
Television	1	-

e. Freedom of Information (FOIA)

Requests Received	4
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Requests Addressed	3
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f Public Relations

Press Briefings Held	2
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g. Stakeholder and Public Consultations

Access to Facilities Regulations 2006	2
Authorisation Framework	2
Fee Regulations	2
Fee Structure	2
Interconnection and Access Policy	2
Interconnection Regulations 2006	2
Network and Quality of Service Policy	2
Network Quality of Service Regulations	2
Recommendations for Radio spectrum Regulations	2
Recommendations for a Spectrum Management policy	2



## **Financial Report**

- 5.1 The Authority's operations were financed during the period by Government subventions. A total of \$19.1M was released by the Government for use by the Authority on recurrent expenditure.
- 5.2 The Fee Regulations required under the Act were laid in Parliament in September 2006. The Authority is now able to invoice providers for Licence and Concession Fees.
- 5.3 Recurrent expenditure for the period was \$14M (Appendix 3), some \$5.5M less than anticipated. This underspending arose in part from our inability to fill all posts in the organization structure before the end of the financial year and from not spending on accompanying employee related items for example office equipment.
- 5.4 PSIP expenditure totalled \$0.9M which reflected an underspend of \$5.1M against the budget provision. This underspend arose largely because of delays in the procurement process for the Advanced Automated Spectrum Management and Monitoring System (AASMMS) and the Universality Project. The actual expenditure relates to the Document Management Project.
- 5.5 At the end of the financial year, a surplus of \$5M remained in the Authority's bank account for deposit to the Consolidated Fund in accordance with section 53(7) of the Act.
- 5.6 The Authority's financial statements are presented in Appendices 2-5.

## **Outlook for 2006/07**

The programme of work for 2006/07 will be guided by the priorities outlined in the Authority's Strategic Plan and Strategic Objectives.

The major areas of activity to be undertaken are driven by strategic objectives identified and include the following:

### **Organizational Planning and Development**

- Revision of organizational structure and job descriptions to reflect gaps identified in the Strategic Plan.
- Further development of the Performance Assessment process
- Transition to permanent employment and the development of a Pension Fund

### **Modern and efficient ICT systems**

- Upgrade network infrastructure to support operational support systems.
- Upgrade website
- Migrate hosting of web server internally.
- Implementation of Phase 1 and 2 of the ASMMS project.
- Implement Electronic Document Management System.

### **Communications and PR**

- Facilitating Public Consultations on the Broadcast Code and Consumer Rights and Obligations Policy
- Public Education campaign
- Hosting of World Information Society Event

### **Liberalization of the Telecommunications Sector**



## APPENDICES

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Appendix B  
Appendix C  
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Appendix Z

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Balance Sheet

As at September 30, 2006

	Note	2006	2005
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Net fixed assets	2	\$ 4,004,759	\$ 1,714,571
<b>Current Assets</b>			
Prepayment		-	58,622
Receivables		209,164	209
Cash and bank balance		7,009,558	4,524,873
		<u>11,223,481</u>	<u>6,298,277</u>

Represented by:

**RESERVES AND LIABILITIES**

**Non-Current Liabilities**

Deferred income	3	4,004,759	1,714,571
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**Current Liabilities**

Accounts payable and accruals	4	7,218,722	4,583,706
		<u>\$ 11,223,481</u>	<u>\$ 6,298,277</u>

The notes on pages 6 to 11 form an integral part of these financial statements

Signed on behalf of the Board

  
Executive Director (Ag.)

  
Executive Manager, Finance, Accounting and HR

Nov-07



## Income Statement - Recurrent

For the Period Ended September 30, 2006

	Note	2006	2005
<b>Income</b>			
Government grant		19,083,000	
Deduct: Fixed assets purchased		<u>1,141,316</u>	
		\$ 17,941,684	\$ 13,607,409
Other Income	5	102,943	6,213,355
Bank Interest		77,877	16,884
Amortization of deferred income		<u>567,445</u>	<u>407,671</u>
<b>Sub-total</b>		<b>748,265</b>	<b>6,637,910</b>
<b>Total Income</b>		<b>18,689,949</b>	<b>20,245,319</b>
<b>Expenses</b>			
Communications, Marketing & Policy Expenses	6	1,669,456	1,499,746
Fees	7	1,632,035	5,777,306
Training	8	1,610,589	849,075
Utilities		412,892	491,321
Rent/Lease Expenses		637,971	777,075
Staff Costs	9	6,817,034	4,345,348
Repairs and Maintenance		50,475	49,094
Other Administrative Costs	10	1,007,100	2,717,807
Depreciation		<u>567,445</u>	<u>407,671</u>
<b>Total Expenses</b>		<b>14,404,996</b>	<b>16,914,443</b>
<b>Surplus/(deficit) for the year</b>	11	<b>\$ 4,284,953</b>	<b>\$ 3,330,877</b>

The notes on pages 6 to 11 form an integral part of these financial statements

**TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**

3

Income Statement - Public Sector Investment Programme

For the Period Ended September 30, 2006

**Income**

Government Subvention	2,900,000		
Deduct: Fixed assets purchased/commitment	<u>1,844,273</u>	\$ 1,055,727	\$ 892,903

**Expenditure**

Development of IT Support Systems for the Telecommunication Sector	980	58,107
Development of a Universal Strategy and Implementation Plan	-	7,415
Development of an Advanced Automated Spectrum and Mgt System	<u>83,979</u>	<u>38,131</u>
	<u>84,959</u>	<u>103,653</u>
<b>Surplus/(Deficit) for the year</b>	<u>\$ 970,768</u>	<u>\$ 789,250</u>

11

The notes on pages 6 to 11 form an integral part of these financial statements

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TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Changes in Reserves

For the Period Ended September 30, 2006

		2006	2005
Accumulated fund - beginning of year		-	-
Surplus/(deficit) for the year	11	\$ 5,255,721	\$ 4,120,127
Accumulated fund - end of year		<u>\$ 5,255,721</u>	<u>\$ 4,120,127</u>

The notes on pages 6 to 11 form an integral part of these financial statements.

## Cash Flow Statement

For the Period Ended September 30, 2006

	2006	2005
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) for the year	\$ 5,255,721	\$ 4,120,127
Adjustments to net cash used in operating activities	(4,120,127)	
Payables ( Outstanding commitments)	1,499,422	463,579
Decrease in Prepayment	58,622	(58,622)
Receivables	(208,955)	(209)
Depreciation	567,445	407,671
Amortization of deferred income	(567,445)	(407,671)
Net cash from/(used in) operating activities	2,484,684	4,524,873
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(2,857,633)	(1,744,689)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Government grant	2,857,633	1,744,689
Net increase/(decrease) in cash and cash equivalents	2,484,684	4,524,873
Cash and cash equivalent at start of period	4,524,873	-
<b>Cash and cash equivalent at end of period</b>	<b>\$ 7,009,558</b>	<b>\$ 4,524,873</b>

The notes on pages 6 to 11 form an integral part of these financial statements.



**Accounting Policies****For the Period Ended September 30, 2006**

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

**(a) Basis of Preparation**

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

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

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

**(b) Reporting Currency**

These financial statements are expressed in Trinidad and Tobago dollars.

**(c) Government Grants**

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

Where the grant is to lend assistance for current or future expenses, it is recognized as income over the period of the expense to which it specifically relates.

**(d) Cash and Cash Equivalents**

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

**(e) Fixed Assets**

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

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

**(f) Comparatives**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year. The first period of operation covered fifteen (15) months from July 2004 to September 2005.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Notes To The Financial Statements

For the Period Ended September 30, 2006

1. Incorporation and Principal Activities

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

The Authority reports to the Ministry of Public Administration and Information.

2. Net Fixed Assets

	Fixtures & Fittings	Computer Equipment & Software	Office Furniture & Equipment	Motor Vehicles	Books	Telecommunication Equipment and Related Software	Total
<b>Cost</b>							
At October 1, 2005	\$ 35,734	1,245,385	463,707	258,402	1,809	117,205	2,122,242
Additions/Adjustments	37,674	1,941,654	144,104	542	-	733,659	2,857,633
At September 30, 2006	\$ 73,408	3,187,039	607,811	258,944	1,809	850,864	4,979,875
<b>Depreciation</b>							
At October 1, 2005	\$ 5,572	234,447	82,313	56,366	122	28,851	407,671
Charge for the period	9,305	294,286	90,542	50,770	169	122,373	567,445
At September 30, 2006	\$ 14,877	528,733	172,855	107,136	290	151,224	975,115
<b>Net Book Value</b>							
At September 30, 2005	\$ 30,162	1,010,938	381,394	202,036	1,687	88,354	1,714,571
At September 30, 2006	\$ 58,531	2,658,305	434,956	151,809	1,519	699,640	4,004,759

Additions for the period include purchase commitments of Fixed Assets.



## Notes To The Financial Statements

For the Period Ended September 30, 2006

**Significant Accounting Policies** (continued)**3. Deferred Income**

	2006	2005
Government grant relating to fixed asset	4,979,875	2,122,242
Amortization	975,115	407,671
	<u>4,004,759</u>	<u>1,714,571</u>

**Government Subvention**

Funding for the operations of the Authority is provided via subvention from the Government of the Republic of Trinidad and Tobago (GORTT). The Authority received subventions in the sum of \$21,983,000 from GORTT for the period ended September 30, 2006 of which \$2,900,000 to P.S.I.P Funding

**4. Payables**

	2006	2005
Outstanding commitments	1,963,001	463,579
Consolidated Fund	5,255,721	4,120,127
Total	<u>7,218,722</u>	<u>4,583,706</u>

**5. Other Income**

Prior to the proclamation of the Telecommunications (Fees) Regulations, September 2006, the Authority was empowered to collect and remit fees, under the Wireless and Telegraphy Ordinance, on behalf of the Ministry of Public Administration and Information. These fees were remitted during the year to GORTT. The Authority's income comprised mainly of Government subvention.

**6. Communications, Marketing and Policy Expenses**

	2006	2005
Promotions, Publicity and Printing	1,077,884	769,949
Official Overseas Travel	205,092	257,932
Remuneration to Board Members	386,480	471,865
	<u>1,669,456</u>	<u>1,499,746</u>

## Notes To The Financial Statements

For the Period Ended September 30, 2006

**7. Fees**

These fees comprise mainly of legal fees incurred in compliance and enforcement, opinions from Senior Counsel Judicial review from The Authority's providers. The 2005 amount was related to the Auction of the Mobile Spectrum.

**8. 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:

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

**9. Staff Costs**

	2006	2005
Salaries	6,713,848	4,336,365
Short Term Employment	92,150	-
Other Personnel Expenses	11,036	8,983
Total	<u>6,817,034</u>	<u>4,345,348</u>

Total number of employees as at 30th September 2006 was 40. The comparative figure for 2005 was 36.

**10. Other Administrative Costs**

	2006	2005
Security	361,409	453,321
Janitorial Services	55,151	53,489
Supplies	145,420	207,942
Other Contracted Services	395,521	1,963,673
Other Administrative costs	49,599	39,383
	<u>1,007,100</u>	<u>2,717,807</u>

**11. Surplus**

The following have been charged in arriving at the net surplus:

	2006	2005
Staff Costs (See Note 9)	6,817,034	4,345,348
Directors Fees and Expenses	386,480	471,865
Depreciation	567,445	407,671



## Notes To The Financial Statements

For the Period Ended September 30, 2006

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**12. Contingent Liabilities and Assets, Commitments (Cont'd)****12. Contingent Liabilities and Assets, Commitments****(a) Operating Lease Commitments**

The Authority leases its facilities which include executive and administrative offices. Substantially the lease provides that the lessee shall pay maintenance, insurance and certain other operating expenses applicable to the leased property. The lease also includes renewal options.

There were no material finance leases.

**(b) Legal Proceedings**

- (i) In September 2006, Dr John Prince, Executive Director filed suit against the Authority for alleged breach of Contract of Employment and restraining the Authority from terminating his employment.
- (ii) Proceedings commenced by the Authority under Section 65 of the Act alleging broadcasting without a licence by Radio Vision Limited.

The Authority is a party to the above suits and proceedings. These proceedings are at various stages of litigation and their outcomes are difficult to predict. In management's opinion, however, the disposition of these matters is not likely to have a materially adverse effect on its financial condition or results of operation.

**13. Financial Risk Management****(a) Cash flow and fair value interest rate risk**

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

**(b) Operational Risk**

A significant part of the authority's revenue from providers will be derived from the two leading providers of telecommunications service in the industry.

Notes To The Financial Statements

For the Period Ended September 30, 2006

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**14. Critical Accounting Estimates and Judgements**

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

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Legal Proceedings**

CV 2006-01897 Dr John Prince v. Telecommunications Authority of Trinidad and Tobago  
A Claim against the Authority alleging Breach of Contract of Employment and an Injunction restraining the Authority from terminating his employment.

**15. Escrow Account**

The Escrow account was opened with funds deposited by Digicel and Laqtel which represents 25% downpayment arising from the Mobile Services Auction and is held by our Bankers.

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**Telecommunications Authority  
of Trinidad and Tobago**

Ben Court,  
76 Boundary Road,  
San Juan  
Tel: 868) 675-8288  
Fax : (868) 674-1055  
Email : [info@tatt.org.tt](mailto:info@tatt.org.tt)