

**Telecommunications
Authority
of Trinidad and Tobago**



Table of Contents

1. CHAIRMAN'S REPORT.....	3
2. OVERVIEW OF THE TELECOMMUNICATIONS AND BROADCASTING SECTORS.	9
3. REVIEW OF KEY ACCOMPLISHMENTS AND ONGOING ACTIVITIES.....	16
4. STATISTICS.....	30
5. FINANCIAL PERFORMANCE.....	36
Attachment 1: Unaudited Financial Statements 2008-2009.....	39

1. CHAIRMAN'S REPORT

Over the period October 2008 to September 2009 the Telecommunications Authority of Trinidad and Tobago ('the Authority'), continued to deliver on its mandate as set out under the Telecommunications Act 2001 (and as amended under the Telecommunications Amendment Act 2004).

A review of the past year has revealed continued growth in the domestic telecommunications and broadcasting sectors – both in relation to the number of concessionaires providing services, the type(s) and range of services provided as well as level of revenues generated from both sectors.

It should be noted that the Authority has continued to be self sustaining and funded its operating and capital expenditure programmes entirely from revenue earned from licence and concession fees and indeed, recorded a surplus of income over expenditure.

During 2007, the Authority formulated a detailed Strategic Plan for the three year period 2007/08 – 2009/10, within which certain key projects, listed under seven key objectives, were identified for completion. It is gratifying to note that the Authority performed quite creditably with an over eighty percent (80%) success rate in both years.

Given the fact that all markets were liberalized during the early years of the Authority's existence, emphasis during the past year was placed, inter alia, on the continued development of the regulatory framework, the facilitation of enhanced services via the provisioning of spectrum resources (e.g. wireless broadband services), undertaking a more focussed approach in the areas of monitoring and enforcement, and the strengthening of organizational capacity and Information Management.

Continued Development of Regulatory Framework

Several key documents and regulatory instruments, essential to the development of a robust regulatory framework, were prepared during the period, including:

- Framework for Implementation of Indirect Access
- Equipment Certification and Draft Standardization Regulations
- Authorization Framework for Aeronautical Radio-communication Services
- Universality Implementation Plan and Draft Universality Regulations
- Accounting Separation Guidelines
- Pricing Framework and Draft Pricing Regulations
- Broadcasting Code
- Frequency Allocation Table
- Framework for Digital Terrestrial 'Free to Air' Television Broadcasting

The Authority, with the assistance of an international consultant, also commenced the development of a Long Run Average Incremental Cost Model (LRAIC) which is intended to be used for setting prices by all providers of telecommunications services in costing telecommunications services. The Model will be used by the Authority primarily in the detection of anticompetitive pricing and in the resolution of pricing disputes.

Provisioning of Spectrum Resources

The Authority held a spectrum auction of frequencies within the 700 MHz, 2.3 GHz and 2.5 GHz bands to facilitate the provision of new and enhanced services such as broadband wireless Internet and subscription television broadcasting services. Three entities were successful in the auction and it is expected that as a result of this initiative, there will be a significant expansion in the provision of these services over the next two years.

Monitoring and Enforcement

It is anticipated that with the continued development of the regulatory framework, the Authority will be better positioned to ensure compliance of the provisions of the Telecommunications Act by concessionaires and licensees. Towards this end, significant effort was placed on the development of monitoring and enforcement procedures by the Authority. Field audit exercises were undertaken in respect of radio and television coverage in Tobago and a similar audit was undertaken with respect to the use of unlicensed satellite terminals (VSATs - Very Small Aperture Terminals) in Trinidad and Tobago.

The Authority also took legal action against several concessionaires in relation to breaches committed under the Telecommunications Act, as per the following:

- commenced proceedings in the magistrates' court against an unlicensed operator for the installation and operation of radio communication equipment without a licence.
- initiated appeal proceedings against the decision of the magistrate to dismiss proceedings initiated by the Authority against Sidewalk Radio Ltd in 2007 for broadcasting without a licence contrary to section 36 of the Act.
- initiated proceedings against five (5) persons for the operation of a public telecommunications service without a concession granted by the Minister.
- commenced proceedings in the magistrates' court against Life Radio, 21st Century Arts and Entertainment and its owner for inter alia, the transfer of ownership or control of a broadcasting concession without the required approval of the Authority.

During the period, the Authority was requested to intervene and determine a 'price floor' for international incoming settlement rates in view of the intense competition in that market and the claim, by at least one operator, of predatory pricing by dominant players.

Much investigative and analytical work was undertaken by the Authority and a determination is likely to be given in the next fiscal period.

The Authority also, proactively, took a decision to investigate 'dominance' in the fixed voice market. Prior to actually undertaking this exercise, the Authority commenced a process to review and define the relevant markets in the telecommunications sector. A draft determination was made in respect of the 'fixed access' market by the Authority and the final determination will be made in the next fiscal period.

Strengthening of Organization Capacity and Information Management

The Authority submitted its proposal for a permanent Organization Structure, which reflected an increase in the number of staff, based on the key initiatives identified in the Strategic Plan. Discussions were held with the Ministry of Public Administration (MPA) and the Public Management Consulting Division (PMCD) on the proposed structure. Agreement was reached with MPA and PMCD on the structure proposed and it is anticipated that approval will be received from the Minister during the next fiscal period.

A key initiative which was completed within the period was the full computerization of the Authority's Financial and Accounting Systems which will reduce the period taken in the production of financial reports essential for prudent financial management.

The Authority also commenced work on the development of a Disaster Recovery Plan, aimed in the first instance, to focus on the recovery of Information Technology (IT) systems, in the event of a critical disaster, to ensure continuity of operations of the Authority.

The Authority also awarded a contract for the re-design of the organization's website to facilitate improved access by stakeholders and customers and enhance the image of the Authority.

Other Initiatives

In order to foster greater dialogue between the Authority and its stakeholders, an initiative was undertaken to host a Forum, on a quarterly basis, to present an opportunity for key Information and Communications Technology (ICT) issues to be discussed in order to inform work, in particular areas, being undertaken by the Authority. Two such Fora were held and the topics discussed were '*Should measures be established to encourage and increase the production of local content in domestic broadcasting?*' and '*Is there a need for a public broadcasting service in Trinidad and Tobago?*'

The Authority continued the annual celebration of World Telecommunications and Information Society Day (WTISD) in May 2009. The theme for the year was '*Protecting Children in Cyberspace*' and the Authority hosted a one hour television 'call in' program and also produced a forty five (45) minute CD entitled '*Cyber Danger*'. The program was aired on television and was also distributed to all schools in Trinidad and Tobago.

The Authority also published its 2007/08 Market Report which highlighted the key performance statistics for both the telecommunications and broadcasting sectors in Trinidad and Tobago. This Report is a greatly anticipated by consumers, stakeholders and investors and provides very useful information on the state of the industry. The Authority is currently seeking to implement more stringent data collection mechanisms, via Regulations, in order to produce the annual Report on a more timely basis.

The Authority, during the period, also undertook site surveys in Tobago with the intention of establishing a fixed Spectrum Monitoring and Management Station on the sister isle as well as the establishment of an office to better serve our customers and stakeholders in Tobago.

Outlook for the next Year

Over the next year, the Authority will focus on meeting all the deliverables identified in the Strategic Plan. Among the activities scheduled, the Authority will expect to complete the following key regulatory instruments and documents:

- Data Requirements Regulations
- Concession and Licence Regulatory Monitoring Procedures
- Review and Revision of Fee Structure and Regulations
- Consumer Rights and Obligations Policy and Regulations
- Implementation Plan for Indirect Access
- Implementation Plan for Digital Terrestrial Television Broadcasting

In addition, the Authority plans to implement the Broadcasting Code, subject to Parliamentary approval and anticipates greater clarity of the Telecommunications Act, through the amendment of certain sections. These amendments are contained in the proposed Amendments to the Telecommunications Act, which also requires Parliamentary approval.

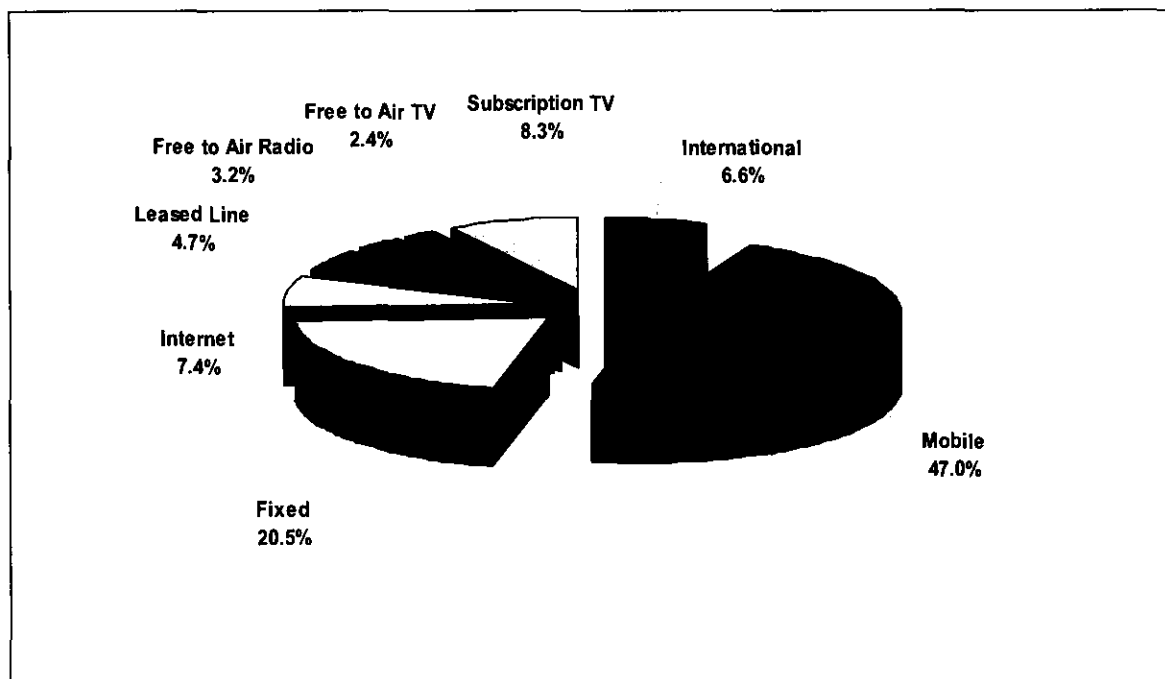
In closing, the foregoing demonstrates the volume of work undertaken by the Authority during the period. This however, was not without its few challenges. Notably, the major challenge faced by the Authority towards the end of the period was the unavailability of a Board as several members' terms had come to an end and new appointments were being awaited.

I wish to thank all members of the Authority and in particular, the efforts of the Management Team, for making 2008/09 another successful year.

2. OVERVIEW OF THE TELECOMMUNICATIONS AND BROADCASTING SECTORS¹

The past year marked a significant period for the telecommunications and broadcasting sectors of Trinidad and Tobago. The sectors earned gross revenues of TT\$4.8 billion or 3.1% of GDP for 2008, an improvement of 23% over the previous year. Factors driving this growth included increased subscriber base, reduced rates, improved network capacity, service and technology innovations and extensive marketing by telecommunications and broadcasting providers. Figure 1 shows the percentage revenue contribution by each market towards overall gross revenue.

Figure 1: Percentage of Gross Revenues contributed by Markets

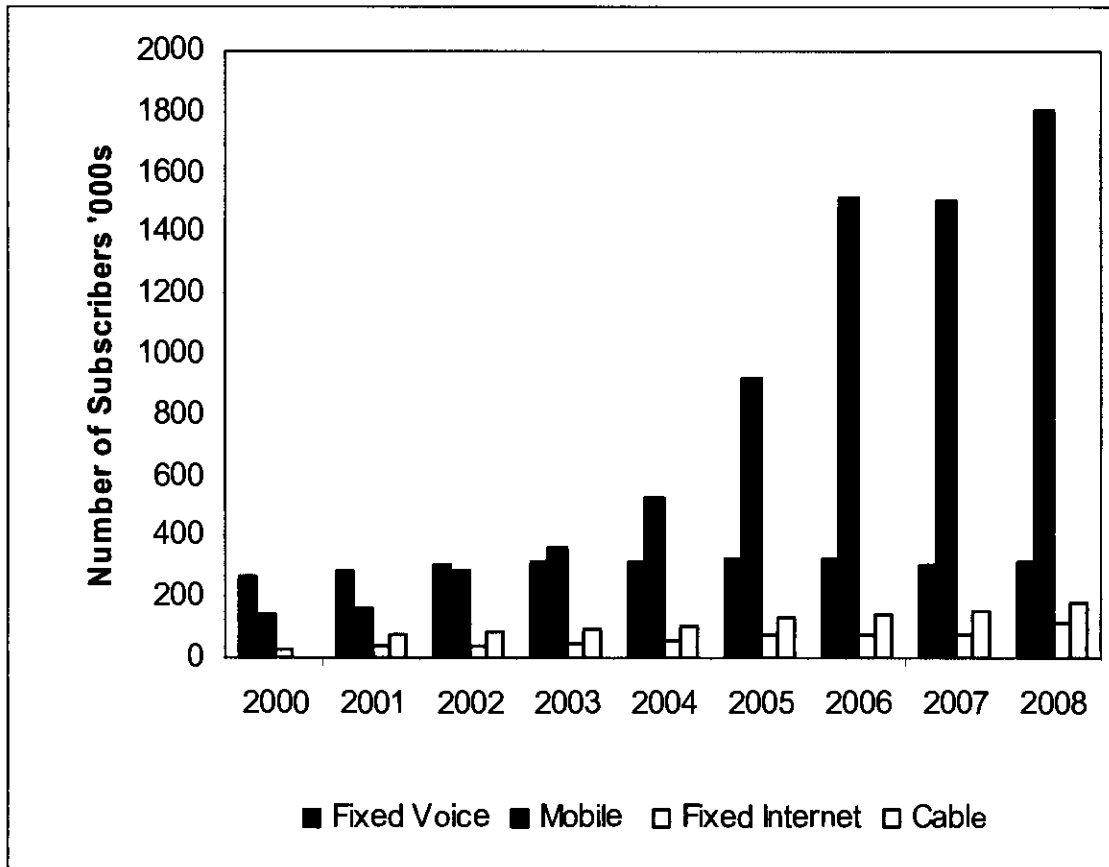


Source: TATT

¹ The information in this Section was extracted from the Authority's Market Report for the period January to December 2008. The full report is available at: http://www.tatt.org.tt/docs/Market_Report_Aug_2008.pdf

During the period, the telecommunications markets recorded increases in fixed line, mobile and Internet subscribers. The fixed line market recorded approximately 314,800 subscribers. This represented an overall 2% growth in subscribership from the previous period. In addition, the Internet market recorded approximately 224,000 customers for the year, that is, a 48,400 or 28% increase in Internet subscribers over 2007. The mobile market increased by an estimated 296,000 subscribers or 19.6%. This brings the total number of mobile subscribers to about 1.8 million. The trend for subscribers for the period 2000 to 2008 is shown in Figure 2.

Figure 2: Growth in Subscribers 2000-2008



The broadcasting market in Trinidad and Tobago also continued to show considerable growth during the 2008 period.

Table 1 below gives a breakdown of the number of concessions granted within the broadcasting market in 2008.

Table 1: Broadcasting Market Concessions 2008

Types of Broadcasting Concessions	2008	Number of New Broadcasting Concessions Granted
Free to Air Television	9	3
National	6	2
Major Territorial	3	1
Subscription Television	8	1
National	4	1
Major Territorial	1	0
Niche	2	0
Minor Territorial	1	0
Free to Air Radio	38	0
National	31	0
Major Territorial	6	0
Minor Territorial	1	0

Source: TATT

During the period, three concessions for Free to Air Television were granted to Trinidad Publishing Company Limited (CNC3), Parliament of the Republic of Trinidad and Tobago and Synergy Entertainment Network Limited. Within the Subscription Television market, Green Dot was authorised to provide subscription broadcasting services.

The number of Telecommunications concessions granted by the Authority is shown in Table 2 below.

Table 2: Telecommunication Market Concessions 2008

Types of Telecommunications Concession	Authorised Providers 2008	Operational Providers 2008
Fixed	7	7
International	11	11
Mobile	2	2
Internet	7 ²	9 ³

Source: TATT

² There are three (3) companies who have concessions to provide Internet services but who have not yet begun providing services.

³ Currently there are five (5) companies who are in the process of obtaining authorisation to provide Internet services from the Authority.

Table 3 below highlights the trends in the telecommunications and broadcasting markets over the period 2000 to 2008.

Table 3: Domestic Telecommunications and Broadcasting Statistics

		2000	2001	2002	2003	2004	2005	2006	2007	2008
General	Population (millions)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
	GDP per capita (US\$) ⁴	5,950.7	6,891.6	7,166.3	8,246.2	8,470.3	11,560.2	14,576.4	16,008.1	24,151.6
	Telecom revenue (US\$ million)	243.5	298.9	326.0	346.3	357.0	379.3	497.9	521.3	775.3
	Total telephone subscribers ('000s)	413.2	453.3	592.2	683.3	849.3	1,246.4	1,844.3	1,817.1	2,120.9
	Total telephone subs. per 100 inhabitants	31.9	34.9	45.5	52.4	65.0	95.2	140.8	138.7	163.1
	Average revenue per user (ARPU) US\$		659.4	550.4	506.8	420.3	304.3	239.5	286.9	365.6
Fixed	Main telephone lines ('000s)	271.6	293.2	308.3	317.3	318.9	322.3	325.5	307.3	314.8
	Main lines penetration (%)	21.0	22.6	23.7	24.4	24.4	24.6	24.9	23.5	24.1
	Average revenue per user (ARPU) US\$		349.1	362.1	267.9	254.8	272.1	277.9	422.4	486.5
	Main lines growth (%)	-2.6	8.0	5.2	2.9	0.5	1.1	1.0	-5.6	2.4
Mobile	Mobile subscribers ('000s)	141.6	160.1	283.9	366.0	530.4	924.1	1,518.8	1,509.8	1,806.1
	Mobile penetration (%)	10.9	12.3	21.8	28.1	40.6	70.5	115.9	115.3	138.2
	Average revenue per user (ARPU) US\$		225.8	212.4	213.5	203.8	153.1	159.1	206.6	196.6
	Mobile growth (%)	266.4	13.0	77.3	28.9	44.9	74.2	64.4	-0.6	19.6
Internet	Internet subscribers ('000s)	26.5	34.8	39.9	44.2	55.2	72.4	75.2	81.7	114.1
	Broadband subscribers ('000s)						14.0	21.1	35.5	85.4
	Internet users ('000s)	100.0	120.0	138.0	153.0	160.0	184.5	198.4	429.0	456.4
	Internet penetration (%)	2.0	2.7	3.1	3.4	4.2	5.5	5.7	6.2	8.7
	Average revenue per user (ARPU) US\$							392.3	552.3	491.8
	Internet growth (%)	51.0	31.4	14.8	10.8	24.8	31.0	3.8	8.7	38.0
Traffic	International - Outgoing (min. million)	78.5	81.7	84.1	91.9	117.2	160.2	203.2	265.9	304.3
	International - Incoming (min. million)	175.6	198.6	279.0	328.4	379.2	337.8	296.5	323.0	375.4
	Inbound/Outbound	2.2	2.4	3.3	3.6	3.2	2.1	1.5	1.2	1.2

⁴ GDP per capita is recorded at current market prices

		2000	2001	2002	2003	2004	2005	2006	2007	2008
	int'l traffic ratio									
Cable	Cable Subscribers ('000s)		78.9	82.4	92.5	103.4	131.6	139.8	151.2	163.0
	Cable Penetration (%)		6.0	6.3	7.1	7.9	10.1	10.7	11.6	14.2
	Average revenue per user (ARPU) US\$		376.7	395.3	380.9	376.5	337.3	318.9	344.9	337.0
	Cable growth (%)			4.5	12.3	11.7	27.3	6.2	8.1	12.5

Source: TATT

TELECOMMUNICATIONS AND BROADCASTING SECTOR OUTLOOK

It is anticipated that the telecommunications sector will continue on its upward growth pattern. This growth is expected to be fuelled by the launch of Broadband Wireless Access services in the wireless fixed voice and Internet markets due to the estimated increase in demand for these services. The mobile market growth trend is likely to continue albeit at a reduced rate due to the significant level of penetration already attained. There remains the strong potential for growth in the Mobile Internet service given the focus by operators on data streaming and the high penetration rate of mobile subscribers.

The broadcasting sector continues to be a vibrant industry in Trinidad and Tobago with services provided to subscribers via satellite, analogue and digital cable. The subscription broadcasting market is expected to expand especially with the entrance of new players in the cable market.

The Authority expects that there will be some consolidation in the free-to air radio market. Initially, FM radio stations operations may have been profitable at the inception of their operation; however, since the downturn in the economy, there has been increased competition for the limited advertising revenues which may result in some form of consolidation between operators, if they are to maintain the viability of their operations. The Authority has begun to see evidence of this trend with requests from two smaller concessionaires to transfer their operations to larger operators. This trend may continue based on the current economic climate.

3. REVIEW OF KEY ACCOMPLISHMENTS AND ONGOING ACTIVITIES

As noted above Authority's activities during the year in review were driven by its Strategic Plan 2007 to 2010 which identifies seven objectives, formulated to achieve the Authority's mandate as set out in the Telecommunications Act 2001. In relation to each of these objectives, annual work plans for each Division were designed and implemented; although it is noted that additional activities were also undertaken in response to the changing conditions in the telecommunications and broadcasting markets.

The following is an outline of some of the more significant activities that were completed, and undertaken during the year 2008/09.

Objective 1 - Regulatory Framework:

To facilitate the transformation of the telecommunications and broadcasting sectors into environments that encourage investment, pose minimal barriers to entry and that are conducive to competition via a dynamic and comprehensive regulatory framework.

a. Implementation of Indirect Access

Pursuant to Section 25 (1) (b) of the Telecommunications Act 2001, the persons granted concessions have an obligation to provide interconnection to other concessionaires of public telecommunications networks and services. One of the benefits of this obligation is that it enables persons to provide services to customers, even where those customers are not directly connected to their networks. A significant example is indirect access, which would enable a domestic customer to purchase their international telecommunications services from a provider other their own domestic provider. Once implemented, Indirect Access will be a significant enabler of competition in the international markets, in

which many providers have no direct connection to the domestic consumers. During the year in review, the Authority completed a draft framework document for Indirect Access which was issued for two rounds of public consultation. The Authority will continue during the coming year to work towards completion of the Framework, putting in place any necessary legislative provisions to facilitate implementation of Indirect Access within the market.

b. Review and Revision of Concession and Licence Fees

The Authority's original fee structure was designed in 2005 and implemented in September 2006 via the Telecommunications (Fees) Regulations 2006, and provides for the conduct of reviews on a three yearly basis. During the year, 2008/09, the Authority commenced the review of the existing Fee Structure having regard to the issues and matters that have arisen during the period since the fee structure was first approved. Some of the key revisions being proposed include provisions for the reduction of fees for frequency re-use, and modification of fees based on benchmarks set by auctions conducted by the Authority during the period. It is anticipated that revised Regulations based on the new Fee Structure will be submitted to Government during 2009/10.

c. Collection of Data and Information

A significant challenge experienced by the Authority since its commencement of operations has been the difficulty in obtaining data from concessionaires and licensees to enable the Authority to perform its functions. Feedback from stakeholders has revealed that there is a need to streamline the data collection process to ensure that duplication of requests is minimised, and that the timelines for making of requests are clear and efficiently distributed throughout the year to avoid overloading the resources of stakeholders.

During the year the Authority commenced a process to streamline the data collection process through the compilation of all data requirements into a single regulatory document. The document has been prepared for consultation and will

be issued for stakeholders comments, and implemented in the coming financial year.

d. Protection of Consumer Rights

One of the roles of the Authority is to ensure that the provision of telecommunications and broadcasting services to the public is conducted in the best interests of the public in Trinidad and Tobago. To this end, the Authority is seeking to introduce regulation which will comprehensively address issues pertaining to the consumer's rights and obligations where telecommunications and broadcasting services are provided.

The document will address consumer protection under the following categories: consumer rights to service; availability of consumer information; consumer-related quality of service; treatment of consumer complaints; and consumer obligations.

A draft Policy document was issued for industry consultation in 2008/09, and based on the feedback received, the Policy document, and the Regulations which will implement the Policy are being amended by the Authority and will be issued for another round of consultation in 2009/10.

e. A Framework for Regulating Prices

It is expected that prices will be determined by supply and demand in a truly competitive market. However where market conditions do not facilitate this ideal, the Authority is responsible for regulating prices to ensure that the interests of consumers and market participants are protected. In this regard, after extensive consultation with the industry, the Authority completed and published a Price Regulation Framework in 2008. Draft Regulations were also submitted to the Minister for laying in Parliament. The Regulations will provide the legal provisions to implement the Price Regulation Framework, which outlines the principles to be adopted by the Authority to:

1. Define relevant telecommunications services markets,
2. Assess whether there is dominance, exclusivity of supply or the presence of anti-competitive pricing within those markets, and
3. Impose price regulation only so justified.

f. Development of a Regulatory Cost Model

An important component of a regulatory framework that promotes competition is a cost model, which is used, where necessary, as the basis for pricing wholesale and retail services in the market place. In 2008 the Authority hired a consultant and began developing a long run average incremental cost (LRAIC) model in consultation with the industry. The cost for developing the LRAIC model is estimated at \$5M, of which \$2.4M was expensed in the current year. The model is expected to be completed in the 2010/2011 fiscal year.

The LRAIC model will assist TATT in carrying out its mandate, including:

- Costing retail and wholesale telecommunications services;
- Monitoring, setting, approving or reviewing tariffs charges by telecommunications service providers where necessary;
- Detecting cross-subsidies among telecommunications services;
- Detecting anti-competitive pricing or acts of unfair competition such as price gouging or price squeezing;
- Establishing a maximum rate of return or determine an appropriate profitability margin for exclusive providers; or
- Establishing price caps or price floors for dominant providers where necessary.

Objective 2 – Universality:

To create and implement a universality framework that promotes the expansion of the national telecommunications infrastructure and the availability, affordability, accessibility, usage and knowledge of ICTs (Information and Communication Technologies) throughout Trinidad and Tobago.

- **Achieving Universality**

The Government of the Republic of Trinidad and Tobago (GoRTT), is a member of the International Telecommunications Union (ITU) and has initiated the National ICT Plan which seeks to transform the country into a knowledge-based society. The National Universality Policy seeks to promote the initiative where all citizens of the country can have access to information and knowledge through ICTs. These ICTs should extend to all locations, be affordable and offer a full range of basic services, which take into account the different needs of the population. Some of the benefits to citizens include increase in access to education, health services, and government services.

The Authority developed a Universality Implementation Plan and Draft Regulations in consultation with the industry. It is expected that the draft regulations will be submitted to the Minister in the next fiscal year. In the current year, the Authority made a provision of \$13,200,000 to the Universality Fund. As at September 2009, the total allocated to this fund was \$35,200,000.

Objective 3 – Regulation and Competition:

To facilitate the creation of a competitive environment via the effective regulation of the telecommunications and broadcasting sectors in a transparent, efficient, fair and non-discriminatory manner.

- a. **Dominance and Price Regulation in the fixed telephony market**

In response to behaviours in the retail domestic fixed telephony market (domestic land line services), the Authority commenced a process to review the relevant

markets, determine the presence or absence of dominance in those markets, and thereafter consider whether it is necessary to regulate the prices charged to consumers by any dominant providers in those markets.

During the year in review the Authority completed, with the help of an international consultant, the definitions of the relevant markets, and the draft determination of dominance in those markets was issued to stakeholders for comments. The final determination on dominance in those markets is expected to be made early in the new financial year.

b. Effective Regulatory Monitoring and Enforcement

A significant part of the Authority's mandate is to implement and enforce the provision of the Telecommunications Act 2001. In the years between 2004 and 2008 the focus has been on the liberalisation of the telecommunications and broadcasting markets and the formulation of a comprehensive and appropriate regulatory framework to guide the development of the sectors. In 2008/09, the Board of the Authority decided that the Authority should place greater emphasis on ensuring compliance by the concessionaires and licensees with the regulatory provisions made by the Authority. To this end, the Authority has embarked upon the formulation of a comprehensive mechanism for proactive and reactive monitoring, and an effective enforcement process to be used to ensure compliance with the regulatory framework. The programme is expected to be implemented on a phased basis commencing in the next financial year.

c. Regulation of Prices for Domestic Termination of International Traffic

The liberalisation of the international telecommunications market by the Authority has resulted in the number of operators in the market increasing from one in 2004, to eleven persons providing termination of international traffic on the domestic market in 2009. The fierce price competition in the market has caused a corresponding decrease in the price to terminate such traffic to the extent that the concessionaires operating in the market issued a complaint to the Authority

that the level of pricing is now low to the extent of being unprofitable. During the period the Authority was asked to consider regulatory intervention in the form of a floor for prices in that market segment and the Authority embarked upon a process to determine whether such a floor is appropriate and if so, at what the minimum price should be.

It is expected that a determination on this issue will be made by the Authority in the 2009/10 period.

d. Audit of the Free to Air Broadcasters Coverage Obligations in Tobago

Due to the number of complaints received on the quality of service being provided by free to air radio and TV broadcast transmissions in Tobago, the Authority conducted an audit to verify the extent to which Free to Air broadcasters were in compliance with their coverage obligations as outlined in their approved concessions.

Field measurements were taken of the signal strength and quality of picture and sound at various locations for each of the thirty-two (32) national and one (1) minor territorial FM radio and five (5) national television broadcasters Tobago.

The results of the audit show that none of the TV and radio broadcasters were providing an acceptable level of service in Tobago with coverage being restricted to mostly the south-western part of Tobago.

The Authority will be reviewing the results of the audit with the broadcasters with a view to correcting the deficiencies in the coverage. The Authority is also facilitating the process to get better radio coverage in Tobago through the issuance of a concession to one additional FM radio station dedicated for Tobago only.

Objective 4 – Resource Management:

To ensure that the country's radio spectrum and number resources are efficiently managed so that the spectrum and numbering needs of the evolving telecommunications and broadcasting sectors are adequately met.

a. Audit and licensing regularisation of all Very Small Aperture Terminal (VSAT) installations

VSATs are most commonly used to transmit narrowband data (point of sale transactions e.g. credit cards), or broadband data (for the provision of Satellite Internet access to remote locations, VoIP) or mobile maritime communications.

In our ongoing efforts to ensure all operators of VSATs are licensed and compliant with the Telecommunications Act, a physical audit based on drive tests and an audit plan was completed for all VSATs installed in both Trinidad and Tobago. VSATs installations not approved by the Authority have been noted for regularisation.

b. Revision of the T&T Frequency Allocation Tables (0-1000GHz) and Spectrum Utilisation Plans for Point-to-Point, Studio to Transmitter Links (STLs) and Outside Broadcasts (Obs) for Radio and TV

In September 2004, the Frequency Allocation Table indicating the service assignments for radio frequency spectrum between 88 MHz to 5850 MHz was published by the Authority. This spectrum of electromagnetic frequencies is used to provide communications. In Trinidad and Tobago, our Frequency Allocation Table is aligned with ITU-R standards. ITU-R modified their tables and the Authority undertook an exercise to update our tables based on revisions by the ITU-R.

The draft document was published on our website in August 2009 and issued for the first round of public consultation. Feedback from the consultation will be

incorporated into the revised document and the final document is expected to be completed in the 2009/10 period.

Objective 5 – Broadcast Content Regulation:

To guide the broadcasting industry through effective regulation of broadcast content in such a manner that contributes to the economic, social and cultural development of the country while at the same time, ensuring that the freedoms as enshrined in the Constitution of Trinidad and Tobago are preserved.

a. A Broadcasting Code for Trinidad and Tobago

Section 79 of the Telecommunications Act 2001 requires that a Broadcasting Code be promulgated by the Authority subject to affirmative resolution of Parliament, to regulate the practices of concessionaires of broadcasting services. The Authority produced a first draft of a broadcasting code for consultation in 2005, and revised drafts for consultation in July and October 2008. The Consultation process was completed and a draft of the Broadcasting Code for the Republic of Trinidad and Tobago presented to the Minister of Public Administration for consideration on 19th March 2009. Based on stakeholder consultations conducted by the Minister, the Authority was requested by the Minister to consider certain revisions to the document, including a co-regulatory approach to enforcement. Those revisions were made and a final document presented to the Minister on 8th August 2009.

The Broadcasting Code seeks to address several issues relating to the content broadcast via television, radio and subscription television in Trinidad and Tobago, dealing with matters such as protection of children and young persons, rules for broadcasts dealing with crime, harmful and abusive broadcasting, advertising, privacy and fairness. It incorporates a significant level of co-regulation between the Authority and the broadcasters, a milestone achievement agreed to between the Authority and the broadcasters with the assistance of the Minister.

The Authority has been advised that the Broadcasting Code will be laid in Parliament for debate during 2010.

b. Broadcast Monitoring System

In keeping with the provisions of the Telecommunications Act 2001, to ensure broadcasters comply with the National Broadcast Code, the Authority implemented a Broadcast Content Monitoring System in May 2009. This system simultaneously monitor and continuously record broadcast content of all free to air and subscription radio and TV broadcasters on a 24 hour basis, and archives the content of these broadcasts.

The system is currently in operation at the Authority's premises and monitors and records broadcast content from thirty-six (36) 'Free to Air' FM Radio, one (1) 'Free To Air' AM Radio, eight (8) 'Free To Air' Television, one (1) Satellite TV (DirecTV) and four (4) wired Cable TV broadcasters in Trinidad and Tobago.

c. Digital Terrestrial Television Switchover

Operators of terrestrial free to air television broadcasting stations use an analogue standard for TV broadcasting which utilizes a relative large frequency spectrum. In order to conserve the frequency spectrum and to maximize its utilization, there is a global requirement to have all analogue terrestrial television broadcasting switched from an analogue to a digital standard of operation. The International Telecommunication Union (ITU) has mandated that a worldwide switchover be completed by 2015.

In keeping with the above, Trinidad and Tobago will be required to adopt a Digital Terrestrial Television (DTT) broadcasting standard for free to air television operation and to define a date by which all analogue broadcasting will be switched over to digital operation. The Authority has developed a draft Framework which identifies and addresses the key issues to facilitate DTT

broadcasting in this country and the impact the switchover will have to both consumers and broadcasters. This document will be subject to both stakeholder and public consultation during 2009/10.

Objective 6 – Human and Organisational Capacity Building:

To ensure that the human and organisation capital of the Authority are adequate and are managed efficiently and effectively to meet key deliverables.

a. Augmenting the Organisation’s Human Capital

The growth in the telecommunications and broadcasting sectors has necessitated the need for the Authority to invest more resources into developing frameworks in keeping with its role as a Regulator. As the deliverables of the Authority increased a review of its Organisation Structure was undertaken. A revised Organisation Structure was approved by the Board and submitted to the Minister of Public Administration for consultation and subsequent presentation to Cabinet. The revised Organisation Structure proposes additional positions in key areas of responsibility. In view of the urgency to acquire additional staff, we have already commenced increasing staff numbers to address immediate needs.

In August 2008, the Authority relocated to a new building which offers additional facilities such as a library, housing of the monitoring system and a room for hosting public consultations.

b. Move to New Offices

During the period under review, the Authority in addition to acquiring additional staff, also invested in a Broadcast Content Monitoring System (BMS). Both of these variables added to the already increasing demand for new premises. In September 2008, the Authority moved to new premises which now include enclosed accommodation for its two specialised Spectrum Monitoring Vehicles, its BMS, a Library and Reading Room which has been sized to accommodate

public meetings (ICT Forums) when required, a training room and other staff facilities.

c. Computerization of Financial Systems

The Authority also sought to make efficiency improvements to its financial and related systems. Systems were implemented for inventory and fixed assets control, the preparation of accounting records and the production of quarterly and annual Financial Statements. These changes are expected to make monthly reporting to the Board more comprehensive and financial statements can be produced in a much shorter period after year end.

d. Upgrade of Information Technology (IT) Systems and Processes

The Authority has commenced a process to upgrade its IT systems and to maximize the utilization of its Information and IT systems to further increase the efficiency and effectiveness of its operation.

In furtherance of the above, the Authority effected changes to its hardware and software systems to make them current, fully automated its Document Management systems and is in the process of developing its IT Strategic and Disaster Preparedness Plans.

Objective 7 – Information Management and Dissemination:

To ensure that the information resources of the Authority are efficiently managed and disseminated so that customers receive clear, accurate and easily accessible information.

The Authority conducted several programmes aimed at informing the public about the telecommunications and broadcasting sector namely:

Public Education

- A seminar for media professionals was held in January 2009. The main objectives were to provide relevant information on key issues regarding liberalization and regulation of this country's telecommunications and broadcasting sectors and provide an overview of some of the Authority's future plans and programmes.
- A three minute business feature on assistive technologies for persons with disabilities was produced and aired on local television.

Information and Communication Technology (ICT) Open Forum

The Authority commenced a series of information sharing activities targeting specific stakeholders titled *ICT Open Forum*. The objectives of the series are to:

- Educate and inform different stakeholders about various contemporary ICT issues
- Raise the profile of the Authority as a major player in the telecommunications and broadcasting industry.

Two ICT forums were held during the reporting period on the topics indicated as follows:

- Wednesday April 22nd 2009: Topic – “Should measures be established to encourage and increase the proportion of local content in domestic broadcasting?”
- Wednesday July 22nd 2009: Topic 9 “Is there a need for a public broadcasting service in Trinidad and Tobago?”

World Telecommunications and Information Society Day (WTISD)

World Telecommunications and Information Society Day (WTISD) is observed internationally on May 17th marking the commemoration of the founding of the International Telecommunications Union (ITU) on May 17th 1865. Based on the theme

for 2009, which was "***Protecting Children in Cyberspace***" the Authority disseminated information via the following initiatives:

- Production of a one hour call-in television programme on the topic.
- Production of a forty-five (45) minute television programme on cyber-security titled, "Cyber Danger". This programme was and continues to be aired periodically on local television and distributed to all schools in Trinidad and Tobago. The programme is also being used by the Caribbean Telecommunications Union (CTU) to educate youth in the Caribbean about the dangers in cyberspace through their Caribbean Roadshow which spanned the period July 2009 to July 2010.
- Production of five (5) radio and television advertisements which are aired periodically.
- Production of a brochure for parents of children using the internet.

Re-design of Website

The Authority undertook a project to review its website to improve functionality and meet the needs of the public. A consultant was engaged and work has commenced on updating the content of the website and the corporate image of the Authority. The updated site will facilitate submission of application forms, complaints, comments from the public and make access to the site more user-friendly. The new site is expected to be launched in the 2009/10 financial year.

4. STATISTICS

The Authority's statistics for measuring its performance can be categorised as follows:

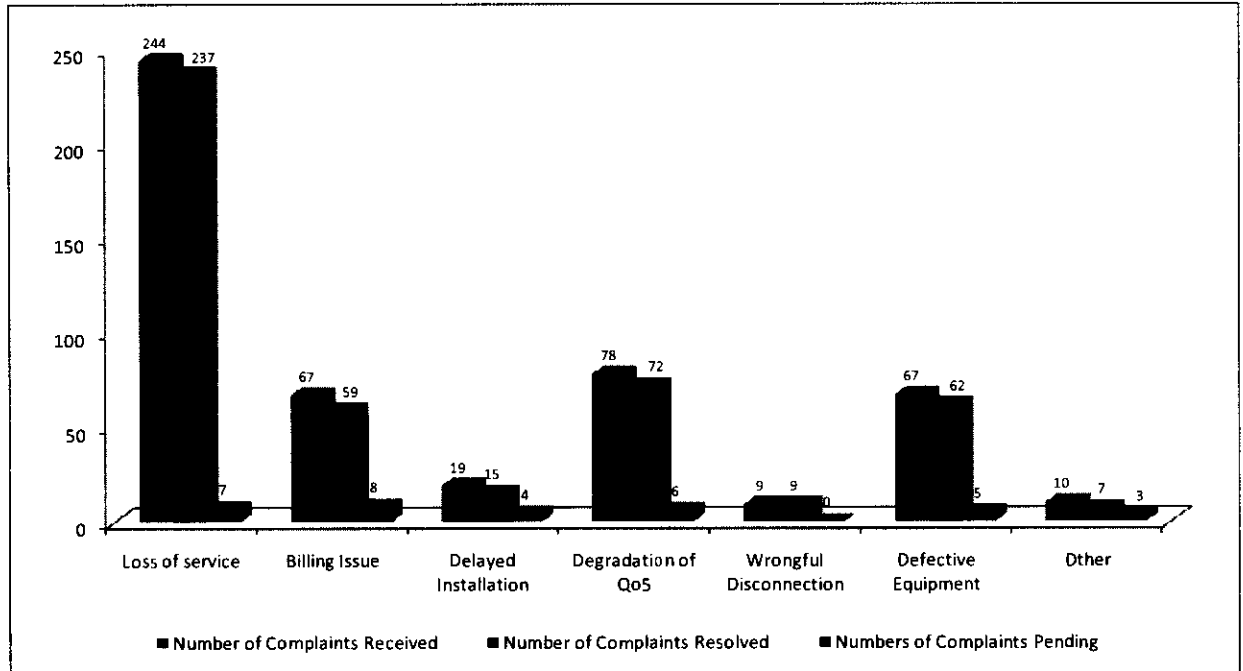
- Consumer complaints handling
- Interference Complaints
- Concession applications
- Licence applications
- Broadcast content monitoring
- Non-objection applications

The following graphs highlight the performance of each of the above matrix.

Consumer Complaints Handling

For the 2008/2009 financial year, The Authority received 494 consumer complaints; 88% or 461 were resolved and 12% or 33 are pending. The 33 pending complaints were all received in the last quarter of the financial year and are expected to be resolved in 2009/2010. Details of the types of consumer complaints received are shown in figure 3.

Figure 3: Chart showing Complaints Handling



Interference Complaints Handling

The Authority investigated 8 complaints of a Compliance nature and 6 or 75% were resolved and 2 are currently pending resolution as shown in the table below.

Table 4: Compliance Investigations

Compliance Issue	Number of Investigations	Number Resolved	Number Pending
FM Radio	2	2	0
FM Radio Coverage Area	1	1	0
FM Radio Unlicensed repeater frequencies	0	0	0
Television	1	1	0
VSAT	2	2	0
Land Mobile	1	0	1
BWA	1	0	1
Total	8	6	2

Concessions

Table 5 below outlines the status of Concession applications evaluated by the Authority during the period.

Table 5: Concession applications

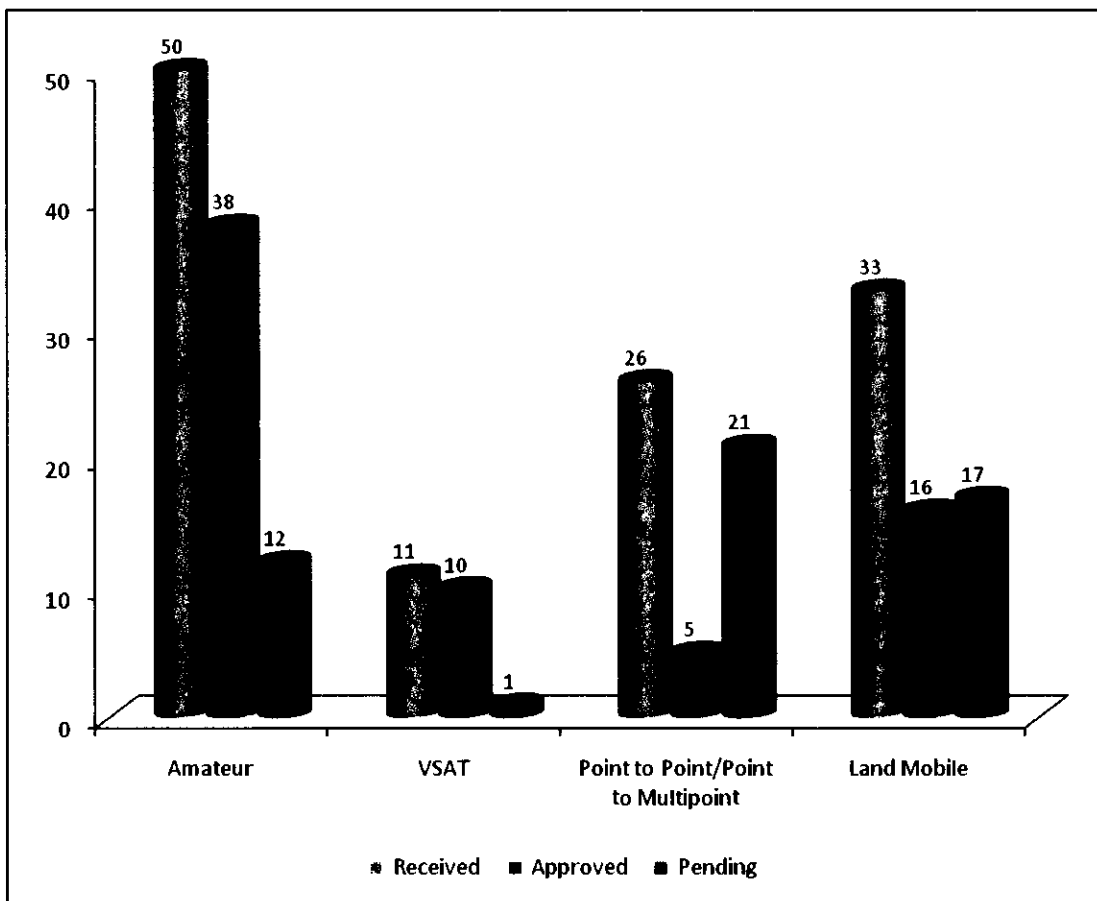
Concession Type	Description	Number of Applications Received	Number of Applications Processed	Number of Concessions Granted*	Number of Applications Pending	Remarks
Type 1: Network Only	Domestic Mobile	-	-	-	-	
	Domestic Fixed	-	-	-	-	
	International	-	-	-	-	
Type 2: Network & Services	Domestic Mobile	3	3	-	-	Application from previous year - Three Sixty Communications
	Domestic Fixed	9	7 (1 from previous year)	5 (1 from previous year)	1	
	International	1	-	-	1	
Type 5: Broadcasting Services	Free-to-Air TV	-	-	-	-	Application from previous year and withdrawn - Living Water Community
	Free-to-Air Radio	6	5	-	1	
	Subscription broadcasting	4	3 (1 from previous year)	2 (1 application withdrawn by applicant)	1	

* Concessions granted considered to be instances where recommendations were made to the Minister for grant of the concession(s)

Licences

Figure 5 below shows the quantity and types of licence applications received. A total of 120 applications were received and 69 of these were approved during the period. The remaining 51 are in various stages of processing.

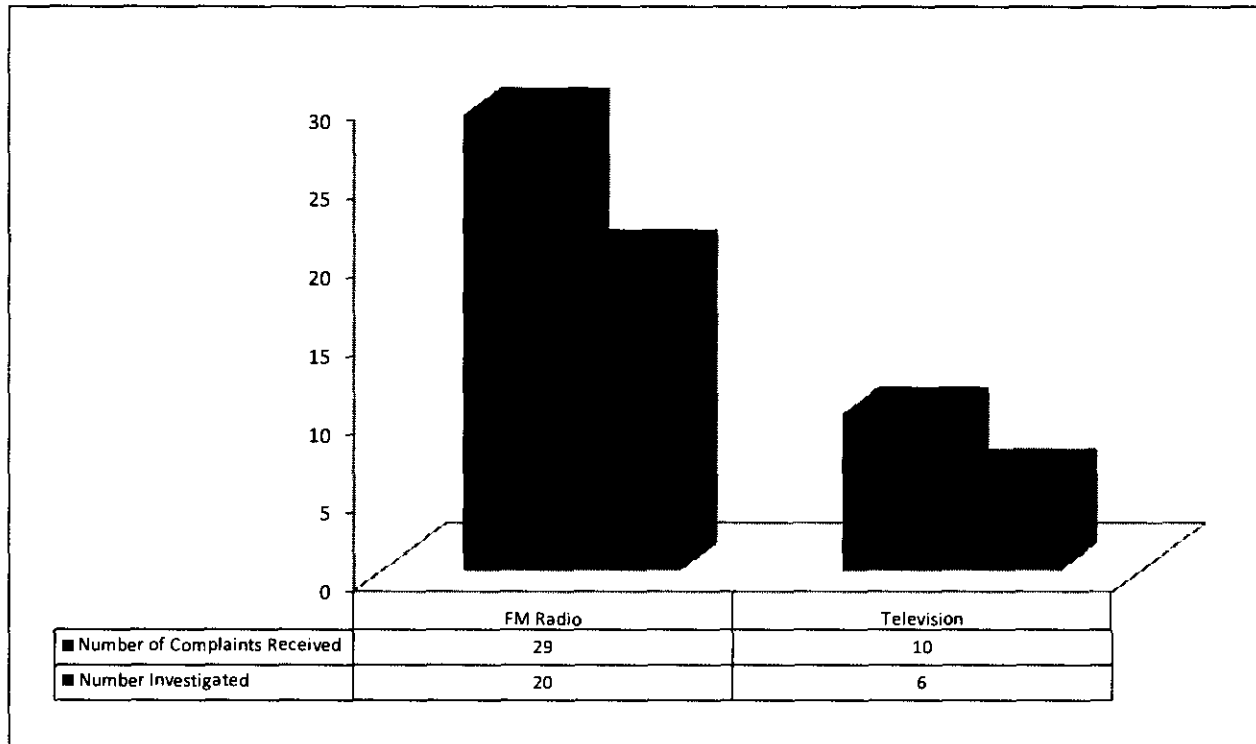
Figure 3: Chart showing Licence applications



Broadcast Content Monitoring

This category covers both Radio and Television content monitoring. Figure 4 shows the complaints received and investigated for each category. Investigations were completed for 69% of FM Radio and 70% of the Television complaints received.

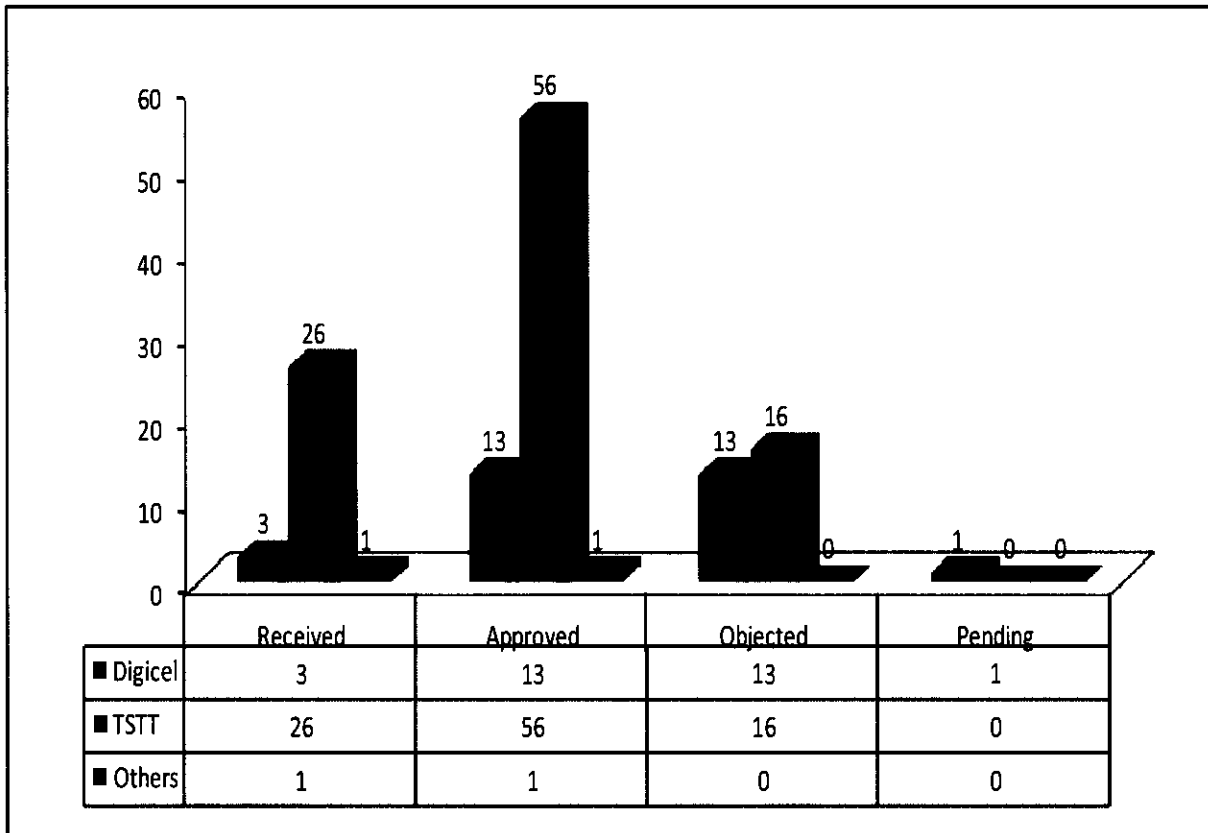
Figure 4: Chart showing Broadcast content monitoring investigations



Tower Non-Objection Applications

The Authority received 30 applications for the installation of towers. Approvals were issued for 70; 29 objected and 1 is pending as shown in Figure 7 below. The Authority is its ongoing effort to regularise towers constructed and issue Non-Objection certificates processed the 70 pending applications from the prior year.

Figure 5: Chart showing Tower Non-Objection applications



5. FINANCIAL PERFORMANCE

The Authority is funded by fees charged for concessions and licences granted to service providers in accordance with the Authority's Fee Regulations. Income for the year 2008/09 totalled \$85,192,455 an increase of \$9,826,158 over 2007/08. Of this income, the sum of \$13,200,000 has been set aside to assist the provision of Universal Service in accordance with Section 53 (4) of the Telecommunications Act 2001 (the Act). The additional Income in 2008/09 arose from increased concession and licence fees levied over the previous year. Surplus revenue in each year after allowing for an allocation for Universal Service is paid net of receivables to the Consolidated Fund. The sum to be paid to the Consolidated Fund for 2008/09 is \$36,685,166.

Concession fees are levied based upon the Authority's Budget for each financial year and form a proportion of that budget the rest of the budget is covered by licence fees. Licence fees are based upon the market value of the spectrum resource and fixed largely by auction. The Authority is permitted under Section 41(1) of the Act to "regulate the use of the spectrum in order to promote the economic and orderly utilisation of frequencies for the operation of all means of telecommunications and to recover the cost incurred in the management of the spectrum."

In 2008/09, the Authority's Operating Expenditure increased by 18% compared to 2007/08. Table 6 below illustrates the movement for each category. The main contributors to the upward movement in operating expenditure from the previous period were increased staff costs, administrative costs and rent/lease charges. During 2008/09 a total of fourteen vacant positions were filled. In August 2008, the Authority's offices were relocated to facilitate the accommodation of an increased staff complement, broadcast and spectrum monitoring equipment and space for the

hosting of public consultations and seminars in this way reducing the Authority's reliance on outsourced conference facilities.

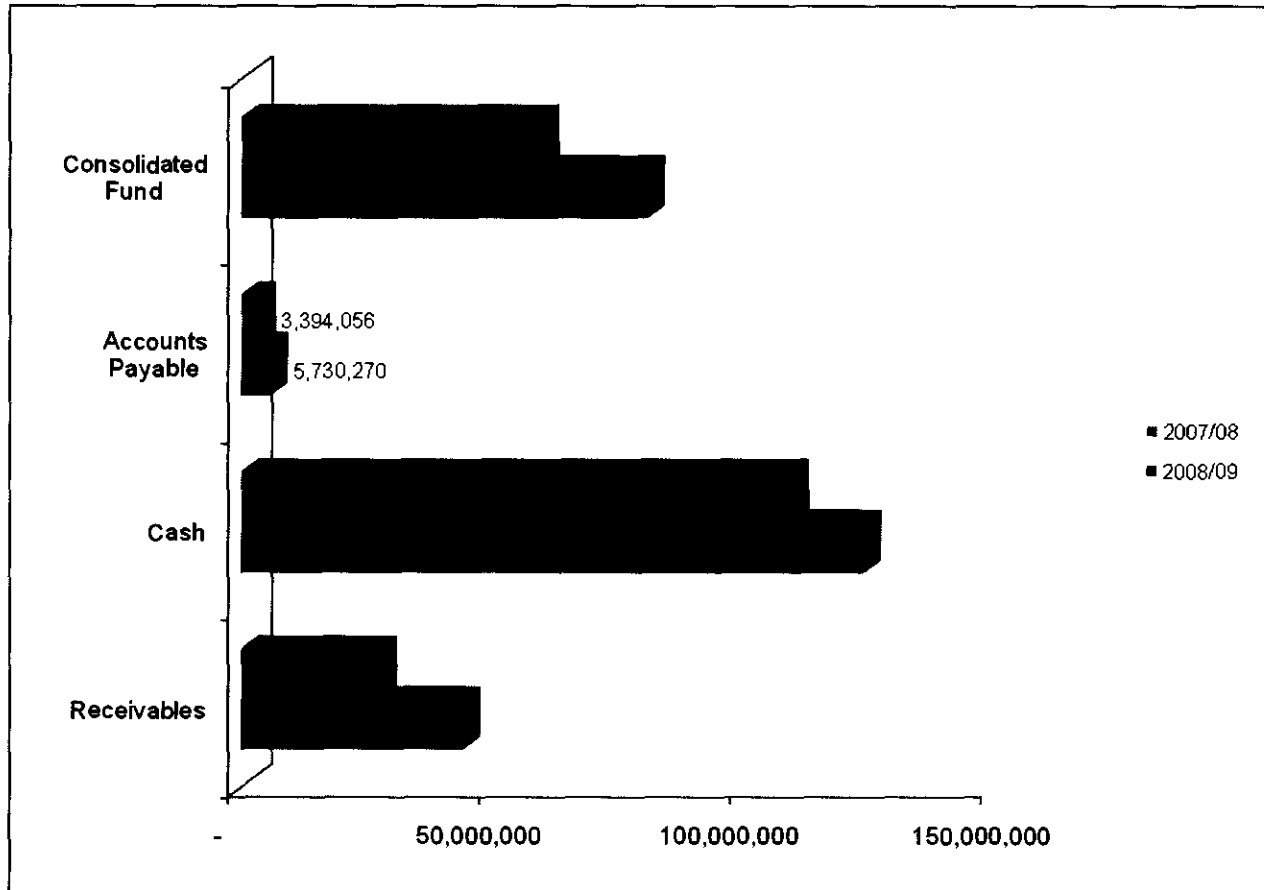
Table 6: Operating Expenditure

Description	2009	2008
Staff Costs & Training	12,836,482	11,068,977
Rent/Lease (includes outfitting in 2009)	3,576,014	1,090,278
Utilities & Maintenance	721,124	756,921
Fees	2,520,323	2,436,143
Other Administrative Cost	6,110,407	4,065,661
Communications & Marketing	3,202,762	4,349,829
Depreciation	4,239,475	4,264,085
Total Expenses	28,967,112	23,767,809

Trade Receivables totalled \$44,133,678 at September 30, 2009 compared with \$27,533,187 at September 30, 2008. This increase arose largely from increased invoicing in the latter part of 2008/09 and instalment payment delays. Of the sum of \$44,133,678 outstanding at year end 2008/09, as at January 2010 the sum of \$23,843,531 was paid.

Highlights of the Authority's account balances for the current period and prior year are shown in Figure 6 below.

Figure 6: Account Balances



The Un-audited Financial Statements for the period ending September 2009 are also included as Attachment 1.

Attachment 1: Unaudited Financial Statements 2008-2009**TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**

Statement of Financial Position

As at September 30, 2009

	Note	2009 \$	2008 \$
ASSETS			
Non-Current Assets			
Fixed assets	2	14,349,350	14,109,037
Current Assets			
Receivables	3	44,133,678	27,533,086
Cash and bank balance	4	123,924,910	109,571,688
		182,407,938	151,213,811
Represented by:			
RESERVES AND LIABILITIES			
Non-Current Liabilities			
Deferred income	5	25,158,824	30,480,623
Current Liabilities			
Accounts payable and accruals	6	5,730,270	3,394,056
Amount Due To Consolidated Fund		80,818,844	59,839,133
Reserves			
Reserves	7	70,700,000	57,500,000
		182,407,938	151,213,811

The notes on pages 47-51 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Statement of Income and Expenditure - Recurrent****For the Year Ended September 30, 2009**

	Note	2009	2008
		\$	\$
Income			
Government grant			-
Deduct: Fixed assets purchased			-
		-	
Concession Fees		29,043,282	18,718,131
Licences		50,790,585	49,649,666
Bank Interest		1,364,673	1,207,413
Other Income		688,213	1,620,941
Amortization of deferred income		3,305,702	4,170,145
Sub-total		<u>85,192,455</u>	<u>75,366,297</u>
		-	
Total Income		<u>85,192,455</u>	<u>75,366,297</u>
Expenses			
Communications, Marketing & Policy Expenses	8	3,202,762	4,349,829
Fees	9	2,520,323	2,324,854
Training	10	1,582,496	1,727,296
Utilities		532,623	578,085
Rent/Lease Expenses	11	3,576,014	1,090,278
Staff Costs	12	11,253,986	9,341,681
Repairs and Maintenance		188,501	178,836
Other Administrative Costs	13	6,110,407	4,177,050
Depreciation		4,239,475	4,264,085
Total Expenses		<u>33,206,587</u>	<u>28,031,994</u>
		-	
Due Consolidated Fund	14	<u>51,985,868</u>	<u>47,334,303</u>

The notes on pages 47-51 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Income and Expenditure - Public Sector Investment Programme

For the Year Ended September 30, 2009

	Note	2009	2008
		\$	\$
Income			
Government Subvention	500,000		5,000,000
Deduct: Fixed assets purchased/commitment	(473,352)	26,648	(3,763,547)
		26,648	1,236,453
Expenditure			
Development of IT Support Systems for the Telecommunication Sector		-	
Development of a Universal Strategy and Implementation Plan			
Development of an Advanced Automated Spectrum and Mgt System			
		-	-
Due Consolidated Fund		26,648	1,236,453

The notes on pages 47-51 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Statement of Changes in Amount Due to Consolidated Fund

For the Year Ended September 30, 2009

	2009	2008
	\$	\$
Amount Due Consolidated Fund - beginning of year	59,839,133	52,933,489
Payment to Consolidated Fund	(17,832,805)	(14,665,111)
Reversal of prior year entry		
Amount for the Period Due Consolidated Fund	52,012,516	48,570,755
Appropriated Reserves - Capital Projects	(10,000,000)	(10,000,000)
Appropriated Reserves - Building Costs	(15,000,000)	(15,000,000)
Appropriated Reserves - Research and Development	(10,500,000)	(10,500,000)
Appropriated Reserves - Universality Fund	(35,200,000)	(22,000,000)
Appropriated - USD Account		
Less Appropriated Reserves- Balance brought Forward	57,500,000	30,500,000
Appropriated Reserves- Additions for year	(13,200,000)	(27,000,000)
Net Amount for the Period Due Consolidated Fund	38,812,516	21,570,755
Net Amount Due Consolidated Fund - end of year	80,818,844	59,839,133

The notes on pages 47-51 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Statement of Cash Flows**

For the Year Ended September 30, 2009

	2009	2008
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the Period due to Consolidated Fund	38,812,516	21,570,755
	<u>38,812,516</u>	<u>21,570,755</u>
Adjustment for Non Cash Items:		
Amortization of deferred income	(3,305,702)	(4,170,145)
Amortization of deferred income-licence fees	(2,489,446)	(2,489,446)
Depreciation	4,239,475	4,264,085
	<u>37,256,843</u>	<u>19,175,249</u>
Receivables	(16,600,595)	(3,001,321)
Payables (Outstanding commitments)	2,336,214	1,079,245
Gain from sale of Fixed Asset	(12,547)	
Net cash from operating activities	<u>22,979,915</u>	<u>17,253,173</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(4,492,240)	(4,912,041)
Reserves	13,200,000	27,000,000
Proceeds from sale of Fixed Asset	25,000	
Net Cash from Investing Activities	<u>8,732,759</u>	<u>22,087,959</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Amount Paid to Consolidated Fund	(17,832,805)	(14,665,111)
Proceeds from Government grant	473,352	3,763,547
Net cash from Financing activities	<u>(17,359,453)</u>	<u>(10,901,564)</u>
Net increase/(decrease) in cash and cash equivalents	14,353,222	28,439,568
Cash and cash equivalent at start of period	<u>109,571,688</u>	<u>81,132,120</u>
Cash and cash equivalent at end of period	<u>123,924,910</u>	<u>109,571,688</u>

The notes on pages 47-51 form an integral part of these financial statements

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies****For the Year Ended September 30, 2009**

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 Notes.

(b) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year, except the amendment to IAS1, "Presentation of Financial Statements"- terminology changes (effective January 1 2009). This amendment includes revised titles for the financial statements and changes in the format and content of the financial statements.

(c) Reporting Currency

These financial statements are expressed in Trinidad and Tobago dollars.

(d) Government Grants

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

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

(e) Cash and Cash Equivalents

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

(f) Accounts Receivable

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

(g) Reserves

In accordance with the Telecommunications Act (2001) Section 28 (3), the Board has approved the establishment of Reserves for the Universality Services. The Board also approved Reserves for the future development of the Authority.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Significant Accounting Policies (Cont'd)****For the Year Ended September 30, 2009****Significant Accounting Policies (continued)****(h) Fixed Assets**

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

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

(i) Contingent Liabilities and Assets, Commitments**(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.

(j) Comparatives

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

(k) Related Parties

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

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Notes To The Financial Statements

For the Year Ended September 30, 2009

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 was located at BEN Court, 76 Boundary Road, San Juan.

The Authority relocated on August 29 2008 to 5 Eighth Avenue Extension off Twelfth Street Barataria.

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
Cost	\$	\$	\$	\$	\$	\$	\$
At October 1, 2008	76,554	5,006,932	1,055,021	655,534	1,809	14,301,745	21,097,594
Disposal for the period	(9,387)		(23,103)				(32,490)
Additions for the period	83,135	1,283,691	610,885		-	2,514,528	4,492,240
At September 30, 2009	150,302	6,290,623	1,642,803	655,534	1,809	16,816,273	25,557,344
Depreciation							
At October 1, 2008	36,902	2,020,691	449,657	287,242	579	4,193,487	6,988,558
Disposal for the period	(4,709)		(15,327)				(20,036)
Charge for the period	23,531	858,339	187,446	92,073	1,230	3,076,857	4,239,475
At September 30, 2009	55,723	2,879,030	621,776	379,315	1,809	7,270,344	11,207,997
Net Book Value							
At September 30, 2008	39,652	2,986,241	605,364	368,292	1,230	10,108,258	14,109,037
At September 30, 2009	94,578	3,411,594	1,021,029	276,219	-	9,545,930	14,349,350

Additions for the period include purchase commitments of Fixed Assets.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Notes To The Financial Statements (Cont'd)

For the Year Ended September 30, 2009

3. Trade and Other Receivables

	2009	2008
	\$	\$
Trade Receivables	40,201,120	25,334,101
Less Provision for Impairment	(1,766,943)	(795,799)
Trade Receivables-Net	<u>38,434,177</u>	<u>24,538,302</u>
Staff Loan	99,911	95,176
Staff Loan (M. Vehicle)	713,001	725,310
Staff Loan (Corp. Mobile)	2,896	1,704
VAT Receivable	2,448,947	862,298
Other Receivables/Prepayments	115,525	1,310,296
Goods In Transit	<u>2,319,220</u>	
	<u>44,133,678</u>	<u>27,533,086</u>

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

As at January 31, 2010, \$23,843,531.00 was paid to Trade Receivables balance of \$40,201,120.00.

4. Cash and Bank Balance

	2009	2008
	\$	\$
Cash at Bank (TT\$ Account)	72,186,833	57,579,786
Cash at Bank (US\$ Account)	29,474,667	31,960,255
Universal Fund (TT\$ Account)	22,260,411	20,028,647
Cash on Hand (TT\$ Account)	3,000	3,000
	<u>123,924,910</u>	<u>109,571,688</u>

5. Deferred income

	2009	2008
	\$	\$
Government grant relating to fixed asset	13,527,835	17,224,628
Amortization	(3,305,702)	(4,170,145)
	<u>10,222,133</u>	<u>13,054,483</u>
Deferred income-cellular mobile fees	<u>14,936,692</u>	<u>17,426,140</u>
	<u>25,158,825</u>	<u>30,480,623</u>

6. Payables

	2009	2008
	\$	\$
Deferred Revenue	46,200	43,200
Outstanding commitments	5,672,498	3,341,596
Other Current Liabilities	11,572	9,260
	<u>5,730,270</u>	<u>3,394,056</u>

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Notes To The Financial Statements (Cont'd)****For the Year Ended September 30, 2009****7. Appropriation of Reserves**

In accordance with Section 53(d) of The Telecommunications Act, 2001, the Board has approved the amount of TT\$70,700,00 as Appropriation of Reserves for the following purposes:

	2009	2008
	\$	\$
Capital Projects	10,000,000	10,000,000
Building Cost	15,000,000	15,000,000
Research and Development	10,500,000	10,500,000
Universality Fund	<u>35,200,000</u>	<u>22,000,000</u>
	<u>70,700,000</u>	<u>57,500,000</u>

8. Communications, Marketing and Policy Expenses

	2009	2008
	\$	\$
Promotions, Publicity and Printing	2,037,822	1,960,091
Official Overseas Travel	29,967	66,274
Remuneration to Board Members	583,769	450,730
Hosting Conferences/ Seminars	<u>551,205</u>	<u>1,872,734</u>
	<u>3,202,762</u>	<u>4,349,829</u>

9. 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.

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Notes To The Financial Statements (Cont'd)

For the Year Ended September 30, 2009

10. 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.

11. Rent/Lease Expenses

	2009	2008
	\$	\$
Office Accomodation	3,525,614	1,059,536
Vehicle & Equipment	50,400	30,742
Total	3,576,014	1,090,278

12. Staff Costs

	2009	2008
	\$	\$
Salaries	10,756,566	8,629,368
Short Term Employment	424,900	682,623
Other Personnel Expenses	72,520	49,691
Total	11,253,986	9,341,681

Total number of employees as at 30th September 2008 was 45. The comparative figure for 2009 was 52.

13. Other Administrative Costs

	2009	2008
	\$	\$
Security	439,230	439,044
Janitorial Services	216,843	117,723
Supplies	493,024	439,213
Other Contracted Services	3,717,554	2,101,995
Bad Debt Expenses	971,144	795,799
Other Administrative costs	272,612	283,276
Total	6,110,407	4,177,050

14. Due Consolidated Fund

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

	2009	2008
	\$	\$
Staff Costs (See Note 12)	11,253,986	9,341,681
Directors Fees and Expenses (See Note 8)	583,769	450,730
Depreciation (See Note 2)	4,239,475	4,264,085

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO**Notes To The Financial Statements (Cont'd)****For the Year Ended September 30, 2009****15. Contingent Liabilities and Assets, Commitments****(a) 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. Judgement was rendered in favour of the Authority in this matter in August 2009.
- (ii) In September 2009, Dr John Prince, filed a subsequent suit against the Authority seeking injunctive relief.
- (iii) Proceedings commenced by the Authority under Section 65 of the Act alleging broadcasting without a licence by Radio Vision Limited.
- (iv) TATT vs Sidewalk-TATT commenced proceedings against Sidewalk for breach of concession. As part of the proceedings TATT confiscated a transmitter from Sidewalk which was being used illegally. Judgement was rendered in favour of Sidewalk in this matter.
- (v) TATT vs Sidewalk (Appeal Proceedings) against the decision rendered in the matter referred to at item (iv) above.
- (vi) Sidewalk vs TATT-Sidewalk commenced Judicial Review proceedings against TATT in relation to the matter referred to in item (iv)
- (vii) TATT vs Desi Lee Bonterre-TATT commenced proceedings against Desi Lee Bonterre for the installation and operation of radio communication equipment without a licence.
- (viii) Sidewalk vs TATT-Sidewalk sought Judicial Review of the decision of the Panel in the preliminary hearing of dispute 4/7/07/2 (Trini Bashment vs Sidewalk Radio).
- (ix) In November 2009, the Authority commenced proceedings in the magistrates court against Life Radio, 21st Century Arts and Entertainment and Hansley Ajodha for inter alia the transfer of ownership or control of a broadcasting concession without the required approval of the Authority.
- (x) In July 2009, the Authority initiated proceedings against five (5) persons for the operation of a public telecommunications service without a concession granted by the Minister.

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

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

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

(b) Operational Risk

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

TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO

Notes To The Financial Statements (Cont'd)

For the Year Ended September 30, 2009

17. Critical Accounting Estimates and Judgements

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

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

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

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

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

A number of transactions are entered into with related parties in the normal course of business. Those transactions were carried out on commercial terms at market rates, except for certain loans made available to officers. Loans deemed to be below market rates, in accordance with personal income tax legislation are taxed as required in law.

(b) Related party transactions and balances

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

(i) Assets

	2009	2008
	\$	\$
Staff Loans (See Note 3)	99,911	95,176
Motor Vehicle Loans (See Note 3)	713,001	725,310

(ii) Personnel Costs

	2009	2008
	\$	\$
Salaries (See Note 12)	10,347,236	8,272,779
Staff NIS and Medical Plan (See Note 12)	408,330	356,589
	<u>10,755,566</u>	<u>8,629,368</u>
Salaries Short Term Contracts (See Note 12)	424,900	662,823
Staff Subsistence, Uniforms, Employee Assistance Program (See Note 12)	72,520	49,691
Directors Fees and Expenses (See Note 8)	583,769	450,730
Training (See Note 10)	1,582,496	1,727,296

