



**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Annual Report 2019-2020
And
Three Year Strategy Plan**

Turks and Caicos Islands Telecommunications Commission

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INTRODUCTION

This report provides a summary of the Turks and Caicos Islands (TCI) Telecommunications Commission's (the Commission) activities and accomplishments for the fiscal year 2019/2020, also sets out the Commission's Three-Year Strategy for the year 2020/2021 to 2022/2023.

This report also includes the Commission's audited financial statements for the fiscal year 2018/2019. The Commission will separately publish its audited financial statements for fiscal year 2019/2020 once completed.

This report will provide an overview of the Commission's role, mission, organizational structure, goals, and achievement, also an overview of the telecommunications sector in TCI, including financial and operational statistics for the year ended 2019/2020.

Section 1: Provides an insight into the Commission and its operation.

Section 2: Provides details about key activities and accomplishments for the period 2019/2020.

Section 3: Provides a summary of the Telecommunications regulatory activities, sector overview, and legal matters.

Section 4: Provides a summary of the Commission's Three-Year Strategy Plan, including a schedule of planned activities for the three year period, a summary of Human Resource development activities at the Commission for the last year, and finally, the Commission's Internal Control and Financial Statements for 2019-2020.

MESSAGE FROM THE MINISTER



Hon. Goldray McMillin Ewing

Since the liberalization of the telecommunications industry fifteen years ago, there has been remarkable growth and development within the telecommunications sector. Today, we have a thriving telecommunications market with Cable and Wireless (Flow), and Digicel TCI as the two competitive players. Their presence today is a testament to the government's vision and commitment to a liberalized market and enactment of a telecommunications policy to establish a regulatory body to regulate the telecommunications industry within the Turks and Caicos Islands.

To ensure that our citizens and residents benefit from the economic growth, lower prices, and improved quality of services, my government will continue to modernize the telecommunications laws

so that the legislative frameworks are not only suitable for today, but are vehicles of change for the new and emergent technologies of tomorrow. Additionally, we will bring about a multi-utility sector of water, energy, sewage, and telecoms under a single authority, that will have oversight for the regulatory operations and the future development of utilities in the Turks and Caicos Islands. We will continue our pursuit of a national fiber ring which will realize the build-out of a secure and robust communications infrastructure, for the improvement in the quality and reliability of services throughout the entire Turks and Caicos Islands.

In reviewing the Commission's annual financial report, I want to commend them for their exemplary performance in regulating a vibrant and dynamic telecoms industry, and for their prudence in their financial management. I wish to thank the Commissioners and staff for this year's achievements and extend a special thanks to Mr. Pedro Ariza, for his leadership and direction as Chairman during this period. I acknowledge the many successes of the year and anticipate greater success in the future.

As the world now embarks on the next generational network of 5G, the increased bandwidth promises to deliver new applications such as the internet of things (IoT) and artificial intelligence (AI), which will join with over the top services such as WhatsApp, Netflix, and Facebook to bring about innovative change in societies. My government, through the Commission, will continue their undertaking of further research on this next-generation mobile network to determine its suitability to our context here in the Turks and Caicos Islands.

In closing, I hereby congratulate Mr. Kenva Williams on his appointment as the Director-General and Mr. Sean Penn as Chairman of the Commission. I look forward to working with you both, as we continue to navigate this COVID-19 pandemic, and provide the necessary support to the service providers in their efforts to continue to deliver telecommunications services to the people in these islands, in unprecedented times. May God continue to bless you and these beautiful by nature Turks and Caicos Islands.

MESSAGE FROM THE CHAIRMAN

Let me start by saying, I am delighted to be appointed as Chairman of the Telecommunications Commission since April 1, 2020. As a former Commissioner some ten years ago, I had the distinct privilege of serving during the early periods after the telecom market was liberalized. Looking back, I can say without a doubt that many of the milestones that were envisioned for the sector at that time were achieved. As the incoming Chairman, my initiative is to continue to build upon the foundation of work that has been laid, and to devise new strategies and policies that will usher in the next generation of telecommunications networks and services.

Although the financial year-end for 2019/2020 has concluded before my appointment, I wish to give credit to the Commissioners, staff, and previous Chairman, Mr. Pedro Ariza, who charted the 2019/2020 financial year. In reviewing the annual and audited financial reports, it is evident that the Commission is governed by sound fiscal management principles, which is imperative to its success and function in regulating a vibrant telecommunications industry.

As the 2019-2020 financial year ended with many accomplishments and activities, COVID-19 has delayed many of the initiatives that were slated for the 2020/2021 financial year. However, as the world continues to find solutions to cope with COVID-19, the telecommunications sector is likewise searching for solutions that will allow for the continued provision of services to customers under economic constraints. Bearing this in mind, the Commission has taken measures to support the industry during these tough times.

I wish to thank the hard-working Commissioners and staff for their dedication and commitment towards regulating the telecommunications sector. We have achieved much, but there is still much more to be done. I implore all of us to take on the challenges that lie ahead, as we enter a new millennium of technologies and services.



Mr. Sean Penn



Mr. Kenva Williams

MESSAGE FROM THE DIRECTOR GENERAL

The year 2019/2020, while challenging, was a very exciting pe-riod for the Commission, as there were many achievements accomplished as outlined in the Annual Report herein. Being employed with the Commission for nearly 14 years, and now serving as the newly appointed Director General for the past 2 years, I am thankful for the opportunity to lead this distinguished institution, and I am committed to ensuring that the objectives and mission of the Commission are achieved.

To fulfill this, it is imperative to have a supporting team skilled and trained, to deliver services to all stakeholders, in a fair, transparent and equitable manner. It is equally important that we continue to enact policies to drive effective and sustainable competition in the market to reduce prices while providing im-peccable quality of services to the consumers. As regulators, we must continue to stay abreast of the latest technologies and trends and continue to improve our proficiency so that we

are better equipped to deal with the challenges of regulating under a new paradigm brought about by the rapid digital transformation and convergence of traditional voice and data services with the internet, which has introduced many innovative technologies and services.

As the Commission embarks on revolutionizing the TCI telecommunications industry, new and revised legislation will be implemented to enable the Commission to effectively regulate the sector and improve sector performance to achieve economic growth and increase employment opportunities, revenue inflows, and a vibrant telecommunication industry.

These initiatives will require the Commission to spearhead the development of a national fiber ring, as referenced by the Minister. The National Fiber ring will provide a highspeed communication network that will significantly improve tele-communication services throughout the islands. Additionally, it will further create opportunities for other investors in the market to introduce new services to spur economic development and opportunities to the people residing in the other islands, thereby creating economic opportunities similar to Providenciales, which has become known for its luxury resorts and villas equipped with smart technology.

The Covid-19 pandemic occurring in the last quarter of this financial year has confirmed the importance of quality of service regulations to ensure that customers get the best services they are paying for. For this reason, the Commission has initiated a survey on the quality of broadband services to assess what policies are needed to address consumer's concerns.

In closing, I wish to express gratitude to the Government for appointing me as the Director General of the Commission and to the Commission's Members and Staff, who supports me daily in managing such a vital industry.

ABOUT TURKS AND CAICOS ISLANDS TELECOMMUNICATIONS COMMISSION

The Commission is an independent regulatory body, which was created by the Telecommunications Ordinance, 2004, and is responsible for the regulation and the licensing of all the telecommunications service providers and the users of radio spectrum in the TCI. This includes fixed-line operators, mobile telephone operators, broadcasting station transmitters, and internet service providers. The *Telecommunications Ordinance 2004* (the Ordinance) was a direct result of the Government's earlier *Telecommunications Policy* that set-in motion a process to open the telecommunications market in TCI to competition.

The Ordinance set out the roles and functions of the Commission including:

to advise the Minister on telecommunications;

to regulate telecommunications in accordance with the policy guidelines ... and in accordance with the principle of technological neutrality;

to facilitate, maintain and promote effective and sustainable competition in telecommunications;

to promote the interests of consumers and to encourage licensees to operate efficiently; and

to prescribe standards for the quality of telecommunications services to be delivered to the public.

The Commission is also governed by a set of regulations that have been established pursuant to the Ordinance which, among other things, set out rules and procedures relating to network, service and spectrum licensing, network, service and spectrum licence fees, network interconnection, frequency management and retail service price regulation applicable to dominant service providers. As well, in 2017, the Commission issued *Telecommunications Competition Guidelines* to address competition-related matters, if and when they arise, such as dominance and forbearance, assessments or reviews, as well as complaints or concerns relating to potential abuse of dominance, anti-competitive practices or agreements.

In keeping with the Ordinance and related Regulations, the Commission considers that its mission is to ensure that all consumers and businesses in TCI have access to quality telecommunications services, at a reasonable rate, in a fully competitive marketplace. The Commission's goal is to continue to work at improving sector performance so that the TCI economy is positioned to achieve increased growth and employment opportunities.

VISION

Every TCI citizen will have available – at reasonable cost and without discrimination – rapid, efficient, national, and international telecommunication services.

MISSION

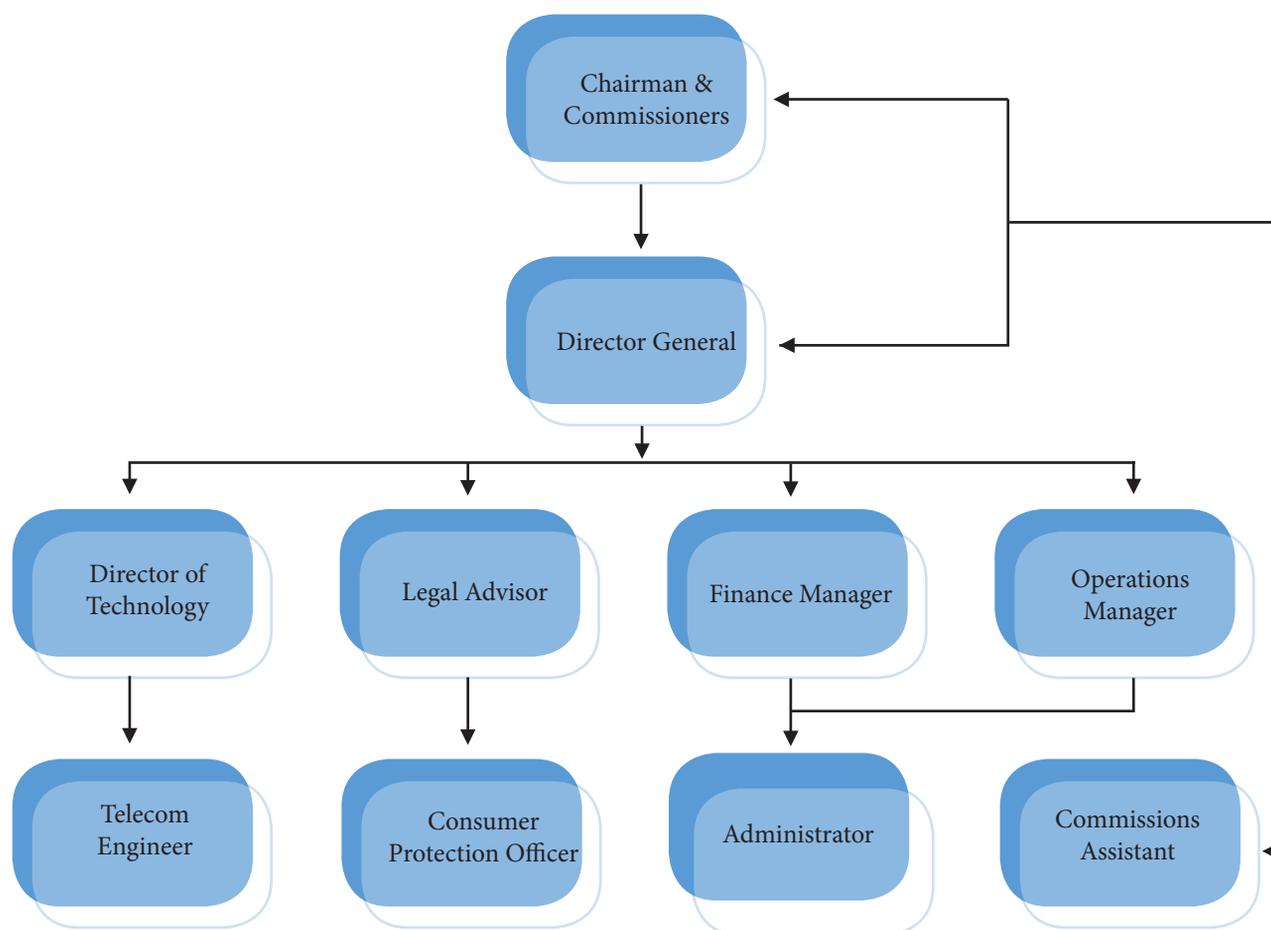
Our mission is to ensure that all consumers and businesses in the TCI have access to quality telecommunications services, at reasonable rates, in a fully competitive marketplace. We will continue to work at improving the sector performance so that the economy will achieve growth, increased employment opportunities, revenue inflows, and a vibrant telecommunications industry.

ORGANIZATIONAL STRUCTURE

The Commission consists of up to six board members, which includes a Chairman and a Permanent Secretary as an Ex-Of-ficio member. All board members are appointed by the Minister responsible for Telecommunications, acting with the approval of Cabinet. Board members are appointed in accordance with the Ordinance which defines specific occupational requirements for board appointees.

The Commission currently has a complement of eight staff members, which includes the recent additions of two executive posts, Legal Advisor and Finance Manager, filled in the fourth quarter of this year. Overall, the organization's operations are managed by the Director-General who also serves as Secretary to the Telecommunications Board. The Director of Technology, Operations Manager, Legal Advisor, Finance Manager, and the Commission's Assistant all report directly to the Director-General. All other posts report directly to their respective departmental head. For instance, the Telecommunications Engineer reports directly to the Director of Technology, while the Consumer Protection Officer report directly to the Legal Advisor Administrator to Finance Manager.

TCI TELECOMMUNICATIONS COMMISSION ORGANIZATIONAL CHART



The Commission relies on external expert consultants' services from time to time to assist with regulatory matters and public consultations. In such cases, a tendering process is used to select and engage external resources. The Commission also maintain membership in regional organizations such as: The Caribbean Association of National Telecommunications Organizations (CANTO), the Organization of Caribbean Utility Regulators (OOCUR), and the Caribbean Telecommunications Union (CTU).

TELECOMMUNICATIONS COMMISSIONS ACHIEVEMENTS

NUMBER PORTABILITY SURVEY

In 2016, the Commission consulted the TCI market stakeholders on the proposed introduction of Number Portability (NP) into the TCI Telecommunications market and subsequently determined that operational/technology developments and consolidation between service providers across the Caribbean region are radically changing the market competitive dynamics.

The Commission reviewed the various benefits of Number Portability and concluded that a survey should be completed before we can move ahead with this process. The Commission contracted a third-party to conduct a Survey to determine whether it should be implemented in the TCI.

On August 26, 2019, a comprehensive report was produced which was later published to the Commission's website. The survey consisted of a total of 630 participants across various age and social demographics. The survey boasted a high completion rate of 87%, a confidence level of 95%, and a small margin of error of less than 5%. Based on the feedback of the survey, NP was favourable among the consumers and the Commission determined that NP should be implemented.

REVIEW OF FLOW'S FIXED REGULATED SERVICES

In February 2019 (PN 2019-1), the Commission initiated its third public consultation process to review the forbearance conditions applied to Flow's fixed services established in 2013 from the Telecommunications Decision 2013-3. The forbearance conditions included a set of price caps on basic fixed access and calling service rates. For the consultation process, the Commission conducted market assessments of fixed service markets in which Flow is currently designated as dominant following the approach set out in the Commission recently issued Telecommunications Competition Guidelines.

Based on the results of the public consultation process the Commission has decided to continue to forbear from regulating the prices of the vast majority of Flow's fixed services, subject to the following "price cap" forbearance conditions:

Residential Access at a Fixed Location: The maximum allowable increase in Flow's residential standalone basic fixed access service price is equal to the annual rate of inflation in TCI, subject to a maximum annual increase of \$0.50/month in any given year.

Business Access at a Fixed Location: The maximum allowable increase in Flow's business standalone basic fixed access service price is equal to the annual rate of inflation in TCI, subject to a maximum annual increase of \$1.25/month in any given year.

Domestic Calling from a Fixed Location: The maximum allowable increase in Flow's standalone basic domestic Fix to Fix (FTF) and Fix to Mobile (FTM) call services price is equal to the annual rate of inflation in TCI, subject to a maximum annual increase of \$0.005/minute and \$0.010/minute in any given year, respectively.

The prices of all other regulated fixed services offered by Flow, whether provided on a standalone or bundled basis, are not subject to ex-ante regulatory oversight by the Commission.

The forbearance rulings adopted by the Commission in this decision comes into effect on 1st September 2019. The Commission intends to review the decision by 1 April 2025.

ISM BAND FOR ISP COMMERCIAL SERVICES

On July 22, 2019, (PN 2019- 6) the Commission commenced consultation on the ISM Band for ISP Commercial Services, to review the use of unlicensed spectrum for the provision of public telecommunications services for profit. Following the consultation, the Commission agreed that such services should be subjected to regulatory intervention in cases where the service may become disruptive to other ISM networks and end-user devices. A final decision was published on November 19, 2019 (DN 2019-6), which can be viewed on the Commission's website. As a result of this decision, the National Spectrum Plan will be updated.

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1 Comprehensee report

2 Telecommunication Competition Guidelines

PERFORMANCE MATRIX

The following tables provide summary performance metrics for the public consultations, complaints/disputes, spectrum and network/service licensing applications the Commission has worked on over the last year.

Table 1 – Consultations in Progress or Completed

Description	Start Date	Status	Completion Date	% Completed
Licensing of Television Services, including IPTV	14 Aug 2017	Submissions filed and under review.	Pending	25%
Telecommunications (Fee Structure) Regulations	20 Feb 2018	Submissions filed and waiting consideration by Cabinet.	Pending	75%
Flow's Fixed Services Review	22 Feb 2019	Completed	July 29, 2019	100%
ISM Band for Commercial Services	July 22, 2019	Completed	November 19, 2019	100%
Number Portability Survey	July 8, 2019	Completed	August 26, 2019	100%

Table 2 – Complaints/Disputes in Progress or Completed

Description	Start Date	Status	Completion Date	% Completed
Home Network Identifier - Complaint	3 Sep 2015	Longstanding issue now subject to appeal, options under review.	Pending	50%
IPTV Services	June 8, 2016	Matter pending publication decision.	Pending	90%
Flow's Licence Fees - Arrears	July 20, 2018	Longstanding issue subject to cabinet decision.	Pending	75%
Andrews Communications - Licence & Fees Arrears		Longstanding issue pending cabinet decision.	Pending	75%

Table 3 – Spectrum and Network Services Licence under Review to Decided

Description	Number	Completion Date	Completed
Spectrum Licence - Applications	3	1	66.6%
Network/Service Provider Licence - Applications	1	0	75%
Other Licence - Applications (Type Approvals, Aircraft Certificates, Amateur Radio)	122	0	100%

Table 4 – Human Resources – Vacancies Review or Filled

Description	Number	Vacancies - Pending	Vacancies Filled
Employment	8	1	2

TELECOMMUNICATIONS SECTOR - REGULATORY ACTIVITIES

This section provides an overview of the Commission's regulatory activities for FY2019/2020. The Commission's activities are divided into three (3) categories: (i) Complaints and Disputes, (ii) Ongoing Regulatory Policy Consultations, (iii) and Spectrum and Network/Service Licensing.

COMPLAINTS AND DISPUTES

I. INTERNET PROTOCOL TV (IPTV) COMPLAINT

In August 2017, the Commission launched a public consultation process (PN 2017-5), which had two primary purposes:

It constituted the public consultation mentioned in the Consent Order made by the Supreme Court requiring the Commission to reassess whether Flow is authorized to provide IPTV services to the public under the existing regulatory regime in TCI; and

Examined whether the existing regulatory regime in TCI is satisfactory for the regulation of television services, including but not limited to IPTV services, and whether, for the future, a different regulatory regime be adopted for television services. The Commission's decision on this public consultation is pending.

II. HOME NETWORK IDENTIFIER (HNI) COMPLAINT

At its launch in 2006, Digicel was allowed to use its Jamaican HNI within the TCI for a reasonable time. This was done to allow the most efficient deployment by Digicel in the TCI at that time. An HNI is an identifier of a public mobile service provider network and consists of a Mobile Country Code (MCC) and a Mobile Network Code (MNC). MCC is used to identify the country in which a mobile operator is operating, and MNC is used to identify the mobile operator's network. HNI is assigned to every public mobile service operator that provides international roaming capabilities.

To conform with the International Telecommunication Union Telecommunication Standardization (ITU-T) Recommendations E. 212, Digicel was required to use a TCI HNI for its home network in the TCI. While the Commission initially allowed Digicel to continue using the Jamaican HNI in 2008 (DN 2008-4), Cable & Wireless Communications (CWC) filed a complaint regarding Digicel's practice in September 2015. In response to the filed complaint, in October 2016 (DN 2016-6) the Commission directed Digicel to use a TCI HNI within three months of the date of its decision.

The Commission has conducted ongoing consultations with the affected parties in this respect in an effort to address this ongoing non-compliance matter. For its part, Digicel sought legal advice on the matter and decided to appeal the Commission's HNI-related decisions (i.e., DN 2008-4 and DN 2016-6) to the Telecommunications Tribunal. While a Telecommunications Tribunal has not yet been established in TCI, steps are being made to establish one and to resolve this matter.

III. TELECOMMUNICATIONS NETWORK FEE COLLECTION AND PAYMENTS

For a period of time, the Commission and the Government have been aware that both Flow and Digicel owed outstanding amounts on their annual telecommunications network licenses fee and have sought to rectify all matters relating to the following organizations:

Cable & Wireless (Flow)

The Commission has confirmed Flow's total amount of outstanding fees. In support of Flow, to address the outstanding fees, the Commission submitted a Cabinet paper to the Government seeking approval of the same. However, the Government has yet to consider the Cabinet paper due to a lingering matter that needs to be addressed by Flow.

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1 Note that it was referred to as a public inquiry in the Supreme Court Order.

Digicel Turks & Caicos

The Commission has confirmed the total amount of outstanding fees owed by Digicel and has tentatively arrived at an agreement with the operator. The agreement requires that Digicel pay half of the outstanding fees immediately and that the balance be spread over a period of two years. On November 19, 2018, the initial payment was made to the TCIG Treasury and schedule payments remain on track, with two future payments remaining.

The Commission and the Ministry of Finance continue to review best practices for ensuring timely and full collection of future telecommunications network licenses fees. In this respect, it was decided that all such fees should continue to be paid directly to TCI Government until the Commission devise a method to ensure that it is notified of all remittance by the operators to Revenue Control so that payments made are accurately recorded.

Andrew's Communications (ACL)

ACL was issued a telecommunications network and spectrum licence on May 12, 2006, for 15 years. The network licence required ACL to pay an annual license renewal fee. However, ACL never set up their telecommunications network. Over the years, the Commission facilitated many meetings and correspondences with ACL. The Commission subsequently arrived at a proposal to settle all of ACL's outstanding network licence fees and all financial obligations of the Commission regarding ACL's judicial review related litigation cost. A Cabinet paper was submitted in support of this proposal, the outcome of which is still pending.

SPECTRUM AND NETWORK/SERVICE LICENSING

The Commission processes several applications for telecommunications network service and spectrum licenses each year. For each application, the Commission conducts public consultation via the Gazette to gather public feedback and opinion for each application under review. The Commission takes into account any comments received along with other considerations prescribed in the Ordinance in reaching its decision on each application. A copy of each licence can be found on the Commission's website: www.telecommission.tc.

There are also numerous miscellaneous licence applications that the Commission receive every year. These applications are submitted in respect of Short-Term Licenses, Type Approval Certifications, Aircraft Radio Certificates, Amateur Radio Licenses and Ship Radio Licenses. Short-Term Licenses are issued for special conditions such as emergencies, and for any person wishing to conduct experiments in telecommunications. Type Approval Certifications are issued to equipment vendors to allow their products to be sold and used within the Turks and Caicos Islands. Aircraft and Ship Radio licenses are issued to certify the radiocommunication equipment onboard ships and aircrafts.

The following licenses were issued for the 2019/2020 financial year:

SITA INFORMATION NETWORKING COMPUTING B.V. (SITA)

In April 2019, Sita Information Networking Computing B.V. (SITA) submitted a spectrum license application to establish and operate an aeronautical data communications system (datalink air-to-ground) in Providenciales using the 131.7250 MHz and 136.9750 MHz frequencies. The Commission issued PN 2019-4 in response and, in August 2019, issued a decision granting the requested spectrum licence (DN 2019-5), subject to SITA fulfilling the Islander criteria as per the Ordinance. SITA was granted 3 extensions for this service in September 2019, January 2020, and March 2020 while it sought to fulfill the Islander requirements as part of the condition for the issuance of its "permanent" spectrum licence.

AFF INSTALLATIONS LIMITED (AFF)

In March 2019, AFF Installations Limited (AFF) applied for an Internet Service Provider licence (INS-2 licence type) to provide wireless internet services in Providenciales over licence-exempt ISM frequency bands. The Commission issued PN 2019-3 and PN 2019-6 in response to the application and in November 19, 2019 issued a decision granting the requested licence (DN 2019-7) on the condition that special provisions be inserted within AFF's licence to control and mitigate against potential interference over the ISM frequencies.

NEW SKIES SATELLITE LICENSEE B.V.

In November 2019, New Skies Satellite Licensee B.V. submitted an application for a VSAT spectrum licence to establish satellite connectivity with foreign and domestic aircrafts traversing TCI airspace for the provision of inflight internet services using Ku Band frequencies in the 14 – 14.5 GHz, 10.7 – 12.2 GHz, and 12.7 – 13.25 GHz. The Commission issued PN 2019-10 in response to this application and in January 2020, issued a decision granting the requested spectrum licence (DN 2020-2), subject to the Minister's decision on New Skies' request for a waiver from the Islander requirements.

ONGOING REGULATORY POLICY CONSULTATIONS

TELECOMMUNICATIONS EMERGENCY PREPAREDNESS AND RESPONSE POLICY (TEPRP) & EMERGENCY PREPAREDNESS AGREEMENT (EPA)

The Commission received various complaints after the 2017 hurricanes. It determined there was a need to establish an Emergency Preparedness Agreement (EPA) between Flow and Digicel and a Telecommunications Emergency Preparedness and Response Policy (TEPRP) to apply to all telecommunications service providers. Therefore, the Commission sought assistance in drafting an agreement and policy and requested proposals and awarded both projects to Cenerva.

FIXED AND MOBILE INTERCONNECTION RATE

July 2019, the Commission commenced a Fixed and Mobile Interconnection Rate review and approved Sepulveda Consultancy to conduct the Interconnection Rate Review. The Rate Review is completed and is pending publication upon Cabinet's approval of the proposed rates.

CONSULTATION ON TELECOMMUNICATIONS (FEE STRUCTURE) REGULATIONS

In February 2018 (PN 2018-5), the Commission launched a consultation to amend the Fee Structure Regulations. The proposed amendments included amendments to the definition of gross revenue to eliminate the deduction of interconnection fees from the service providers' gross revenues to limit the potential for fraud, as these reporting's have been complicated for the Commission to monitor and verify. A revision was also proposed to multi-product service provider licence fees, to address anti-competitiveness complaints, and irregularities between the different individual licence types. This matter is pending additional consultation to institute a more comprehensive revision of all fees by assessing their conformity with the current market dynamics.

NATIONAL SPECTRUM PLAN

On November 21, 2019, the Commission requested a proposal to update the TCI National Frequency Allocation Table, which defines spectrum allocation for various services. This was developed in accordance with the International Telecommunication Union (ITU) recommendations, which was formalized under the auspices of the World Radio Conference to ensure the effective use and harmonization of spectrum around the region. While the ITU recommendations are generally established as guidelines, it is customary for these recommendations to be generally accepted with amendments by many jurisdictions to satisfy the spectrum's demands within the respective local markets.

Due to the advent of new and emerging technologies and services in the telecommunications sector, there is a greater need to allocate new spectrum bands to support these new innovative services and products. As such, the Commission sort to update the TCI's National Spectrum Allocation Plan to reflect the realities of an emergent and progressive telecommunications market, to ensure that its spectrum allocation plan is consistent with current market dynamics and aligned with the latest ITU recommendations.

The Commission received and reviewed several proposals to update the TCI's National Spectrum Plan, and approved Cenerva to undertake this project, which completion is still pending.

LEGAL MATTERS

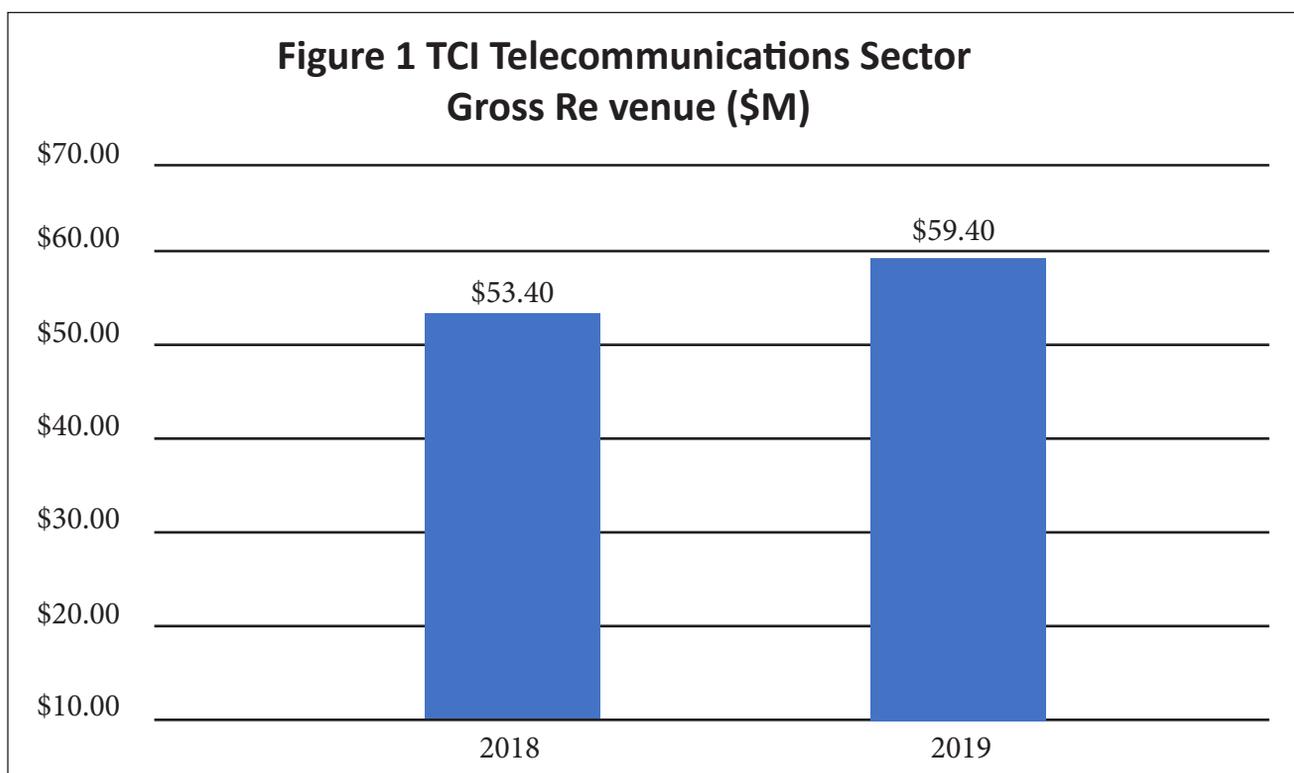
ANDREW'S COMMUNICATIONS

Flow introduced IPTV services to the market in 2016 to which ACL mounted a challenge. The matter was brought before the Commission to determine whether Flow's existing full telecommunications licence was authorized to offer the services. The Commission's determination of IPTV's definition was different from that of ACL, this resulted in ACL appealing by way of judicial review to the court with the Commission as the defendant. The matter was concluded with the court ordering the Commission to bear ACL's legal representation cost. The Commission has lodged a taxation challenge with the court against ACL's legal fees as been excessive and is awaiting the court's decision. Once the court gives a ruling on the taxation, the Commission will be obligated to pay the cost of ACL's legal fees.

TELECOMMUNICATIONS SECTOR OVERVIEW

Through its *Telecommunications Policy*, the Government opened the telecommunications sector in TCI to competition. Since that time, there has been a competitive entry into virtually every segment of the sector, especially so in Mobile and Broadband Internet Services. Consumers have benefited from the growing range of competitive options, improvements in quality, and significant advances in technology. As well, the TCI economy has also benefited from growth in investment and employment in the sector.

Over the past year, as shown in Figure 1, gross telecommunications sector revenues grew by 11% from \$53 million in 2018 to nearly \$59 million in 2019. This increase was attributed to the increase in fixed broadband revenue, as a result of the operators' investment in capital expenditures that have been used to upgrade their fixed broadband networks.

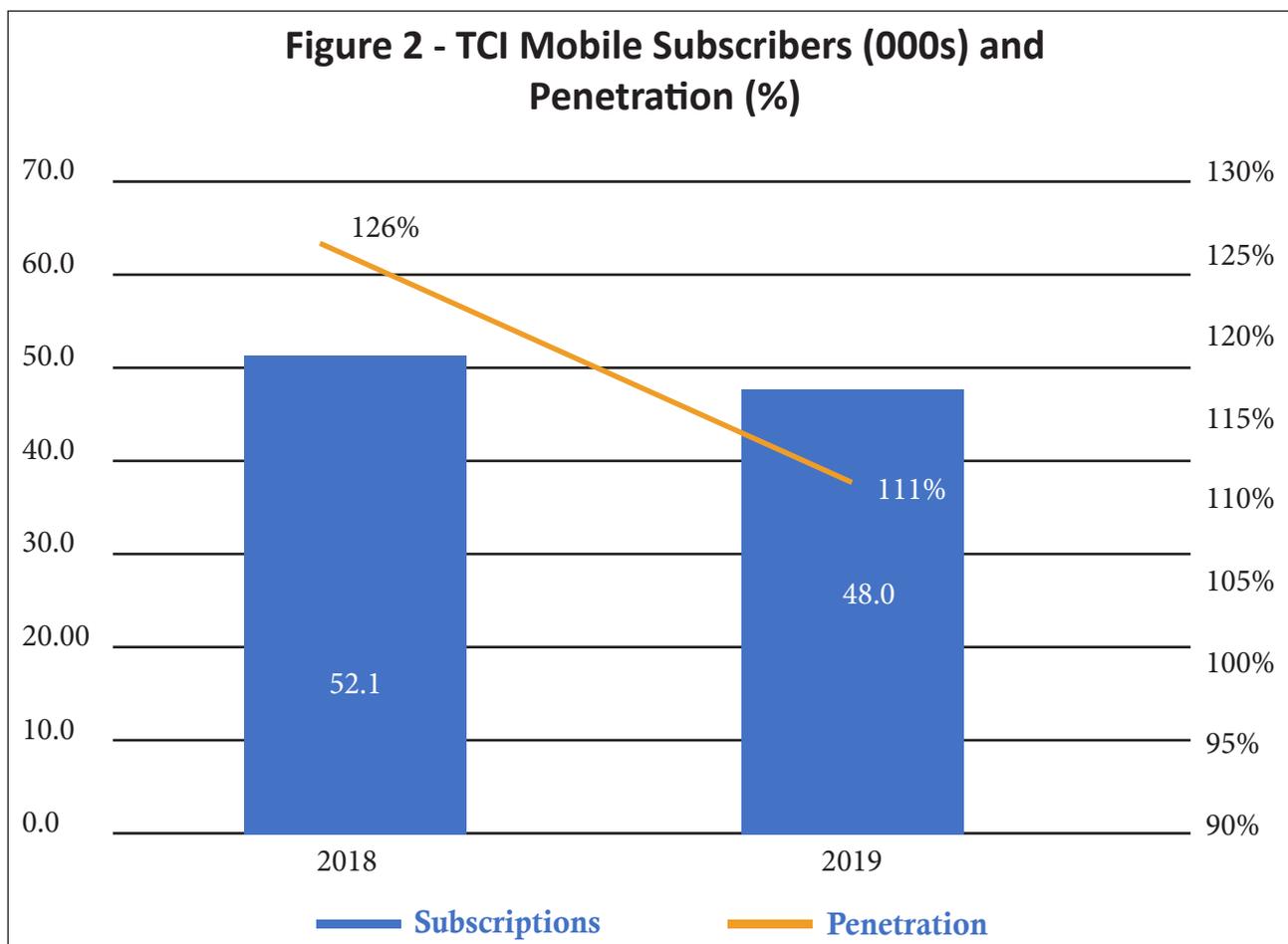


MOBILE SERVICES

Over the past several years, operators have invested over \$12.5 million annually in capital expenditures, representing an annual capital expenditure to gross revenue ratio of approximately 22% on average. These capital expenditures have been used to upgrade mobile and fixed broadband networks, among other things, and improving service capabilities, capacity, speeds, and coverage.

Mobile service accounts for the largest segment of the TCI telecommunications sector. There are two operators in the segment: Cable & Wireless (Flow) and Digicel. Mobile services are split into two accounts postpaid and prepaid subscribers. The TCI in common with the Caribbean region, has most subscribers (i.e., about 80%) on prepaid mobile service plans, with the remaining 20% on postpaid plans. Prepaid accounts for about 40k subscribers, while postpaid accounts for around 9k.

As shown in Figure 2, the total number of mobile subscribers in TCI has declined by 8% from 2018 to 2019. Mobile subscribers reached 52,100 in 2018 and declined to 48,000 in 2019. The decline in mobile subscribers in 2019 was caused by a decrease in prepaid mobile subscriptions. Mobile penetration (i.e., the ratio of mobile subscribers to the population of TCI) also decrease over the same time, by roughly 15 %.



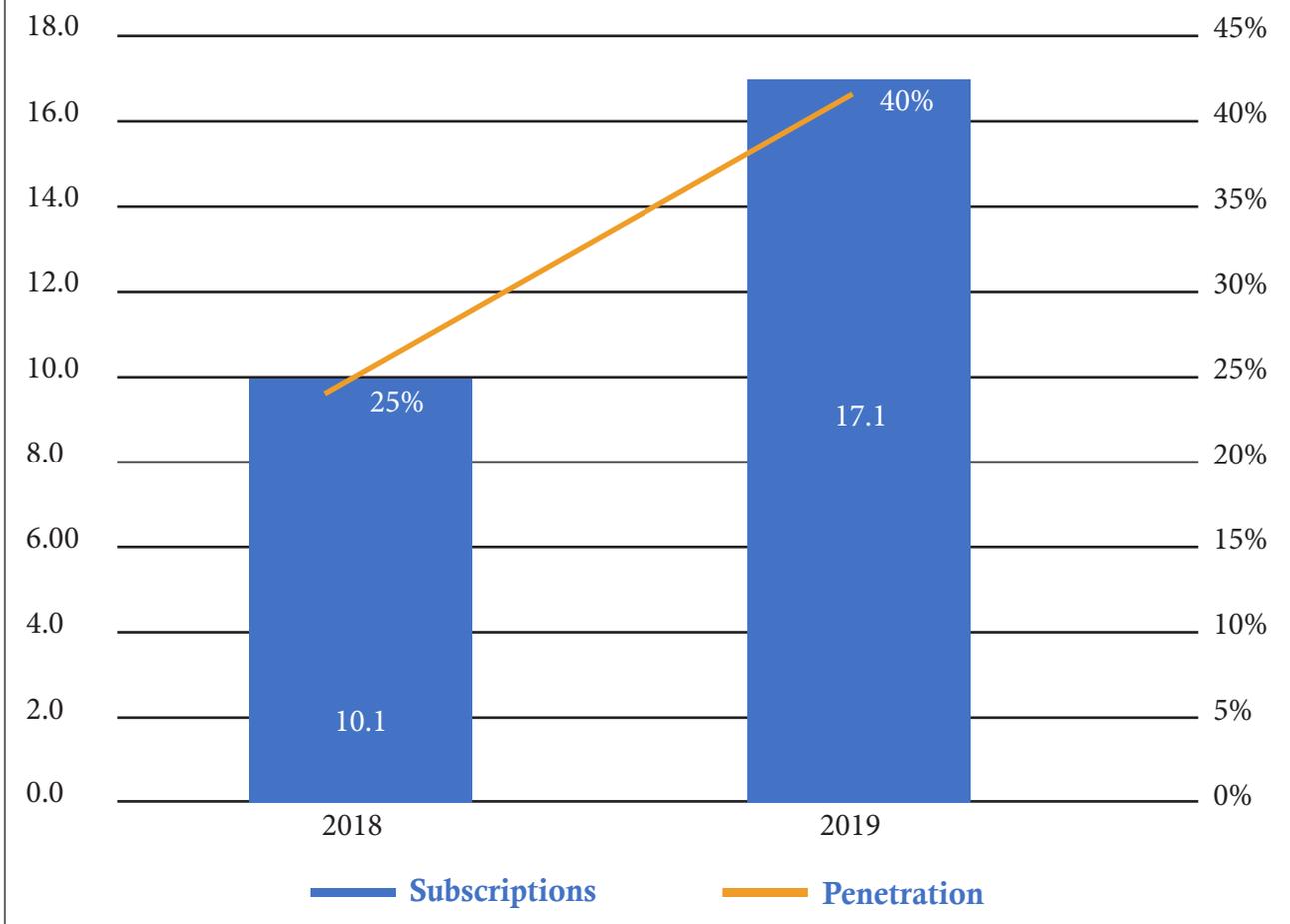
FIXED BROADBAND SERVICES

The fixed broadband internet access services market in TCI is served by Flow and Digicel (or subsidiaries of Digicel such as TCT Ltd.). Over the last two years, fixed broadband service subscribers transitioned from lower to higher speed services. Service providers investments in broadband network upgrades and capabilities facilitated this transition.

As shown in Figure 3, growth in fixed broadband subscriptions over the last year increased by 69% from 10,100 in 2018 to 17,100 in 2019. The increase in broadband is a result of an increase in internet and DSL subscribers. Along with the growth in fixed broadband subscriptions, there was an increase in fixed broadband penetration in TCI followed a similar pattern, rising to just over 15% in 2019

2. TCI population source: <https://www.gov.tc/stats/statistics/social-statistics/5-population>

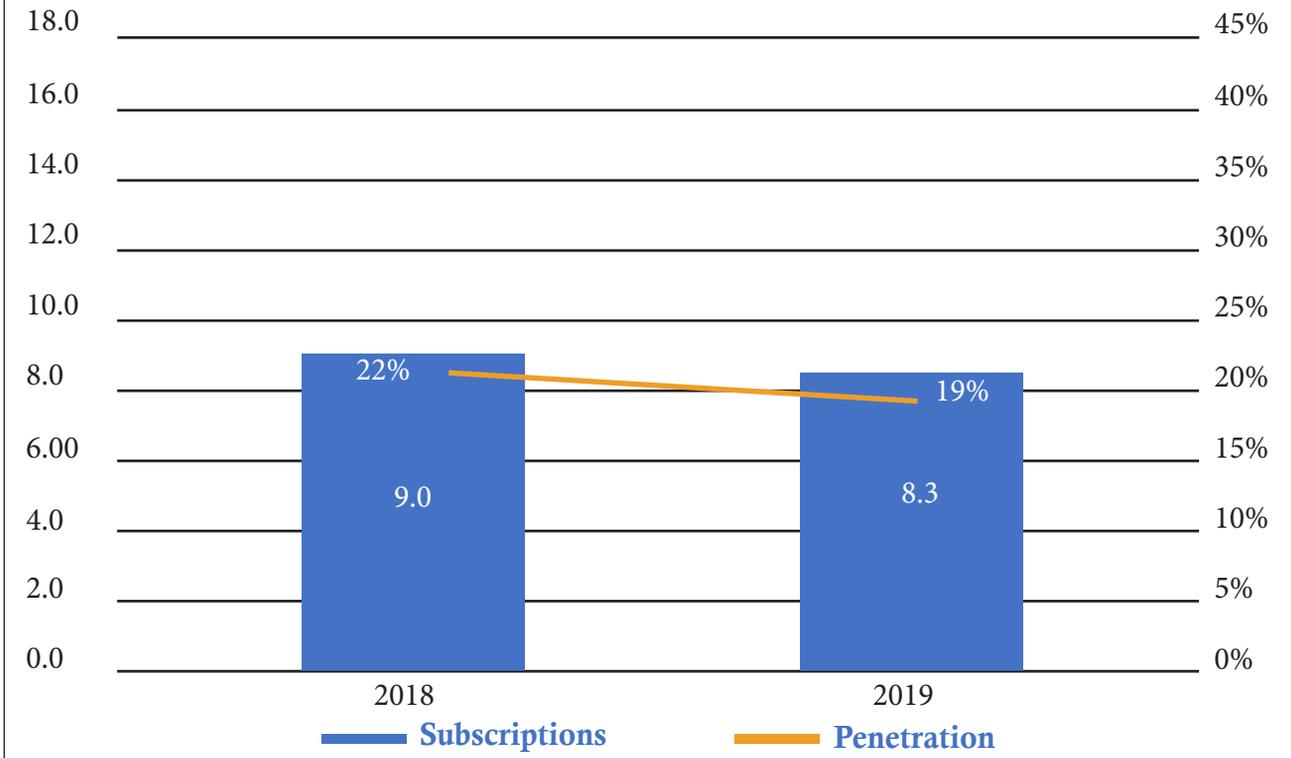
Figure 3-TCI Fixed Broadband Subscribers (000s) and Penetration (%)



FIXED VOICE SERVICES

The fixed voice services market in TCI is served primarily by Flow, although Digicel provides fixed voice services in the business customer segment of the market. As shown in Figure 4, the fixed voice services market has steadily declined for years (falling at an average annual rate of 8% over the last year). This is a common trend with fixed-line voice services in the Caribbean region and elsewhere. The total number of access lines in TCI has dropped from just over 9,000 to 8,340 between 2018 and 2019. The fixed voice penetration rate has dropped as well, by 3% over the same period.

Figure 4 - TCI Fixed Voice Access Lines Subscribers (000s) and Penetration (%)

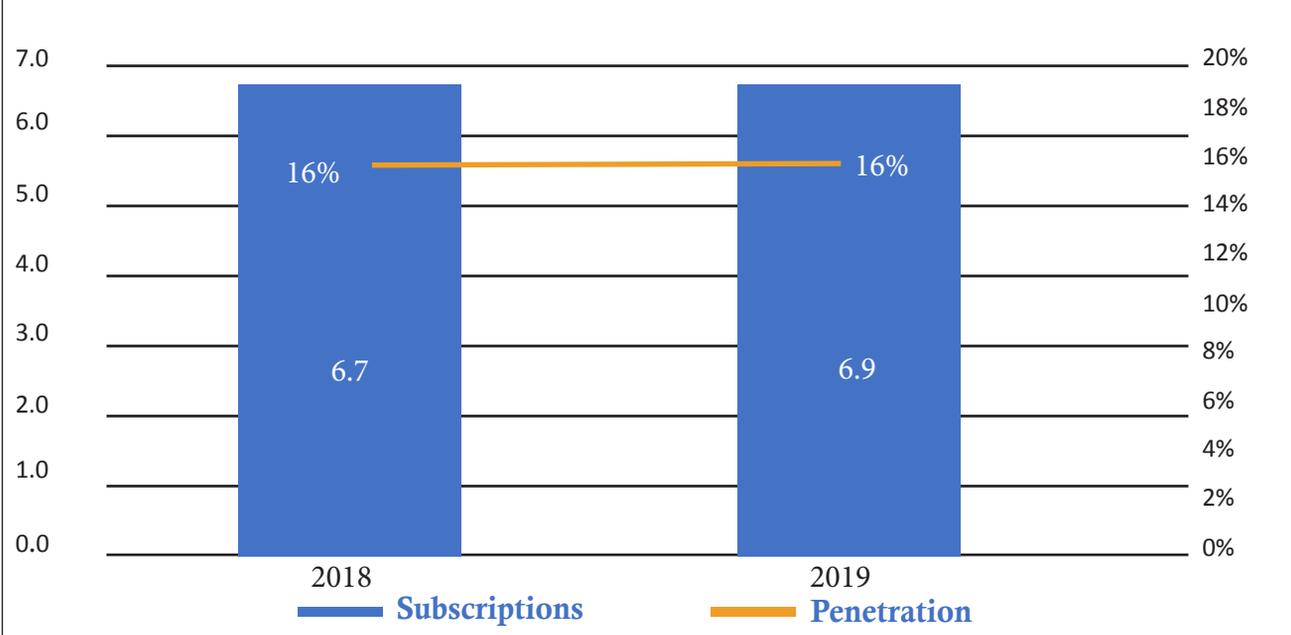


PAY-TV

While the Commission does not licence or regulate broadcast television services, subscription or Pay-TV services represent a significant segment of the electronic communications sector. There are several service providers in this market: Andrews’ Communications Ltd., Digicel, and Flow. A variety of technologies are currently used to deliver Pay-TV services including fixed wireless, cable, and IPTV over copper, coax, and/or fiber.

As shown in Figure 5, the total number of pay TV subscriptions increased from 2018 to 2019, from 6,700 to 6,900. Pay-TV penetration in TCI has remained at 16% from 2018 to 2019.

Figure 5 - TCI Pay TV Subscribers (000s) and Penetration (%)



3 No account is taken for subscriptions in TCI to out-of-market satellite Pay-TV services.

THREE-YEAR STRATEGY PLAN

The Commission's Three-Year Strategy Plan covers ongoing and planned consultations as well as other policy and regulatory initiatives that the Commission plans to undertake over the coming three-year period 2020/21 to 2022/23.

PLANNED ACTIVITIES (2020/21)

The Commission's near-term 2020/21 planned activities include for the most part the continuation or conclusion of its ongoing projects and initiatives. These include:

Regulating and Licensing of Broadcasting Services

The conclusion of the Commission's deliberations on the ongoing consultation on the potential regulation and licensing of broadcasting services, including IPTV, and issuance of a decision on the matter.

Emergency Preparedness Agreement and Emergency Preparedness and Response Policy

In the context of the Commission's network infrastructure survey and information collection exercise, due to network outages that occurred following Hurricane Irma, the Commission has concluded that an Emergency Preparedness Agreement needs to be established between Flow and Digicel and an Emergency Preparedness and Response Policy for TCI. The policy will include considering network resiliency, security, and emergency preparedness matters and initiating a public consultation on the proposed policy and details relating to its implementation. Both projects are expected to be completed in the fourth quarter of this financial year.

Number Portability (NP) (Phase One)

To bring value to the consumers by enabling them to move their numbers to a provider of their choice that best meet their needs. The Commission believes that the local telecommunications market could benefit from introducing NP in TCI across mobile and fixed platforms. The Commission will continue its efforts to conclude the implementation process.

Electromagnetic Field (EMF) System

The continuation of installation and testing of Electromagnetic Field (EMF) System throughout the Islands, to measure wireless emissions from cellular towers to ensure that they are operating within all required standards to limit public exposure to harmful radiation.

Interconnection Rate Review

Finalization of the interconnection rates review for termination of calls on domestic and international operators fixed and mobile networks and transit charges between networks. This planned **interconnection rate review** will be based on a benchmarking analysis of comparable interconnection service rates in the Caribbean region.

Fee Structure Regulations

The initiation of an extensive revision of the Fee Structure Regulations to consider new pricing models for all telecommunications networks/services introduced within the region.

Amendment of the Telecommunications Ordinance

Amendment of the Telecommunications Ordinance to address regulatory weaknesses and to include provisions for the licensing and regulating broadcasting services in TCI. This would enable the Commission to regulate price and content aspects of the services, if necessary, and improve accountability within the sector.

Telecommunications Network Audit

The Commission plans to conduct a telecommunications network audit of all carriers' networks to check for and protect against any unauthorized or unlicensed activities.

Commission's website

The engagement of a web design and maintenance service provider to redesign, host, and maintain the Commission's website (www.telecommission.tc).

Administrative Licensing System

The procurement and implementation of licensing software for administrative licensing system purposes to streamline the Commission's licensing process and implement the new software system.

Spectrum Audit

The completion of a spectrum audit to assess inefficient and illegal use of spectrum.

Maritime Ship Radio Licences

The establishment of a licensing regime for maritime ship radio licences in accordance with the Telecommunications Ordinance.

Renewal of Telecommunications Network and Service licence

As Cable and Wireless (Flow) licence is scheduled to expire on January 25, 2021, and Digicel TCI on March 31, 2020. The Commission plans to begin the renewal process.

Digicel HNI non-compliance

The continuation of the Commission's efforts to conclude the Digicel HNI non-compliance matter relating to Digicel's use and implementation of a TCI Mobile Country Code.

Organizational Structure and Staffing Policies

The Commission plans to revise its organizational structure and staffing policies, on the recommendation of the Statutory Body Review and a third-party after participating in a benchmarking exercise, which compared salaries and other benefits among regional counterparts.

PLANNED ACTIVITIES (2021-22 TO 2022-23)

Over the course of 2021-22 and 2022-23, the Commission has a number of other activities planned. These include:

Number Portability (Second Phase)

The launch of a consultation process to design and implement policies relating to the implementation of NP in TCI. This would be the first phase of the NP implementation process.

TCI Top Level Domain .tc

Resolve the matters relating to the regularization, stabilization, and ongoing administration of the TCI ccTLD, ".tc".

National Fiber Ring The Commission plans to investigate the feasibility and practicality of jointly constructing with the TCIG a National Fiber Ring within TCI. The contemplated fiber ring would connect each inhabited island, in particular, the nation's capital (Grand Turk), to address existing broadband capacity and quality of service issues and to maintain connectivity in the event of a hurricane. Transmission capacity on the ring would be made available to licensed operators on a wholesale lease basis. The Commission considers that once completed; this project would help promote increased investment throughout TCI.

Establishment of a TCI Internet Exchange Point (IXP)

An IXP is a physical location where different IP networks meet (e.g., Digicel and Flow) to exchange local traffic with each other. The Commission considers that a TCI-based IXP should be established so that all local internet traffic (e.g., emails) would remain in TCI, without being routed internationally. The Commission plans to launch a process to determine the most efficient means to implement an IXP in TCI.

National Information Communications and Technology (ICT) Policy

The Commission plans to work jointly with the Government to implement a National Information Communications and Technology (ICT) Policy to:

- build knowledge-based human capital;
- promote innovation in economic and social systems;
- expand ICT infrastructure and its integration throughout the country;
- deepen utilization of ICT services by government, private sector, non-government organizations, and citizenry;
- enhance research and innovation in ICT products, applications, and services; and
- improve ICT governance and the environment in TCI.

Office Building

The Commission plans to construct an office building to provide a more suitable facility, better industry presence, and future growth and expansion as a potential multi-sector regulator. The building would include conference facilities that could be used to host national workshops with various sector stakeholders. Additionally, with the multi utility-sector being introduced, this new space will be a great place to be used as a command center during an emergency crisis.

STRATEGIC PLAN SCHEDULE

Table 4 - Three-Year Strategic Plan Schedule

Project/Initiative	Year 1: 2020/21	Year 2: 2021/22	Year 3: 2022/23
Interconnection Rates: • conclude and issue decision	Q3	Annual Monitoring	Annual Monitoring
Regulating and Licensing of Broadcasting Services • decision/implementation	Q3		
Number Portability: • (a) Phase 1 consultation process • (b) Phase 2 implementation process	(a) Q4	(b) Q3	Annual Monitoring
Telecommunications Emergency Preparedness and Response Policy (TEPRP): • (a) development of proposed TEPRP • (b) consultation and decision on the EPA	(a) Q4 (b) Q4	Annual Monitoring	Annual Monitoring
National ICT Policy: • (a) development of proposed ICT policy • (b) consultation process • (c) decision/implementation		a) Q2 b) Q3 c) Q4	Annual Monitoring
TCI ccTLD “tc.” Matter: • planned resolution	Q3	Annual Monitoring	Annual Monitoring
Digicel HNI Non-Compliance Matter: • planned resolution		Q2	Annual Monitoring
TCI Internet Exchange Point (IXP): • (a) consultation process • (b) decision/implementation		(a) Q1 (b) Q2	Annual Monitoring
National Fiber Ring: • (a) consultation/tender process • (b) decision/construction		(a) Q2	(a) Q4
EMF System: • phase installation and testing	Q3	Q2	Annual Monitoring
Spectrum Audit • (a) review and update the national spectrum plan • (b) conduct a spectrum audit	(a) Q3	(b) Q4	Annual Monitoring
Telecommunications Network Audit • conduct a network audit of all carriers’ network to check for and protect against unauthorized activity.	Q4		Annual Monitoring
Administrative Licensing System • (a) procure licensing software to aid in administrating the licensing process • (b) implement the new software system	(a) Q4	(b) Q1	
Commission Website: • (a) consultation/tender process • (b) decision/implementation	(a) Q3 (4) Q4	Annual Monitoring	Annual Monitoring
Commission Office Building: • (a) consultation/tender process • (b) decision/construction		(a) Q4	(b) Q1
Maritime Ship Radio Licences	Q3		
Renewal of Telecommunications Network Licence •(a) Cable & Wireless (FLOW) •(b) Digicel Turks & Caicos	(a) Q4	(b) Q1	

HUMAN RESOURCES DEVELOPMENT

The telecommunications sector is subject to continuous change. To keep pace with industry policy and technology developments, the Commission is committed to ensuring that its staff can improve their industry knowledge and skills by attending relevant conferences, workshops, forums, seminars, and upgrading their professional certifications from training programs and courses.

This year the Hon. Minister of Home Affairs, Public Utilities, and Transportation, and Members of the Commission attended the following conferences and workshop:



35th Annual CANTO Conference and Trade Exhibition

July 21-26, 2019, the Hon. Goldray Ewing, the Minister responsible for Home Affairs, Public Utilities and Transportation, and Members of the Commission attended the 35th Annual CANTO Conference and Trade Exhibition, held July 21-26, 2019 in Trinidad & Tobago.

CANTO, the leading authority in shaping information, communication, and technology in the Caribbean Region and the Americas, brings together various operators, organizations, Government Ministers, companies, and individuals ICT (telecommunications) sector. Hon. Ewing commented on the event by stating that he was elated to attend his first Canto Conference, where he enjoyed the network of professionals, their presentation, and industry discussions on the present and future telecommunications service.

Hon. Ewing further expressed how it is desirous to see an improved regulatory environment with modern legislation to prepare TCI citizens for modern telecommunications networks and services which include 5G services where Artificial Intelligence (AI) is no longer seen in “The Jetsons” sitcom, but is now a reality.

29th Executive Council, 22nd General Conference of Minister, and GSMA IoT training

September 16-20, 2019, the Acting Director General attended The 29th Executive Council, 22nd General Conference of Minister, and GSMA IoT training workshop hosted by CTU held in Suriname.

The event featured a technology immersion Caribbean Future Scape and the 19th Caribbean Ministerial Strategic ICT Seminar. The Future Scape is a futuristic, digital Caribbean Single ICT Space, in which delegates experience the application of ICT to real-life situations necessary for 21st Century Governments to progress towards digital transformation. A workshop was also held on the Internet of Things (IoT) for persons with disabilities and Boosting Business in Small & Medium Enterprises.





17th Annual OCCUR Conference

November 11-14, 2019, Members of the Commission attended The 17th Annual OCCUR Conference held in Anguilla.

The Conference was hosted by the Public Utilities Commission (PUC) of Anguilla, with speakers and attendees from the Caribbean, Canada, and the USA; a total of 80 participants convened at the Cuisin Art Golf & Spa Resort, the Conference venue.

The Conference agenda contained many broad regulatory themes in addition to sector-specific issues. Among the latter were topics such as Resilience in the Energy Sector through the Caribbean Energy Initiative; Performance-based contracts for Non-Revenue Water; Cyber-security: challenges and opportunities; and Broadband in the Caribbean, to name a few. Further information and presentation from the event can be found on OCCUR's website herein.

<https://oocur.org/the-archives>.



Inaugural State of the Caribbean Internet Symposium

December 4 - 5, 2019, the Chairman Pedro Ariza, Acting Director General Kenva Williams, and other Members of the Commission attended the inaugural State of the Caribbean Internet Symposium at the Marriott St. Kitts Resort in St Kitts. The symposium focused on trends impacting the global internet and the implications for the Caribbean and showed that there are a lot of issues and opportunities in every sector being impacted by technology and internet developments.

Chairman Ariza, chaired a roundtable discussion on the Caribbean Internet: Public Policy, Educations and Social Considerations and participated in a panel discussion.

“There is a clear need for more coordinated regional regulatory approaches to accelerate development of the digital economy and to better protect consumers,” said Chairman Ariza. He added that the TCI is “committed to promoting and enforcing the adoption of digital standards and guidelines to offer more interoperable and resilient technology infrastructure for public and private sector digital innovation.”



Grant Proposal Writing & Development Workshop for Caribbean Regulators

Throughout the years, the opportunity is given to Members of the Commission to participate in various online training courses, webinars, local and regional workshops. On October 28 – November 1, 2019, two staff members attended a Grant Proposal Writing & Development Workshop for Caribbean Regulators, sponsored by OOCUR and the Caribbean Development Bank in Barbados, along with the attendance of about 25 participants from around the Caribbean region.





Canto 36th Annual General Meeting

From 1 – 4 February, 2020 the Hon. Goldray Ewing, the Minister responsible for Home Affairs, Public Utilities and Transportation, accompanied by Kenva Williams, Acting Director General of the Telecommunications Commission attended CANTO 36th Annual General Meeting in Cuba under the theme “Adapt. Enable. Innovate”.

CANTO, is a regional organization which strives to influence the innovation and development of ICT solutions for the benefit of members by developing, navigating, and leveraging relationships with all stakeholders. CANTO endeavors to advocate for policies, legislation and rules which advance the creation of an environment which facilitates the deployment of services and technologies around the region. Hon. Ewing commented on the event stating CANTO AGM 36 was a success, the topics discussed were informative and relevant to his ministry as he embarks on a policy to strengthen telecommunications resiliency for disaster recovery and transition each ministry to E- Gov.

EMPLOYMENT

The Commission has confirmed several new appointments for the year 2019/2020 as follows:

APPOINTMENT	POSITION	COMMENCEMENT DATE
Kenva Williams	Director General	April 1, 2019
Wilbert Harvey	Legal Advisor	January 6, 2020
Romard Palmer	Finance Manager	March 2, 2020

BANKING

As part of the Commission’s growth and development, an account was open at First Caribbean Bank. Additionally, the Commission sourced a Credit Card Terminal to ensure convenient payment options for our clients.

DEVELOPING OUR PEOPLE

The Commission has provided training initiatives which several staff embraced and are currently pursuing online degree programs in the areas of Business Administration/Accounting, Cyber Security Management, and Business Intelligence & Analytic Management.

STATEMENT OF INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

The Commission is accountable for internal control. The Director General of the Commission has the responsibility for maintaining a sound system of internal control and risk management that supports the achievement of the organization's policies, and objectives, while safeguarding the organization's assets and public funds, in accordance with the guidelines established by the Commission and the National Audit Officer (NAO).

The Commission Board of Directors oversees management's responsibilities for financial reporting through the NAO which is composed entirely of outside directors. The NAO meets with the external auditors to discuss the audit results, the adequacy of the internal accounting controls, and the quality and integrity of financial reporting. The NAO reviews the Commission's Annual Financial Statements before the Board of Directors reviews the statements for approval. The external auditors have full and free access to the NAO. The NAO has the duty to review and adopt any accounting principles and practices which have a material effect on the Annual Financial Statements.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The internal control system is to manage risks to a reasonable level rather than to eliminate all risk of failure to achieve the company policies and objectives. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritize the risks to the achievement of organizational policy and objectives, and to evaluate the likelihood of those risks being realized, and the impact should they be realized, and to manage them efficiently, effectively and economically.

CAPACITY TO HANDLE RISK

From its inception, the Commission has always recognized the importance of effective risk management strategies, which are integral in conforming to the principles of good governance, and essential to the delivery of its regulatory objectives. During this time of organizational restructuring, the Commission introduced systems of Internal Control to ensure continuity of Corporate Governance.

THE RISK AND CONTROL FRAMEWORK

The Commission recognizes that risk management is an integral part of good management practice and, as such, is integrated into the philosophy, practice and business plans of the organization and not viewed as a separate process. The risk management strategy recognizes that risk is inherent in all the organization's activities and that it is imperative that responsibilities and accountabilities are clearly defined. It outlines responsibility for managing risk from the Board through the organizational structure.

In determining the organization's risk appetite, the Commission has considered its principal objectives, both strategic and operational, while identifying the risks that may threaten those objectives' achievement. In doing so, the Commission is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the Public Procurement Ordinance (PPO) 2018 procedure cannot be consistently achieved without managing risks. The Commission's responsibility is to regulate a dynamic telecommunications industry and execute its decisions within a reasonable timeframe; failure to act quickly in certain situations could potentially expose the organization to financial loss or judicial review.

REVIEW OF EFFECTIVENESS

The responsibility for reviewing the effectiveness of the systems of internal control is with the Director General. A review of the internal control system's effectiveness is confirmed by the work of the external auditors and the managers within the organization who have responsibility for the development and maintenance of the internal control framework, and comments made by the auditors in their management letter and other reports. Efforts will continually be made to address weaknesses to ensure continuous improvement to the system in place. In meeting its responsibility for the reliability and integrity of the Annual Financial Statements, management has developed and maintained accounting and reporting guidelines to provide the necessary internal controls to ensure that assets are safeguarded, liabilities are recognized, and transactions are duly authorized. The Commission focuses on the need for qualified staff, and effective communication between management and staff.

DISCLOSURE CONTROLS AND PROCEDURES

The Commission will establish and maintained a Company's disclosure controls and procedures for Commissioners and employees to provide reasonable assurance that material information relating to the Company made known to them is not divulged by others. The Commission is committed to regularly reviewing the critical components of its internal controls and risk management arrangements.



TURKS AND CAICOS ISLANDS TELECOMMUNICATIONS COMMISSION

FINANCIAL STATEMENTS
and Independent Auditor's Report for the Year Ended
March 31, 2019

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Financial Statements
For the Years Ended March 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To The Commissioners of Turks and Caicos Islands Telecommunications Commission

Opinion

We have audited the accompanying financial statements of The Turks and Caicos Islands Telecommunications Commission, which comprise the statement of financial position as at March 31, 2019, the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Turks and Caicos Islands Telecommunications Commission as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and I have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Telecommunications Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing the Telecommunications Commission's financial reporting process.

Local in Touch, Global in Reach

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Telecommunications Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Telecommunications Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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(T.C.I.) LTD.
CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

This report, including the opinion, has been prepared for and only for the members of the Commission as a body and the Government of the Turks & Caicos Islands in accordance with the term of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

May 15, 2020

Local in Touch, Global in Reach

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**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Statement of Financial Position
As at March 31, 2019**

		2019	2018
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	(Note 6)	\$ 1,458,012	\$ 887,194
Accounts receivable	(Note 7)	113,147	381,622
Prepayments		3,396	10,183
		<u>1,574,555</u>	<u>1,278,999</u>
<i>Non Current Assets</i>			
Deposits		8,100	11,000
Property, plant and equipment	(Note 8)	313,865	275,597
TOTAL ASSETS		<u><u>1,896,520</u></u>	<u><u>1,565,596</u></u>
LIABILITIES AND EQUITY			
<i>Current Liabilities</i>			
Deferred income	(Note 9)	376,564	377,330
Accounts payable	(Note 10)	300,198	252,522
Accrued expenses	(Note 11)	936,054	706,197
		<u>1,612,816</u>	<u>1,336,049</u>
<i>Equity</i>			
Reserve fund		58,436	58,436
Retained surplus		225,268	171,111
		<u>283,704</u>	<u>229,547</u>
TOTAL LIABILITIES AND EQUITY		<u><u>\$ 1,896,520</u></u>	<u><u>\$ 1,565,596</u></u>

Approved for issuance on behalf of the Board of Directors of the Turks and Caicos Islands
Telecommunications Commission on _____

Chairman

Director General

The accompanying notes are an integral part of these financial statements

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Statement of Comprehensive Income
For the Year Ended March 31, 2019**

		2019	2018
INCOME			
Regulatory and spectrum fees	<i>(Note 12)</i>	\$ 2,163,340	\$ 2,021,139
Application and Type Approval fees	<i>(Note 13)</i>	101,962	71,930
		<u>2,265,302</u>	<u>2,093,069</u>
EXPENSES			
Salaries		491,136	660,686
Employees' benefits		28,360	56,026
Commissioners' fees		67,000	77,000
Commissioners' expenses		51,313	45,176
Professional fees		98,263	392,592
Rent	<i>(Note 14)</i>	84,500	71,500
Staff training		70,625	37,448
Travel		59,344	35,057
Depreciation	<i>(Note 8)</i>	53,740	54,976
Telephone		27,604	29,389
Utilities		27,514	20,955
Motor expenses		6,872	29,324
Office expense		38,751	46,149
Janitorial expense		16,200	16,200
Meals and entertainment		6,549	4,181
Bank and interest charges		1,993	2,038
Insurance		1,890	1,891
		<u>1,131,654</u>	<u>1,580,589</u>
NET INCOME FROM OPERATIONS		<u><u>\$ 1,133,648</u></u>	<u><u>\$ 512,480</u></u>
NON-OPERATING INCOME (EXPENSE)			
Interest income		3,193	3,621
		<u>3,193</u>	<u>3,621</u>
NET COMPREHENSIVE INCOME		<u><u>\$ 1,136,841</u></u>	<u><u>\$ 516,100</u></u>

The accompanying notes are an integral part of these financial statements

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Statement of Changes in Equity
For the Year Ended March 31, 2019**

	Retained Surplus	Reserved Fund	Total
Balance as at March, 2017	\$ 2,398,156	58,436	2,456,592
Adjustment for payment of surplus funds (Note 4b)	(2,058,698)	-	(2,058,698)
<i>Comprehensive Income</i>			
Net surplus and total comprehensive income for the year	516,100	-	516,100
<i>Balance prior to adjustment for surplus</i>	855,558	58,436	913,994
Adjustment for 80% of current surplus for 2017/18	(684,447)		(684,447)
Balance as at March, 2018	171,111	58,436	229,547
Adjustment for payment of surplus funds (Note 4b)	(866,056)	-	(866,056)
Reversal of 2018 accrual	684,447		684,447
<i>Comprehensive Income</i>			
Net surplus and total comprehensive income for the year	1,136,841	-	1,136,841
<i>Balance prior to adjustment for surplus</i>	1,126,343	58,436	1,184,779
Adjustment for 80% of current surplus for 2018/19	(901,075)		(901,075)
Balance as at March, 2019	\$ 225,268	\$ 58,436	\$ 283,704

The accompanying notes are an integral part of these financial statements

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Statement of Cash Flow
For the Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Net surplus and total comprehensive income for the year	\$ 1,136,841	\$ 516,100
<i>Adjustment for:</i>		
TCIG payment (non cash)	(216,627)	(684,447)
Depreciation	53,740	54,976
	<u>973,954</u>	<u>(113,371)</u>
<i>Changes in operating assets:</i>		
Decrease/(increase) in accounts receivables	268,475	(266,594)
Decrease (increase) in deposits and prepayment	9,687	(4,748)
<i>Changes in operating liabilities:</i>		
Increase in trade and other payables	277,533	854,284
(Decrease) increase in deferred income	(766)	41,957
<i>Net cash provided by operating activities</i>	<u>1,528,883</u>	<u>511,528</u>
INVESTING ACTIVITIES		
Decrease in other receivables	-	30,848
Additions to property, plant and equipment	(92,009)	(7,603)
<i>Net cash used in investing activities</i>	<u>(92,009)</u>	<u>23,245</u>
FINANCING ACTIVITIES		
Payment of funds to TCIG	(866,056)	(2,058,699)
<i>Net cash used in financing activities</i>	<u>(866,056)</u>	<u>(2,058,699)</u>
Increase (decrease) in cash and cash equivalents	570,818	(1,523,926)
Cash and cash equivalents, beginning of year	887,194	2,411,118
Cash and cash equivalents, end of year	<u>\$ 1,458,012</u>	<u>\$ 887,194</u>

The accompanying notes are an integral part of these financial statements

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATION COMMISSION
Notes to the Financial Statements
For the Year Ended March 31, 2019**

1. General information

Turks and Caicos Islands Telecommunications Commission (the Commission) is an independent regulatory body, which was created under the Turks and Caicos Islands (TCI) Telecommunications Ordinance 2004 (the Ordinance), and is responsible for the regulation and licensing of all telecommunications service providers and users of the radio spectrum in TCI. This responsibility includes fixed line operators, broadcasting station transmitters, internet service providers and mobile telephone operators.

The primary functions of the Commission are: to facilitate, maintain and promote effective and sustainable competition in telecommunications; to promote the interests of consumers; to encourage licensees to operate efficiently; and to prescribe standards for the quality of telecommunications services to be delivered to the public.

The Commission is committed to ensuring that all consumers and businesses in TCI have access to quality telecommunications services at reasonable prices, in a fully competitive marketplace.

The registered office of the Commission is at P.O. Box 203, Business Solutions Office Complex, Leeward Highway, Providenciales, TCI.

2. Basis of preparation

(a) Statement of compliance.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

These financial statements have been prepared on historical cost basis. The methods used to measure fair values are discussed further in Note 5.

(c) Functional and presentation currency

These financial statements are presented in United States (US) dollars, which is the Commission's functional currency. All financial information presented in US dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

2. Basis of preparation, continued

(d) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following Notes:

- Note 3(d) – Basis for regulatory fee estimation and allocation to licensees

(e) Changes in Accounting policy and disclosures

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 from Revenue from Contracts with Customers on the Commission's financial statements.

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 did not result in any adjustments to the amounts recognized in the financial statements.

The adoption of IFRS 15 Revenue from Contracts from 1 January 2018 did not result in any adjustments to the amounts recognized in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Commission.

(a) Non-derivative financial assets

The Commission initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Commission is recognized as a separate asset or liability.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

3. Significant accounting policies, continued

(a) Non-derivative financial assets, continued

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Commission has a legal right to offset the amount and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Commission's non-derivative financial assets comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest rate method, less impairment losses.

Loans and receivables of the Commission comprise cash, accounts receivable, due from related parties and deposits.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits with original maturities of three months or less from the date of purchase. Any bank drafts that are payable on demand and form an integral part of the Commission's cash management are included as a component of cash for the purpose of cash flows.

(ii) Accounts receivable-net, other receivables, deposits and prepayments

Accounts receivables-net, other receivables and deposits are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provisions for impairment. A provision for impairment is established when there is objective evidence that the Commission will not be able to recover all amounts due according to the original terms of the contracts.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the statement of comprehensive income.

(b) Non-derivative financial liabilities

The Commission recognizes debt securities issued and subordinated liabilities on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

3. Significant accounting policies, continued

The Commission derecognizes a financial liability when its contractual obligations are discharged, cancelled or expires. The Commission has accounts payable as non-derivative financial liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Accounts payable

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of property, plant and equipment. Gains or losses arising from the disposal of property, plant and equipment are reflected in the statement of comprehensive income. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied will flow to the Commission and its cost can be measured reliably. The cost of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if necessary. Land and construction work in progress are not depreciated.

Useful lives for assets are as follows:

Leasehold improvements	Shorter of 7 years or lease term
Office furniture and fixtures	3 years
Motor vehicles	4 years
Computer equipment	3 years
Spectrum equipment	7 years

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

3. Significant accounting policies, continued

(d) Revenue Recognition

Revenue for The Commission is derived from Regulatory and Spectrum Fees. Regulatory fees are assessed for each registered licensee of the Commission based on a pro-rata share of the budgeted operating expenses of the Commission. Spectrum fees are assessed for each registered licensee of the Commission based on the nature of the spectrum applied for by the licensee regulated by schedule 3 (regulation 5) of the Telecommunications Ordinance. Regulatory and spectrum fees are recognized on an accruals basis of accounting on a yearly basis from the date the registered licensee was approved by the Commission. Application and Type Approval fees are recognized on a cash basis.

(e) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Commission on terms that the Commission would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. In assessing collective impairment, the Commission uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment.

All impairment losses are recognized in the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

3. Significant accounting policies, continued

(e) Impairment, continued

(ii) Non-financial assets, continued

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

(f) Lease payments

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expenses, over the term of the lease.

(g) Provisions

A provision is recognized if, as a result of a past event, the commission has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

3. Significant accounting policies, continued

(h) Related Party Transactions

A related party can be considered a parent, fellow subsidiary, fellow subsidiary, associate, or joint venture of the reporting body. Also, if the reporting entity is controlled, jointly controlled, or significantly influenced by a person who is a related party. A transfer of resources, service or obligations between a reporting entity and a related party, whether a price is charged, is termed as a related party transaction. The Commission is required to disclose information in the financial statements about the existence of related party transactions because of the possibility that its financial position and profit or loss may affect outstanding balances and commitments to such parties.

(i) Employee Benefits

Employee benefits are all forms of consideration given by the employer in exchange for service rendered by employees or for the termination of employment. Benefits can be categorized as being either Short-term employee benefit which is settled within 12 months (other than termination) or Post-employee benefits which is to be payable after completion of employment (other than termination). The Commission is required to recognize a liability when an employee has provided service in exchange for employee benefits to be paid in the future. An expense is to be recognized when The Commission consumes the economic benefit arising from the service provided by an employee in exchange for the employee benefit.

The Commission currently offers the staff employee benefits via various allowances. These allowances (Telephone and Island allowances) are included in the Statement of Comprehensive Income as Salaries and Benefits.

4. Key sources of estimation uncertainty

Estimates and judgments 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 Commission 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 disclosed below.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

4. Key sources of estimation uncertainty, continued

Critical judgements in applying the entity's accounting policies

(a) Revenue recognition

The Commission has recognized revenue amounting to \$1,003,816 as disclosed in Note 12 for Spectrum licensing fees and \$Nil for Annual License fees during 2019. The Annual License fees were paid directly to Government.

The Members of the Commission has determined that Spectrum licensing falls under the sole mandate of the Commission, and to that end all fees for Spectrum use will be remitted and managed by the Commission. Annual License fees remain within the remit and approval of the Minister (i.e. Government) and no such fees have been remitted or managed by the Commission.

The Ordinance is not clear whether the Spectrum fees and/or License fees should be held to the benefit of the Commission. The Ordinance states:

“Part III: Telecommunication network and services section 12 (1) The prescribed fees (Annual License fee) payable under section 11(4) shall be in respect of the year commencing on the date on which the license comes into force, and (2) The prescribed fees under section 11(4) shall be payable for each year for which the licence is in force and such fee shall be due on each anniversary of the date on which the license was issued.”

“Part IV: Spectrum Management, section 33 (1) The prescribed fees (Spectrum fee) payable under section 32(2) shall be in respect of the year commencing on the date on which the licence comes into force, and (2) The prescribed fees under section 32 may enable the Commission to recover an amount in excess of the amounts under subsection (1) to reflect the market value of the license granted”

The recognition of one or either of these fees as revenue is dependent on the judgement of management. In the event that the Commission was operating as an agency of Government in the collection of Spectrum fees, revenue would be reduced by \$1,003,815.

4. Key sources of estimation uncertainty, continued

(b) Capital Management

Pursuant to Section 2(3) of the second schedule of the Ordinance, "any money standing to the credit of the Commission and not required for current purposes ("surplus funds") may, with the consent of the Minister, be carried to a reserve fund. The Commission shall pay 80% of the surplus funds into the consolidated fund and to the licensees in the appropriate manner. The Commission may manage any reserve fund".

In the event that the entire retained surplus should in fact be recognized as "surplus funds", equity would decrease with an equivalent increase in accounts payable as at year end. The Reserve Fund would increase by the same.

5. Financial instruments

(a) Financial risk management

The Commission's activities expose it to a variety of financial risks namely Credit and Liquid risks.

The Members of the Commission has overall responsibility for the establishment and oversight of the Commission's risk management framework. The Members is responsible for developing and monitoring the Commission's risk management policies. The Commission's risk management policies are established to identify and analyze the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

The Commission, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Members of the Commission oversees how management monitors compliance with the Commission's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Commission.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

5. Financial instruments, continued

(a) Financial risk management, continued

(i) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Commission's cash, accounts receivable, due from related parties and deposits.

The Commission banks primarily with recognized banks and financial institutions with minimal risk of default apparent. Provision is made where there is apparent default from a financial institution.

The Commission establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts and other receivables. Management assesses the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk for cash, accounts receivable, due from related party and deposits equates to the carrying value of those financial instruments. There is no exposure to credit risk from other financial instruments.

Under the terms of the Ordinance, the Commission has the right to suspend licensees in arrears and to seek recovery. Provision for impairment losses is made when required. All receivables are based within the Turks & Caicos Islands.

The carrying amount of financial assets represents the maximum amount of exposure. The maximum amount of exposure to credit risk at the reporting date was:

		<u>2019</u>	<u>2018</u>
Cash and cash equivalents	<i>(Note 6)</i>	\$ 1,458,012	\$ 887,194
Accounts receivable	<i>(Note 7)</i>	113,147	381,622
Deposits and prepayments		11,496	10,183
		<u>\$ 1,582,655</u>	<u>\$ 1,278,999</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

(b) Financial risk management, continued

(i) Credit risk, continued

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	<u>2019</u>	<u>2018</u>
Trade receivables		
Counter parties without external credit rating:		
Group 2	113,147	381,622
Total unimpaired trade receivables	<u>\$ 113,147</u>	<u>\$ 381,622</u>
Cash at bank and short-term bank deposits		
AA	1,582,655	1,278,599
Other receivables	11,496	10,183

(ii) Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulties meeting its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Commission's reputation.

All the Commission's liabilities fall due within one year.

(b) Fair Value Determination

A number of the Commission's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes as described below. Where applicable, further information about the assumptions made in determining fair value has been disclosed in the Notes specific to that asset or liability.

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

Due to their short-term nature, the carrying amounts of the financial assets and liabilities of the Commission approximate to their fair value.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

6. Cash and cash equivalents

Cash consists of the following:

	<u>2019</u>	<u>2018</u>
Scotiabank-Money Master (754664)	\$ 827,087	\$ 570,888
Scotiabank-Checking (731032)	\$ 630,382	\$ 306,889
Petty Cash	\$ 400	\$ 400
Hallmark Debit Card - 6429	\$ -	8,994
Hallmark Debit Card - 5464	\$ 143	\$ 22
	<u>\$ 1,458,012</u>	<u>\$ 887,194</u>

7. Accounts receivables-net

As at March 31, 2019 accounts receivable of \$113,147 (2018: \$381,622) were fully performing.

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Digicel	\$ 33,879	\$ 292,652
Others	79,268	88,970
	<u>\$ 113,147</u>	<u>\$ 381,622</u>

The number of days outstanding for trade receivables is as follows:

	<u>2019</u>	<u>2018</u>
120 days and over	\$ 17,985	160,955
90 days	-	1,000
60 days	5,675	115,796
30 days	89,487	103,871
	<u>\$ 113,147</u>	<u>\$ 381,622</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

8. Property, Plant, and Equipment

		Office furniture and fixtures	Motor vehicles	Computer equipment	Spectrum equipment	Land	Total
Cost							
At April 1, 2017	\$	11,208	146,600	24,647	150,204	204,037	536,696
Additions		4,034	-	3,569	-	-	7,603
Disposals		-	-	-	-	-	-
At March 31, 2018		15,242	146,600	28,216	150,204	204,037	544,299
Additions		22,752	48,324	2,360	18,573	-	92,009
Disposals		-	(38,250)	-	-	-	(38,250)
At March 31, 2019		37,994	156,674	30,576	168,777	204,037	598,058
Accumulated Depreciation							
At April 1, 2017		8,638	91,666	16,762	96,660	-	213,726
Depreciation for year		2,952	25,400	5,166	21,458	-	54,976
Disposals		-	-	-	-	-	-
At March 31, 2018		11,590	117,066	21,928	118,118	-	268,702
Depreciation for year		2,131	25,203	3,842	22,564	-	53,740
Disposals		-	(38,250)	-	-	-	(38,250)
At March 31, 2019		13,721	104,019	25,770	140,682	-	284,192
Carrying amounts:							
At March 31, 2018	\$	3,652	29,534	6,288	32,086	204,037	\$ 275,597
At March 31, 2019	\$	24,273	52,655	4,806	28,096	204,037	\$ 313,865

9. Deferred income

Current year deferred income of \$376,564 (2018: \$377,330) relates to regulatory and spectrum fees received from licensees which have not yet been earned.

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

10. Accounts payable

As at March 31, 2019 accounts payable of \$300,198 (2018: \$252,522) were fully performing.

The account consists of the following:

	<u>2019</u>	<u>2018</u>
F Chambers	\$ 210,597	\$ 210,597
Sepulveda Consulting Inc.	50,250	34,500
Others	39,350	9,637
	<u>\$ 300,197</u>	<u>\$ 254,734</u>

11. Accrued expenses

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Surplus Funds to TCIG	\$ 909,473	\$ 412,280
Audit fees	18,750	18,750
Vacation Pay	16,229	-
Membership fees	-	3,000
	<u>\$ 944,452</u>	<u>\$ 434,030</u>

Included in accruals are accruals to TCIG for the current year is \$901,075. This is a result of retained surplus (See statement of Changes in Equity) which is calculated at 80% of \$1,126,343. (2018: \$684,447 – 80% of \$855,558).

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

12. Regulatory and spectrum fees

The account consists of the following:

Regulatory fees

	<u>2019</u>	<u>2018</u>
Cable & Wireless TCI Ltd.	\$ 532,524	\$ 501,316
Digicel TCI Limited	422,125	396,339
Columbus Networks Ltd.	75,000	75,207
TCT	103,875	64,190
Others	26,000	25,000
	<u>\$ 1,159,524</u>	<u>\$ 1,062,052</u>

Spectrum fees

	<u>2019</u>	<u>2018</u>
Lime	\$ 459,400	444,827
Digicel TCI Limited	487,525	455,466
Other	56,891	58,794
	<u>\$ 1,003,816</u>	<u>\$ 959,087</u>
Total	<u>\$ 2,163,340</u>	<u>\$ 2,021,139</u>

13. Application and Type Approval fees

The account consist of the following:

	<u>2019</u>	<u>2018</u>
Type Approval fees	\$ 50,000	\$ 34,000
Application fees	29,390	22,100
Other Licenses fees	22,572	15,830
	<u>\$ 101,962</u>	<u>\$ 71,930</u>

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

14. Lease commitments

The non-cancellable operating lease rentals of the Commission are payable as follows:

	<u>2019</u>	<u>2018</u>
More than one year	\$ 84,500	\$ 71,500
	<u>\$ 84,500</u>	<u>\$ 71,500</u>

The Commission leases an office space under a non-cancellable operating lease, which was renegotiated on August 1, 2017. The lease runs for a period of 3 years from August 1, 2017 to July 31, 2020 with a monthly fixed rental of \$6,500.

For the year ended March 31, 2019; \$84,500 (2018: \$71,500) was recognized as rental expense in the statement of comprehensive income in respect of the non-cancellable operating lease.

15. Related Party Transactions

a. Key management compensation

Included in salaries is \$169,544 (2018: \$231,845) relating to salary and allowances for key management employees. There is currently 1 key management staff – Mr. Kenva Williams employed by TCITC.

	<u>2019</u>	<u>2018</u>
Director General's salaries and benefits	\$ 169,544	\$ 231,845
Commissioners' fees and expenses	118,313	122,176
	<u>\$ 287,857</u>	<u>\$ 354,021</u>

b. Commissioners Fees and expenses

The Commissioners are paid fees in the amount of \$67,000 (2018: \$77,000). Additional Commissioners expenses such as local and international travel, meals and entertainment are included in the amount of \$51,313 (2018: \$45,176).

**TURKS AND CAICOS ISLANDS
TELECOMMUNICATIONS COMMISSION
Notes to the Financial Statements
For the Year Ended March 31st 2019**

15. Related Party Transactions *continued*

c. Payments to TCIG

Surplus payments made to TCIG in the current year include:

	<u>2019</u>	<u>2018</u>
TCIG	\$ 901,075	\$ 684,447
	<u>\$ 901,075</u>	<u>\$ 684,447</u>

d. Accrued Related Party Transactions

Surplus payments for TCIG in the amount of \$901,075 (80% of \$1,126,343) is accrued at year end.

e. Other Related Party Transactions

Payments made during the current year to other related parties include:

	<u>2019</u>	<u>2018</u>
NHIB	\$ 20,567	\$ 23,411
NIB	\$ 13,384	\$ 13,710
	<u>\$ 33,951</u>	<u>\$ 37,121</u>

16. Comparative Figures

Certain comparative figures have been restated where necessary to conform with current period presentation.

TCI Telecommunications Commission made adjustments to Rent, Utilities, and Office Expenses in the amounts of \$6500, \$1386, and \$25 respectively. These adjustments were made as the amounts previously recorded were incorrect. The other side to this entry was accounts payable.

Adjustments were also made to accrued expenses in the prior year to accommodate the payments to TCIG for the required 80% of the surplus fund for the prior year.

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