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VISION

Regulatory leadership committed to consumer empowerment and harmonized benefits in a unified space.

MISSION STATEMENT

To provide transformative regulatory leadership which results in a competitive and innovative electronic communications sector.



ECTEL Corporate Information

Registered Office & Postal Address

Vide Boutielle P.O. Box 1886 Castries SAINT LUCIA WEST INDIES Email: ectel@ectel.int Website: www.ectel.int

Telephone: 1 (758)-458-1701/2

Fax: 1 (758)-458-1698

National Telecommunications Regulatory Commissions (NTRCs)

COMMONWEALTH OF DOMINICA

P.O. Box 649

26 King George V Street

Roseau, Commonwealth of Dominica

Tel: 1 (767) 440-0627 Fax: 1 (767) 440-0835

Email: secretariat@ntrcdom.org Website: www.ntrcdom.org

GRENADA

Maurice Bishop Highway P. O. Box 854 Grande Anse St. George's, Grenada

Tel: 1 (473) 435-6872 Fax: 1 (473) 435-2132 Email: gntrc@ectel.int Website: www.ntrc.gd

SAINT LUCIA

1st & 2nd Floor Rajana Group of Companies Building, P. O. Box GM 690

Gros Islet, Saint Lucia Tel: 1 (758) 458-0585/2035/452-6871/452-9527

Fax: 1 (758) 453-2558 Email: ntrc slu@candw.lc Website: www.ntrc.org.lc

THE FEDERATION OF ST. CHRISTOPHER (ST. KITTS) AND NEVIS

P. O. Box 1958

Cnr. Wigley Ave. & Jones Street Fortlands, Basseterre, St. Kitts

Tel: 1 (869) 466-8997 Fax: 1 (869) 466-6817 Email: ntrcskn@ectel.int Website: www.ntrc.kn

ST. VINCENT AND THE GRENADINES

2nd Floor, NIS Building Upper Bay Street P. O. Box 2368, Kingstown St. Vincent and the Grenadines

Tel: 1 (784) 457-2279 Fax: 1 (784) 457-2834 Email: ntrc@ntrc.vc Website: www.ntrc.vc

MEMBERSHIPS / AFFILIATIONS

Caribbean Telecommunications Union (CTU) International Telecommunications Union (ITU)

Internet Society (ISOC)

Organisation of Caribbean Utility Regulators (OOCUR)





Chairman

"Empowering the consumers in the Member States"

The Chairman's Message

It is my pleasure on behalf of the Eastern Caribbean Telecommunications Authority (ECTEL), to present the Annual Report for the Fiscal Year 2015 - 2016. In keeping with the mandate to be fully accountable to stakeholders, the Annual Report provides a summary of the organization's regulatory work programme, an overview of the performance of the Electronic Communications Sector and the financial performance of the organization from October 2015 to September 2016.

During the period under review, ECTEL made significant progress in advancing some critical regulatory initiatives aimed at strengthening competition in the Member States. Notably, the organization advanced the preparation of the Electronic Communications (EC) Bill and the development of a suite of new regulations on Consumer Protection, Submarine Cable Access, Network Infrastructure and Wholesale Access and Guidelines on Market Analysis. Work also commenced on a Roaming Bill and Regulations, as well as, a review of the Interconnection Rates.

Notwithstanding these achievements, the Member States were faced with the proposed merger of Cable & Wireless Communications Plc. and Columbus Communications Inc. and the subsequent acquisition of Cable & Wireless by Liberty Global Inc. Cognizant of the potential negative impact of these consolidations on competition and consumer choice, ECTEL sought to engage Cable & Wireless with a view to arriving at an amicable agreement which would reinforce the gains made from market liberalization and the introduction of

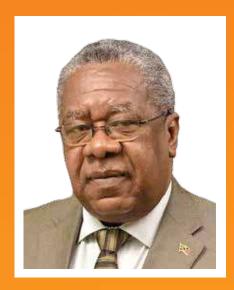
competition. This engagement is expected to continue in the ensuing fiscal year.

Despite limited financial and technical resources, ECTEL remained committed to empowering consumers and to ensuring that the policies on development of telecommunications services in the region benefit consumers and other stakeholders of the electronic communications sector.

On behalf of the Council of Ministers and the Board of Directors, I wish to express my profound gratitude to the organizations which collaborated with ECTEL and assisted in the delivery of the organization's work programme including the National Telecommunications Regulatory Commissions (NTRCs), the Governments of the **ECTEL** Member States. responsible for Telecommunications, the Caribbean Telecommunications Union (CTU), the International Telecommunications Union (ITU), regional regulators and other partners. I also wish to acknowledge and express appreciation to the management and staff of the Directorate for the hard work, commitment and dedication to achieving ECTEL's vision.

In closing, let me reaffirm ECTEL's commitment to ensuring that citizens in the ECTEL Member States are afforded the best quality and range of services while fostering an environment of growth and development in a diverse, dynamic and challenging Electronic Communications Sector.

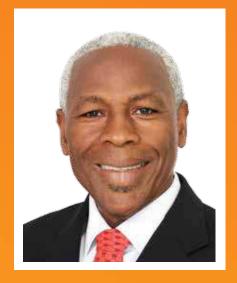
Council of Ministers



Honourable Vincent Byron Jr. (Chairman)
Attorney General and Minister of Justice, Legal Affairs and Communications
St. Kitts & Nevis



Honourable Kelver Darroux
Minister of Information,
Science, Telecommunications
and Technology
Commonwealth of Dominica



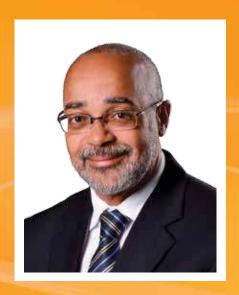
Honourable Gregory Bowen
Minister of Communications,
Works, Physical Development,
Public Utilities and ICT
Grenada



Honourable Guy Joseph
Minister for Economic
Development, Housing, Urban
Renewal, Transport and Civil
Aviation
Saint Lucia



Senator the Honourable Camillo M. Gonsalves Minister of Economic Planning, Sustainable Development, Industry, Internal Trade, Information and Labour St. Vincent and the Grenadines



Dr. Didacus JulesDirector General, Organisation of Eastern Caribbean States
Ex-officio Member

Board of Directors



Mr. Julius TimothyChairman
Commonwealth of Dominica



Mr. Duane Noel Grenada



Mr. Quincy Prentice St. Kitts and Nevis



Mr. Ignatius JeanSaint Lucia



Mr. Isaac Solomon
St. Vincent & the Grenadines



Mr. Embert Charles
Managing Director, ECTEL
Ex-officio Member



Governance

The Eastern Caribbean Telecommunications Authority (ECTEL) was established by Treaty to regulate the telecommunications sectors of the Member States of the Commonwealth of Dominica, Grenada, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines through the promotion of market liberalization and competition. ECTEL aims to develop a harmonized regulatory regime, advocate fair competition and pricing by telecommunications providers, increase the range of telecommunications services, increase telecommunications penetration and to ensure access to electronic communications at affordable rates.

ECTEL's structure comprises a Council of Ministers responsible for the formulation of policy, for the management of telecommunications in the Contracting States to which a Board of Directors is answerable, together with the staff of ECTEL's Directorate under the supervision and control of a Managing Director.

The Council of Ministers consist of the Government Ministers responsible for Telecommunications in the ECTEL States. The Director General of the OECS as an exofficio member. Responsibilities of the Council include giving directives to the Board of Directors on matters arising out of the Treaty, and ensuring that the Board is responsive to the needs of the Member States in the implementation of telecommunications policy.

The Board of Directors comprises one member from each Member State and the Managing Director of ECTEL as an ex-officio member. The responsibilities of the



Board include making recommendations to the Council on any matter relating to telecommunications, and establishing rules and procedures consistent with the Treaty for the management and operation of the ECTEL Directorate.

The National Telecommunications Regulatory Commissions (NTRCs) are the Telecommunications regulators at the national level in each Member State. They are responsible for the processing of applications and advising the Minister on the award of licences.

The ECTEL Directorate is headed by the Managing Director who is responsible for the general administration and the day to day management of ECTEL's work programme and staff.

Organsational Structure

ECTEL's Directorate is structured into two (2) broad areas of focus – Policy & Regulations and Operations. The Technical Services, Economics and Finance and Legal Affairs Departments make up the Policy and Regulations component. The Operations component includes Accounts, Human Resources, Administration, Corporate Relations & Communications and Information Systems.

Functions of ECTEL

- Co-ordinate with, and advise the Member States on the conduct and regulation of telecommunications.
- Prepare and maintain a harmonized regional radio Spectrum Plan.
- Recommend a regional policy for the conduct of Telecommunications: Universal Service; Interconnection; Numbering and Pricing and a framework for monitoring of the policy.
- Provide recommendations on types of communications networks, services and radio equipment.
- Recommend instruments and regulations for the harmonization of telecommunications with respect to licenses, frequency authorizations and tender documents.
- Design and operate open tender procedures for individual licenses as requested by Member States.
- Review and recommend applicants who satisfy the relevant technical and financial requirements for individual licenses.
- Recommend terms and conditions to be included in a license.



ECTEL MANAGEMENT TEAM

Management Team

Back Row (L to R):

Mr. Andrew Millet – Director of Technical Services

Mr. Isaac Mathurin - Chief Financial Officer

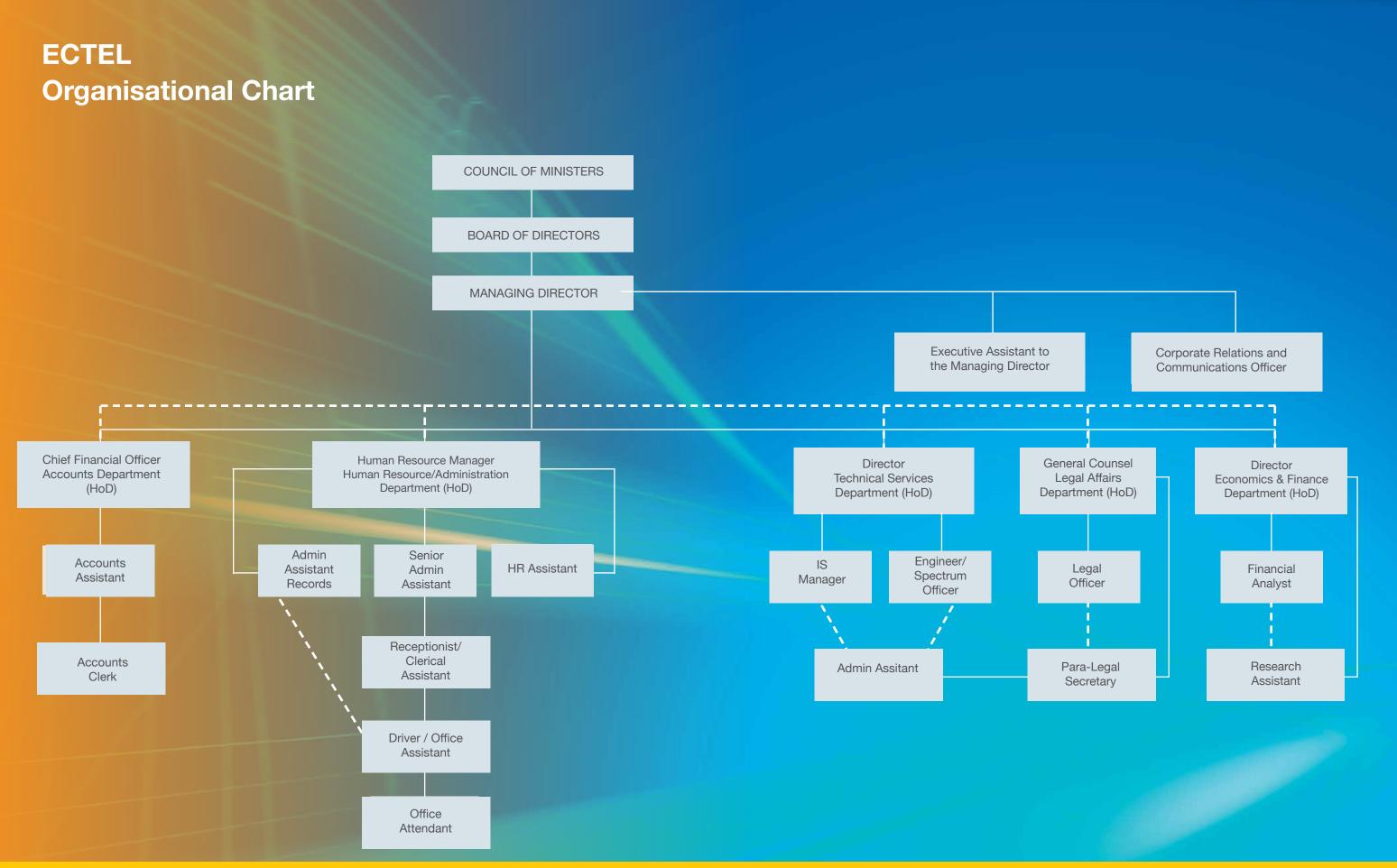
Mr. Embert Charles – Managing Director

Front Row (L to R):

Ms. Cheryl Hector - Director of Economics and Finance

Mrs. Pat Payne - Human Resources Manager

Ms. Deborah Bowers - General Counsel



Overview of Performance of Electronic Communication Sector

According to the Eastern Caribbean Central Bank's (ECCB) Annual Economic and Financial Review, the economies of the Eastern Caribbean Currency Union (ECCU) are estimated to have experienced Real GDP growth of 2.2 per cent in 2016. Though a decline from the 2015 performance, the positive performance was driven mainly by gains in the construction, wholesale and retail trade and the hotel and restaurant sectors. Acceleration in economic activity was recorded in the ECTEL Members States of Dominica, Grenada, St. Kitts and Nevis and St. Vincent and the Grenadines. This was however, moderated by a contraction in economic activity in Saint Lucia.

The telecommunications sector of the ECTEL Member States does not appear to have fully mirrored the performance of the economy. The sector recorded declines in some of the key indicators including investment and local traffic volumes.

The key findings of the review of the electronic communications sector across the ECTEL Member States for the period ended March 2016 are:

 Sector revenue improved while investment declined: Total revenue reported by telecoms operators improved marginally, increasing by 3 per cent to \$800 million. Following robust double-digit growth in the past two years, sector investment recorded a dramatic decline of 33 per cent to \$105 million. This resulted mainly from reductions in capital spending as telecoms operators completed major infrastructure upgrades for the launch of 4G/HSPA+ mobile broadband series in the Member States.

- Fixed broadband subscription grew: The number of fixed broadband subscriptions increased by 11 per cent to 107,000 leading to a fixed broadband penetration rate of 20.2 per cent, up from 19.2 per cent in the previous period.
- 4G/HSPA+ mobile broadband service available in all ECTEL Member States: At the end of March 2015, mobile broadband via HSPA+ technology was available in all ECTEL Member States. As the migration of consumers in the Member States from 2G to 4G continued in 2016, the number of mobile broadband subscriptions rose albeit at a declining rate of 7 per cent to 253, 000.
- Call volumes from fixed and mobile networks fell a further 13 per cent: Fixed originated local calling minutes fell 8 per cent to 365 million minutes and local calling minutes from mobile networks was 17 per cent less than in the previous period. Overall, consumers generated more than 800 million local calling minutes.
- International incoming and outgoing calling volumes dropped by 68 per cent and 9 per cent respectively.

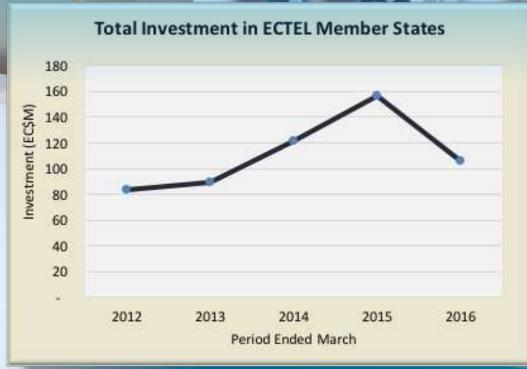
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Sector Performance Statistics Key Telecommunications Service Indicators in the ECTEL Member States

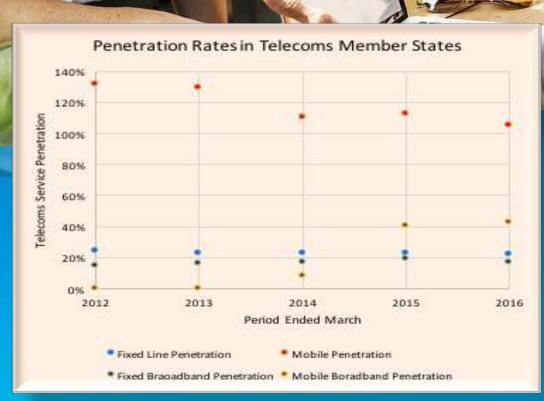
	2012	2013	2014	2015	2016
Provider Revenues (EC\$M)	\$802	\$785	\$780	\$779	\$800
Investment (EC\$M)	\$83	\$90	\$121	\$157	\$105
Employment	1,369	1,202	938	945	1,006
Fixed line Penetration	24.20%	23.10%	23.00%	23.10%	21.70%
Mobile penetration	131.30%	129.60%	110.10%	112.70%	104.80%
Fixed broadband penetration	15.00%	16.10%	17.30%	19.20%	20.20%
Mobile broadband penetration	-	0.20%	7.50%	40.60%	43.00%
Local fixed traffic (million minutes)	532	471	430	395	365
Local mobile traffic (million minutes)	794	762	662	596	497
International incoming traffic (million minutes)	191	204	177	188	61
International outgoing traffic (million minutes)	132	103	96	82	74

Sector Performance Statistics

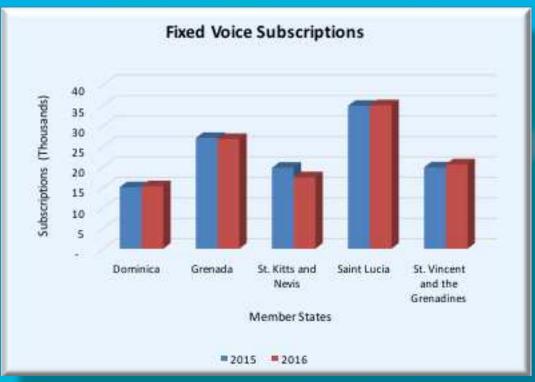


Source: ECTEL/operators



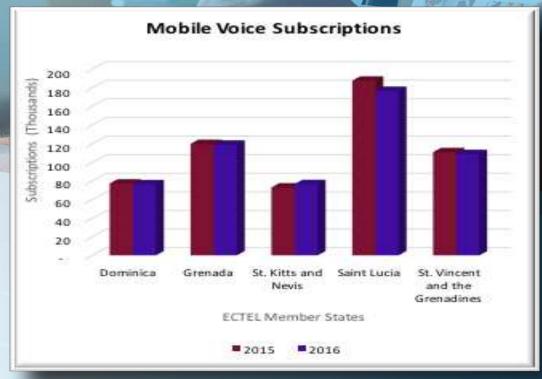




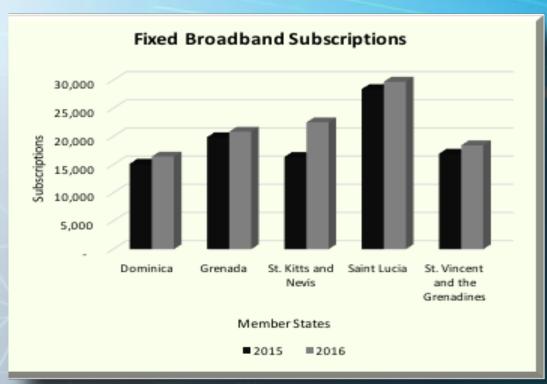


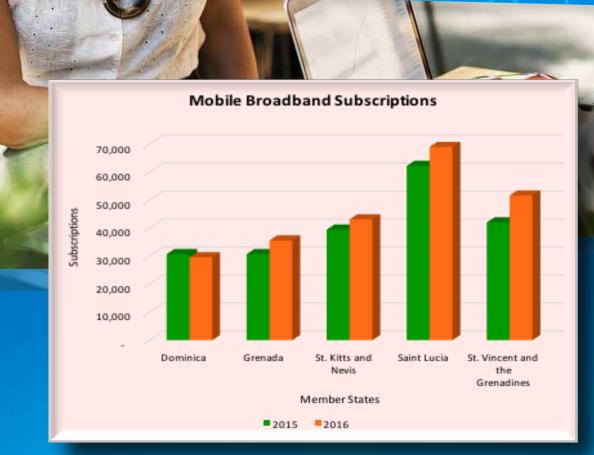
Source: ECTEL/operators

Sector Performance Statistics

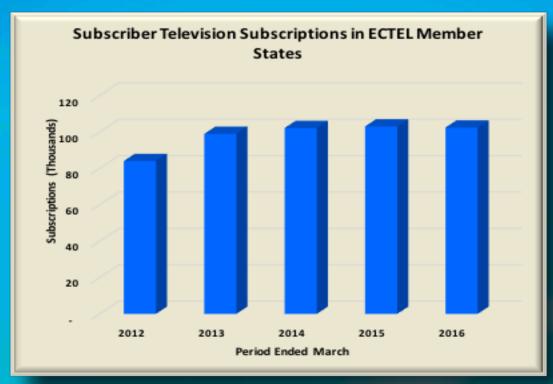


Source: ECTEL/operators





Source: ECTEL/operators



REPORT ON ECTEL'S WORK PROGRAMME OCTOBER 2015 to SEPTEMBER 2016

INTRODUCTION

The report on ECTEL's work programme for the financial year ended September 2016 was prepared in keeping with the general principles of ECTEL's regulation, which requires the regulator to be fully accountable to all stakeholders through regular and timely reporting. This report presents a summary of the operations of the Directorate, the implementation programmes and projects which were completed or advanced during the reporting period- October 1st, 2015 to September 30th, 2016.

ECTEL'S WORK PLAN

During the financial year 2015-2016, the Directorate was involved in the implementation of a number of activities in pursuit of the goals set out in the 2014-2017 Strategic Plan. The strategic priorities for the three (3) year period are:

- To reform the ECTEL regulatory framework to respond to the major changes in the electronic communications sector.
- To improve rules and regulations which relate to quality of service and consumer protection.
- To strengthen the rules and arrangements for the management of the competitive environment in the sector.
- To modernize and improve the efficiency of the spectrum management and monitoring systems.
- To promote regulatory policies and legislation that facilitate the expansion of broadband access in the ECTEL Member States.
- To expand and deepen collaboration with regulatory and developmental ICT/Telecommunications institutions.

The highlights of the past year included the engagement with Cable & Wireless PLC on the impact of the merger in the ECTEL markets, the preparation of the Electronic Communications (EC) Bill for submission to

the Member States and the development of a suite of new regulations aimed at strengthening competition in the Member States.

At the operational level, the Directorate successfully implemented its Human Resources Development Plan which included joint training activities with the NTRCs. The implementation of the policy for the collection of outstanding fees led to improved collections in general and resulted in the Directorate meeting its revenue collection target for the financial year. Notwithstanding, the preparation of the budget estimates for ECTEL and NTRCs for the 2016 – 2017 financial year proved challenging as the increase in requests exceeded the projected increase in revenue.

The Directorate also provided financial and technical support to the NTRCS on matters of both regulatory and operational nature.

PROGRAMME ACTIVITY

The following programmes and projects were completed or significantly advanced during the reporting period.

DRAFT ELECTRONIC COMMUNICATIONS (EC) BILL AND ECTEL TREATY

During the review period, several activities relative to this programme area were completed. These were final public consultation, ECTEL's response to the Consultation, Revisions to the ECTEL Treaty and a review by the Organisation of Eastern Caribbean States (OECS)- Legal Affairs Committee (LAC). Planned for 2016-2017 is public awareness leading up to promulgation of the EC Bill.

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ICT CONSUMER PROTECTION & EDUCATION WORKSHOP

NEW REGULATIONS STRENGTHENING COMPETITION

A number of public consultations were convened, and final recommendations submitted in the areas of Consumer Protection, Infrastructure Sharing, Submarine Cables (Access), Network Infrastructure and Wholesale Access and Guidelines on Market Analysis. The finalisation of Retail Tariffs Regulations and promulgation of all Regulations are the next steps forward in this programme activity.

REGULATION OF ROAMING IN THE EASTERN CARIBBEAN

In an effort to address costly roaming rates and weak legislation on roaming, a decision was taken by the Council of Ministers of ECTEL to develop a legal framework to regulate roaming rates in the ECTEL Contracting States. To this end, Legislative Drafting Consultant – Elliott Mac Clure, Attorneys-at-law, was engaged in March 2016 to prepare a Roaming Bill and supporting Regulations. The engagement of the consultant was facilitated by support from the International Telecommunications Union (ITU).

At the pre-drafting stage, the consultant reviewed current local, regional and international legislation, as well as, relevant studies and reports on International Mobile Roaming Cost Analysis. An Inception Report of the findings and recommendations on an appropriate legal framework was then presented to

the ECTEL Directorate. The report was accepted by the Directorate and approval was given to proceed with the development of the roaming legislation. This process was facilitated by meetings held with the ECTEL Directorate and the ITU Area Office for the Caribbean (ITU AOC) to discuss key requirements, key issues and policy directives, and to confirm the legal framework.

Utilizing the feedback received from the above process, the first draft of the proposed Roaming Bill was prepared for the consideration of the Directorate and the ITU AOC. This incorporated background information on the issues to be addressed in the legislation and recommendations on new provisions and amendments to be made to existing legislation. During this phase, a consultation was also held with staff of the Directorate and the NTRCs during an ECTEL/NTRC Consultative Forum held in St Vincent and the Grenadines in June 2016. The objective of which was to seek feedback on the draft legal instruments and to confirm the provisions or amendments to the provisions of the draft legislation.

Following the presentation made at the Consultative Forum, the draft legislative instruments were revised, taking into account the changes agreed to at the Forum and confirmed by the Directorate. The updated draft instruments were submitted to the Directorate for review. The Directorate has since reviewed the draft instruments, and has submitted additional comments on the proposed Roaming



33rd Meeting of ECTEL Council of Ministers

Bill and Regulations along with a paper on the pricing options to be considered in regulating wholesale and retail roaming rates.

The consultant is expected to make amendments as necessary, and to resubmit a final revised copy to the Directorate for submission to the public consultation process. It is anticipated that the final legislative instruments and reports will be presented to the ECTEL Board of Directors and Council of Ministers for final approval and recommendation to Member States during the first half of 2017.

REVIEW OF INTERCONNECTION RATES

In June 2016, the Directorate commenced a project to review and update mobile and fixed interconnection rates for the ECTEL Member States. Axon Partners Group was commissioned by the Directorate to provide technical expertise to undertake the review and to recommend the new interconnection rates. The setting of the new mobile and fixed interconnection rates will be achieved through the development of Bottom-up Long Run Incremental Cost models (BULRIC) for fixed and mobile networks.

The draft guidelines paper will be presented to the Directorate and the NTRCs in October 2016. In addition, discussions were held with Cable & Wireless (trading as FLOW) and Digicel on the data requests

submissions during that period.

The final guidelines for the development of the cost models to determine the interconnection rates are expected to be presented to the Directorate once the issues highlighted above have been resolved. The Directorate will continue to engage with Axon Partners Group, NTRCs and licensees in developing draft and final versions of the cost models, as well as, the new fixed and mobile interconnection rates.

The proposed rates will then be presented to the Board and Council for consideration and approval, then formally recommended to the NTRCs. It is expected that the new interconnection rates will be in force in the ECTEL Contracting States by October 2017.

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NUMBER PORTABILITY (FIXED AND MOBILE)

Work on the implementation of number portability commenced in July 2015, with the engagement of a consultant to coordinate the operations of this project on behalf of ECTEL and the NTRCs. An Industry Working Group was established on 18th November 2015, comprising:

- Legal, regulatory and technical personnel from service providers who were issued Central Office Codes;
- · The NTRCs;
- ECTEL;
- The Consultant.

Meetings were held at regular intervals through a combination of online and onsite meetings.

The project deliverable is to launch fixed and mobile number portability in all ECTEL markets simultaneously, on or before 31st December 2016. The three major components of the project costs were:

- 1. Consultation;
- 2. Number Portability (NP) Clearinghouse;
- 3. Network Upgrades.

Following the issuance of a Request for Proposal (RFP) for NP Clearinghouse services, four (4) bids were received from international companies. After a comprehensive review and evaluation process, the contract was awarded to Teletech (a firm from Slovenia) for a five- year period. Teletech submitted the lowest cost estimate, whilst satisfactorily complying with all technical specifications as outlined in the RFP. Costs related to network upgrades are to be borne by service providers, however, ECTEL has not yet received an estimate of these costs.



REGIONAL COLLABORATION

The Directorate engaged with a number of regional organizations and participated in several initiatives during the period under review, such as, the CARCIP Project and CANTO conference and meetings.

CARCIP

The primary objective of the Caribbean Regional Communications Infrastructure Programme (CARCIP) is to support the improvement and harmonization of regional regulatory frameworks for the delivery of electronic communications services. The project is being implemented in Grenada, Saint Lucia and St. Vincent and the Grenadines through loan financing from the International Development Association (IDA)/World Bank and with the support of World Bank grant funding through the Caribbean Telecommunications Union (CTU). The project development objective is to increase access to regional broadband networks and to advance the development of ICT-enabled services industry in the Caribbean Region.

The following outputs were realized during project implementation with technical support from the Consultant, Great Village International Consultants (GVIC) Inc.:

- An Assessment of Regulatory Needs Report;
- Consultation documents for six (6) pieces of new regulations including the Consumer Protection Regulations;
- Draft Regulations on Network Infrastructure and Wholesale Access, Infrastructure Sharing, Submarine Cable Access, Retail Pricing, Consumer Protection and Guidelines for Market Analysis;

- The review and enhancement of the Electronic Communications (EC) Bill originally developed by ECTEL;
- The production and dissemination of seven (7) Radio and TV Public Service Announcements (PSAs) which highlighted key issues confronting the electronic communications sector and promoted ECTEL and the NTRCs.

CANTO - The Annual Conference of the Caribbean Association of National Telecommunications Organizations (CANTO) took place in Puerto Rico from July 31st to August 5th, 2016 under the theme "Inspiring ICT Innovations: Building an Entrepreneurial Ecosystem through Sustainable Strategic Partnerships". In addressing the meeting Chairman of the Council of Ministers of the Eastern Caribbean Telecommunications Authority (ECTEL), the Honorable Senator Vincent Byron, told the gathering that the new Electronic Communications Bill for the Eastern Caribbean States is designed with the best intention to serve the public interest, while offering service providers with opportunities to do business in our markets. Hon. Byron told participants that the draft bill was recommended to the member states of ECTEL after extensive national and regional public consultation. He added, that the new legislation will further advance the purposes of ECTEL, which include increasing innovation in service delivery and open competition.

He supported the call by Telecommunication Ministers from Antigua and Barbuda, Guyana and Trinidad and Tobago for the expansion of broadband services at affordable prices to the people of the region. The 32nd CANTO Conference addressed a wide range of issues such as net neutrality, Internet of Things (IoT), big data, investment in broadband networks and converged regulations. ECTEL was also

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represented by Managing Director - Mr. Embert Charles, Director of Technical Services - Mr. Andrew Millet and Chief Financial Officer - Mr. Isaac Mathurin. Representatives of NTRCs Saint Lucia and St. Vincent and the Grenadines also attended the conference.

Other Regional Collaborations - In addition to the above mentioned, ECTEL participated in following regional activities:

- the Caribbean Telecommunication Union (CTU)
 Ministerial and Regulators Forum in the British Virgin Islands:
- CTU Spectrum Management Task Force Meeting in Barbados:
- Telecommunications Authority of Trinidad and Tobago (TATT)/Caribbean Broadcasting Union (CBU) Broadcasting Regulation Meeting in Trinidad and Tobago;
- ITU Caribbean ICT Indicators Workshop in Trinidad and Tobago;
- OECS Council Meeting on OECS-SCC recommendations;
- OECS Regional Strategy for Development of Statistics:
- CARICOM Competition Merger Analysis;
- OECS ICT Consumer Protection and Education Workshop.

TRAINING AND HUMAN RESOURCES DEVELOPMENT

Members of the Directorate during the financial period received training in the following areas:

- · Leadership and Change Management
- Competitive Law and Analysis
- New ECTEL Legislation (Board and Council Members)
- Strategic Regulatory Reform
- Public Utility Regulation and Strategy
- · Records and Information Management

The Annual NTRC/ECTEL Consultative Forum was held in St. Kitts and Nevis in November 2016. The forum is a planning mechanism used by ECTEL to promote harmonization of regulatory policies between ECTEL and NTRCs. For the period under review, the forum focused on consumer education and public awareness, the impact

of and potential responses to the Cable & Wireless merger and other issues relating to universal service and spectrum management.

FREQUENCY AUTHORISATIONS

A total of fifty-eight (58) frequency authorisations were recommended by the Directorate during the period under review. These included renewals and/ or modifications, as well as, new licences.

FINANCE

Collections for the financial year ended September 30th, 2016 was \$11,259,865.00 surpassing projections by \$670,610.00. Generally, collections during the year were sluggish and an analysis of overall collection reveals that the favourable variance may be attributed to recoveries of doubtful debts of \$508,403.00 and other small receipts from the previous financial periods. The review of collections per Member State reveals that all Member States, with the exception of Grenada, were able to meet their projected collections for the period. The negative variance in Grenada could be attributed to member state's inability to issue any frequency authorizations within the 700 MHz bandwidth, although receipts of \$480,000.00 were projected.

Generally, most expenditure for the year ended September 30th, 2016 remained within budgetary projections. The major negative variance relates to the significant outlay that was expended in dealing with mold remediation at ECTEL's Directorate Vide Boutielle location.

The financial performance of ECTEL is presented in the Auditors' report for the corresponding period.

CHALLENGES

The Directorate experienced some key challenges during the financial year which included unplanned activities namely changes in conditions of staff compensation and the deteriorating environmental conditions at the Headquarters.

Challenges to its programme implementation included the untimely submission of data from service providers for renewal of licences, service providers not adhering to timelines set for projects, namely, number portability, interconnection rates and public consultations. Inadequate staffing and tools in particular spectrum tools impacted on the Directorate's ability to operate at its optimum. Environmental issues at the Directorate's Headquarters resulted in increased absenteeism and consequently reduced productivity to a considerable degree.

ECTEL MEMBER STATES



ECTEL FINANCIAL STATEMENTS 2016



May 15, 2017

Independent Auditor's Report

To the Members of Eastern Caribbean Telecommunications Authority **Grant Thornton**

Point Seraphine P.O. Box 195 Castries, St. Lucia West Indies

T+ 1 758 456 2600 F+ 1 758 452 1061 www.grantthornton.lc

Report on the financial statements

We have audited the accompanying financial statements of the Eastern Caribbean Telecommunications Authority (the Authority) which comprise the balance sheet as of September 30, 2016 and the statements of comprehensive income and expenditure, changes in members' surplus and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of Eastern Caribbean Telecommunications Authority as of September 30, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Eastern Caribbean Telecommunications Authority Financial Statements

Eastern Caribbean Telecommunications Authority Balance Sheet As of September 30, 2016 (expressed in Eastern Caribbean dollars)

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	16,234,666	14,638,110
Trade and other receivables (Note 6) Investment securities: Loans and receivables (Note 8)	2,072,722 4,093,986	2,620,432 4,208,455
investinent securities. Loans and receivables (Note of	4,093,980	4,208,433
	22,401,374	21,466,997
Property, plant and equipment (Note 9)	826,382	825,853
Total assets	23,227,756	22,292,850
Liabilities		
Current liabilities		
Trade and other payables (Note 10)	3,653,073	3,474,054
Advance deposits	679,083	1,041,181
Total liabilities	4,332,156	4,515,235
Members' surplus		
Contributed capital (Note 11)	8,053,214	8,164,838
Accumulated fund	10,842,386	9,612,777
Total members' surplus	18,895,600	17,777,615
Total liabilities and members' surplus	23,227,756	22,292,850

Approved by the Board of Directors on March 10, 2017

Director

Director

Eastern Caribbean Telecommunications Authority Statement of Comprehensive Income and Expenditure For the year ended September 30, 2016

(expressed in Eastern Caribbean dollars)

	2016 \$	2015 \$
Davanua		
Revenue Spectrum fees, net (Note 12)	6,863,091	6,563,813
Administrative expenses	(5,941,570)	(6,542,048)
	921,521	21,765
Other income, net (Note 13)	196,464	282,189
Excess of comprehensive income over expenditure for the year	1 117 005	202.054
expenditure for the year	1,117,985	303,954

Eastern Caribbean Telecommunications Authority Statement of Changes in Members' Surplus For the year ended September 30, 2016

(expressed in Eastern Caribbean dollars)

	Contributed Capital \$	Accumulated Fund \$	Members Surplus \$
Balance at October 1, 2014	8,299,319	20,174,342	28,473,661
Excess of comprehensive income over expenditure for the year	_	303,954	303,954
Amortisation of contributed capital (Note 11)	(134,481)	134,481	
Transactions with Owners Distribution of surplus (Note 16) Balance at September 30, 2015	 8,164,838	(11,000,000) 9,612,777	(11,000,000) 17,777,615
Balance at October 1, 2015	8,164,838	9,612,777	17,777,615
Excess of comprehensive income over expenditure for the year	_	1,117,985	1,117,985
Amortisation of contributed capital (Note 11)	(111,624)	111,624	
Balance at September 30, 2016	8,053,214	10,842,386	18,895,600

The accompanying notes form an integral part of these financial statements.

Eastern Caribbean Telecommunications Authority Statement of Cash Flows For the year ended September 30, 2016

(expressed in Eastern Caribbean dollars)

	2016 \$	2015 \$
Cash flows from operating activities Excess of income over expenditure for the year	1,117,985	303,954
Adjustments for: Depreciation (Note 9) Interest income Gain on disposal of property plant and equipment	185,480 (167,065) (2,362)	178,988 (235,884) (43,461)
Operating surplus before working capital changes	1,134,038	203,597
Decrease in trade and other receivables Increase in trade and other payables (Increase)/decrease in advance deposits	547,710 179,019 (362,098)	1,034,123 589,071 422,519
Net cash from operations	1,498,669	2,249,310
Interest received	122,288	168,163
Net cash generated from operating activities	1,620,957	2,417,473
Cash flows from investing activities Purchase of property, plant and equipment Proceeds from disposal of property, plant and equipment Decrease in investment securities, net	(187,408) 3,761 159,246	(342,749) 45,262 305,924
Net cash (used in) /generated from investing activities	(24,401)	8,437
Cash flows from financing activities Payment of distribution of surplus to member states		(8,804,536)
Net increase/(decrease) in cash and cash equivalents	1,596,556	(6,378,626)
Cash and cash equivalents, beginning of year	14,638,110	21,016,736
Cash and cash equivalents, end of year (Note 5)	16,234,666	14,638,110

The accompanying notes form an integral part of these financial statements.

Eastern Caribbean Telecommunications Authority Notes to Financial Statements September 30, 2016

(expressed in Eastern Caribbean dollars)

1 General information

Eastern Caribbean Telecommunications Authority (the Authority) was established on May 4, 2000, by treaty among the contracting Member States of the Organisation of Eastern Caribbean States (OECS) to administer and provide technical advice to Member States. The Member States are St. Lucia, Dominica, Grenada, St. Kitts and St. Vincent and the Grenadines. The Authority was given certain privileges and immunities under its Headquarters agreement with the Government of St. Lucia.

The Liberalisation of the telecommunication services within the Member States initially started with the OECS Telecommunication Reform Project (the Project) which commenced in 2000 and was funded by the World Bank with contributions from Member States. The Authority was to run concurrently with the Project and assume fully responsibilities thereafter. All assets of the Project were transferred to the Authority on January 1, 2005.

The Authority's headquarters is located in Castries, St. Lucia.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Eastern Caribbean Telecommunications Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Changes in Accounting policies and disclosures

New and revised standards that are effective for annual periods beginning on or after October 1, 2015.

The standards, amendments and interpretations that became mandatorily effective for the financial year beginning October 1, 2015 have no material impact on the Company's financial position and performance. Accordingly, the Company has made no changes to its accounting policies.

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Eastern Caribbean Telecommunications Authority Notes to Financial Statements September 30, 2016

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Changes in Accounting policies and disclosures...continued

- (b) New standards, amendments and interpretations issued but not effective and not early adopted
- *IFRS 9, 'Financial Instruments'*. The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on the Company's financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.
- IFRS 15 'Revenue from Contracts with Customers' (effective for reporting periods beginning on or after January 1, 2018. IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. The Authority's management have not yet assessed the impact of IFRS 15 on the financial statements.
- IAS 16 (Amendments) 'Property, plant and equipment', (effective for annual periods beginning on or after January 1, 2016) prohibit the use of a revenue-based depreciation method for property, plant and equipment because:
 - A depreciation method which is based on revenue allocates the asset's depreciable amount based on revenue generated in an accounting period as a proportion of total expected revenue during the asset's useful life.
 - Revenue reflects a pattern of economic benefits that are generated from operating the business rather than the economic benefits that are being consumed through use of the asset.

Additionally, the Amendments to IAS 16 provide guidance in the application of the diminishing balance method for property, plant and equipment.

Eastern Caribbean Telecommunications Authority Notes to Financial Statements September 30, 2016

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Changes in Accounting policies and disclosures...continued

- (b) New standards, amendments and interpretations issued but not effective and not early adopted ...continued
- IAS 38(Amendments) 'Intangible Assets' (effective for annual periods beginning on or after January 1, 2016) present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate for the same reasons set out above. This rebuttable presumption can be overcome, ie a revenue-based amortisation method might be appropriate, only in two limited circumstances:
 - The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold; or
 - When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Amendments to IFRS 11 Joint Arrangements (effective for reporting periods beginning on or after January 1, 2016). These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Authority.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial delinquency in payments are considered good indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income and expenditure.

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(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Property, plant and equipment

Property, plant and equipment were transferred to the Authority on completion of the OECS Telecommunication Reform project and are recorded at written down value which approximates the fair value of the assets at that date less accumulated depreciation. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income and expenditure during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual useful lives as follows:

Furniture and equipment	5%
Motor vehicles	10 - 20%
Computer and equipment	20%
Spectrum equipment and software	10 - 33%
Office equipment	15%
Leasehold improvements	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of income and expenditure.

(expressed in Eastern Caribbean dollars)

2 Summary of significant accounting policies...continued

Revenue recognition

Revenues comprise the fair value of services rendered in the ordinary course of the Authority's activities. Revenue is shown net of distributions.

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Authority's activities described below. The amount of the revenue is not considered to be reliably measurable until all contingencies relating to the sale are resolved.

Spectrum fees

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the allocation of spectrum space to customers.

Advance deposits

Advance payments for services which have not yet been performed.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

(expressed in Eastern Caribbean dollars)

3 Financial risk management

The Authority's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. Management of these risks are done by management in conjunction with the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Authority operates in the telecommunication industry and is exposed to foreign exchange risk arising from transactions in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since 1976.

(ii) Cash flow and fair value interest rate risk

The Authority has interest-bearing assets. They consist primarily of debt securities classified as loans and receivables. Debt securities are at fixed interest rates, as such the Authority's income and operating cash flows are substantially independent of changes in the market place.

(b) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Authority. Credit risk is managed on an entity level. Credit risk arises from and deposits with banks and financial institutions, debt securities classified as loans and receivables and trade and other receivables. Individual risk limits are not set by Management. Management monitors and follows up on trade and other receivables regularly.

Credit quality of financial assets

Financial assets that are neither past due nor impaired (Note 6) are not independently rated.

The amount of the Authority's maximum exposure to credit risk is indicated by the carrying amount of its financial assets at the balance sheet date.

Maximum exposure to credit risk is as follows:

	2016 \$	2015 \$
Cash at bank Investment securities: loans and receivables Trade and other receivables	16,234,166 4,093,986 <u>2,</u> 044,111	14,637,631 4,208,455 2,565,614
	22,372,263	21,411,700

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Trade and other payables and deferred revenue are due within 12 months based on the remaining period at the balance sheet date to the contractual maturity date. The contractual undiscounted cash flows approximate the carrying amounts at the balance sheet date. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Authority may seek financing from the member states.

(expressed in Eastern Caribbean dollars)

4 Critical accounting estimates and judgements

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

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

Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Cash and cash equivalents

	2016 \$	2015 \$
Cash on hand Cash in bank	500 16,234,166	479 14,230,032
	16,234,666	14,230,511
Short term investments with a maturity of 3 months or less		407,599
	16,234,666	14,638,110

6 Trade and other receivables

	2016 \$	2015 \$
Trade receivables	4,979,795	5,640,771
Less: provisions for impairment of trade receivables	(3,033,885)	(3,133,083)
Trade receivables, net	1,945,910	2,507,688
Other receivables Prepayments	98,201 28,611	57,926 54,818
	126,812	112,744
	2,072,722	2,620,432

(expressed in Eastern Caribbean dollars)

Note 6 Trade and other receivables... continued

6 Trade and other receivables ...continued

The fair value of trade and other receivables approximates the carrying values.

All amounts are short-term. The net carrying value of trade receivables and other receivables is considered a reasonable approximation of fair value.

The quality of trade receivables are summarised as follows:

	2016 \$	2015 \$
Trade receivables		
Neither past due nor impaired	539,996	999,156
Past due but not impaired	1,405,914	1,508,532
Impaired	3,033,885	3,133,083
Gross	4,979,795	5,640,771

Trade receivables that are less than three months past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging of trade receivables that are past due and not impaired is as follows:

	2016 \$	2015 \$
Over 2 months	1,405,914	1,508,532

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The aging of trade receivables that are impaired is as follows:

	2016 \$	2015 \$
Over 2 months	3,033,885	3,133,083

Other receivables do not contain impaired assets.

(expressed in Eastern Caribbean dollars)

7 Provision for impairment of trade receivables

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Authority does not hold any collateral as security.

The movement in the provision for impairment of receivables is as follows:

	2016 \$	2015 \$
At October 1, Provisions made during the year Recovered during the year Written off during the year	3,133,083 824,832 (418,403) (505,627)	3,751,916 693,695 (256,528) (1,056,000)
At September 30,	3,033,885	3,133,083

The creation and release of provision for impaired receivables have been included in general and administrative expenses in the statement of comprehensive income and expenditure. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

8 Investment securities

	2016 \$	2015 \$
Loans and receivables Debt securities - unlisted	4,093,986	4,208,455

The weighted average effective interest rate on debt securities at September 30, 2016 was 2.67% (2015 – 3.22%). Debt securities mature between October 2016 and September 2017.

9 Property, plant and equipment

	Furniture Fixtures and Fittings \$	Computer and Peripherals \$	Office Equipment \$	Motor Vehicles \$	Spectrum Equipment \$	Leasehold Improve- ment \$	Total \$
At October 1, 2014							
Cost or valuation Accumulated depreciation	283,307 (168,217)	370,067 (245,171)	164,795 (120,445)	3,180,185 (2,883,728)	2,241,740 (2,237,480)	87,650 (8,810)	6,327,744 (5,663,851)
Net book amount	115,090	124,896	44,350	296,457	4,260	78,840	663,893
Year ended September 30, 2015							
Opening net book amount Additions Disposals Depreciation charge	115,090 - - (14,153)	124,896 104,199 – (55,161)	44,350 20,954 (1,801) (11,313)	296,457 210,000 – (94,456)	4,260 - - (2,037)	78,840 7,596 – (1,868)	663,893 342,749 (1,801) (178,988)
Closing net book amount	100,937	173,934	52,190	412,001	2,223	84,568	825,853
At September 30, 2015							
Cost or valuation Accumulated depreciation	283,307 (182,370)	474,266 (300,332)	174,820 (122,630)	3,319,685 (2,907,684)		95,246 (10,678)	6,589,064 (5,763,211)
Net book amount	100,937	173,934	52,190	412,001	2,223	84,568	825,853
Year ended September 30, 2016							
Opening net book amount Additions Disposals Depreciation charge	100,937 108,455 – (14,108)	173,934 44,951 (1,125) (64,312)		412,001 - - (90,956)	2,223 - - (579)	84,568 5,909 – (1,953)	825,853 187,408 (1,399) (185,480)
Closing net book amount	195,284	153,448	66,437	321,045	1,644	88,524	826,382
At September 30, 2016							_
Cost or valuation Accumulated depreciation	391,762 (196,478)	512,896 (359,448)	189,422 (122,985)	3,319,685 (2,998,640)	2,241,740 (2,240,096)	101,155 (12,631)	6,756,660 (5,930,278)
Net book amount	195,284	153,448	66,437	321,045	1,644	88,524	826,382

During the year the Authority disposed of fully depreciated assets at cost totalling \$12,191 (2015 - \$70,500).

(expressed in Eastern Caribbean dollars)

10 Trade and other payables

	2016 \$	2015 \$
Trade payables Accrued expenses Surplus distribution payable St. Kitts & Nevis	40,354 1,417,255 2,195,464	60,363 1,218,227 2,195,464
	3,653,073	3,474,054

All amounts are short-term. The carrying value of trade and other payables is considered a reasonable approximation of fair value

11 Contributed capital

Contributed capital represents contributions received from the five OECS governments and the CDB under the World Bank Agreement for the funding of the OECS Telecommunications Project. Upon completion of the Project the assets were transferred to the Authority with the responsibility of managing and monitoring the Telecommunication sector in the respective Member States.

	2016	2015
	\$	\$
St. Lucia	5,286,673	5,286,673
Dominica	3,364,935	3,364,935
Grenada	5,268,673	5,268,673
St. Kitts and Nevis	5,268,673	5,268,673
St. Vincent and the Grenadines	4,071,903	4,071,903
Caribbean Development Bank	218,700	218,700
	23,479,557	23,479,557
Less:		
Cumulative expenditure prior to assumption of Project	(10,524,981)	(10,524,981)
Amortisation of capital contribution	(4,901,362)	(4,789,738)
	(45.426.242)	(45.24.4.74.0)
	(15,426,343)	(15,314,719)
Contributed capital at year end	8,053,214	8,164,838

(expressed in Eastern Caribbean dollars)

12 Spectrum fees, net

	2016 \$	2015 \$
Gross spectrum fees	11,241,194	10,882,207
Less spectrum fees distribution – NTRCs St. Lucia Dominica Grenada St. Kitts and Nevis St. Vincent and the Grenadines	(904,654) (863,773) (922,220) (742,072) (945,384)	(872,518) (854,369) (883,286) (734,960) (973,261)
	(4,378,103)	(4,318,394)
Spectrum fees, net	6,863,091	6,563,813

Spectrum fees distribution represents disbursements to the National Telecommunication Regulatory Commissions (NTRC) of the five Member States to meet their operational expenses. The NTRCs monitor and collect spectrum fees from the telecommunication service providers in their respective territories on behalf of the Authority.

13 Other income, net

	2016 \$	2015 \$
Interest income Other income Gain on disposal of property plant and equipment	167,065 27,037	235,884 2,844
	2,362	43,461
	196,464	282,189

(expressed in Eastern Caribbean dollars)

14 Expenses by nature

	2016 \$	2015 \$
Spectrum fund distributions- NTRCs (Note 12)	4,378,103	4,318,394
Employee benefit expense (Note 15) Legal and professional fees	3,003,857 895,797	2,743,627 637,495
Training	329,569	507,560
Project meetings	327,508	277,616
Bad debt expense	274,358	1,104,976
Depreciation (Note 9)	185,480	178,988
Repairs and maintenance	127,852	68,940
Travel	118,999	116,873
Board dues	100,800	109,500
Utility	91,211	114,824
Computer costs	81,216 60.071	45,914
Insurance Security expenses	69,971 55,196	81,590 54,656
Advertising and public campaign	36,180	39,613
Audit fees	31,801	31,655
Dues and subscriptions	27,962	38,254
Telephone and network expenses	22,693	24,541
Other expenses	161,121	365,426
Total spectrum fees distributions and administrative expenses	10,319,674	10,860,442

15 Employee benefit expense

	2016 \$	2015 \$
Salaries and wages	2,623,758	2,147,893
Social security costs	133,924	123,765
Gratuities	244,381	397,922
Other staff costs	1,794	74,047
	3,003,857	2,743,627

16 Distribution of surplus

During the year the distribution of surplus to contracting states was nil (2015 - \$11,000,000).

NOTES	



Registered Office & Postal Address

Vide Boutielle

P.O. Box 1886

Castries

SAINT LUCIA

WEST INDIES

Email: ectel@ectel.int

Website: www.ectel.int

Telephone: 1 (758) 458-1701/2

Fax: 1 (758) 458-1698



Registered Office & Postal Address

Vide Boutielle P O Box 1886 Castries SAINT LUCIA WEST INDIES Email: ectel@ectel.int Website: www.ectel.int

Telephone: 1 (758) 458-1701/2

Fax: 1 (758) 458-1698